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ABSTRACT

The study reports the results of a two-wave longitudinal interview of over 2,000 individuals who exhausted their unemployment insurance (UI) benefits in October 1974. The interviews were conducted at the time of exhaustion and four months later in Atlanta, Baltimore, Chicago, and Seattle. UI exhaustees are a relatively representative cross-section of unemployed individuals, although older individuals and white women are disproportionately represented. The study determined that: (1) extending benefits keeps many individuals above the poverty line, but extended benefits also provide income to some families who already have relatively high incomes; (2) consideration of income and payroll taxes does affect the replacement ratio (the ratio of UI benefits to earnings on the pre-UI job); (3) substantial numbers of exhaustees became reemployed within four months after exhaustionof benefits; (4) exhaustion of UI benefits led to a substantial loss in income for many families which could only be compensated for by reducing expenditures on food, clothing, recreation, and entertainment; and (5) few exhaustees received benefits from other types of transfer programs with the exception of the Food Stamp Program. Three appendixes consider the statistical methodology, sample selection and field procedures, and research related to unemployment insurance duration policy issues and the exhaustion of benefits. (JR)

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PROJECT REPORT SERIES

A LONGITUDINAL STUDY OF UNEMPLOYMENT INSURANCE EXHAUSTEES

PREPARED FOR

EMPLOYMENT AND TRAINING ADMINISTRATION
U.S. DEPARTMENT OF LABOR

MATHEMATICA POLICY RESEARCH
Princeton, New Jersey

A LONGITUDINAL STUDY OF UNEMPLOYMENT INSURANCE EXHAUSTEES

Project Director: Mary Kilkenny

Principal Authors: Walter Nicholson
Walter Corson

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16. Abstracts This study reports the results of a two-wave longitudinal interview of over 2,000 individuals who exhausted their unemployment insurance benefits in October, 1974. The interviews were conducted at the time of exhaustion and 4 months later (in February, 1975) in 4 sites: Atlanta, Baltimore, Chicago and Seattle. The general purpose of the study is to investigate the impact of the exhaution of UI benefits on exhaustees and their families. Issues examined include the effect of UI on the distribution of exhaustee's family incomes, after-tax wage replacement provided by UI, exhaustees' labor market experiences, exhaustees' consumption behavior, and the use of other transfer programs by exhaustees. Potential effects of several changes in UI policy are also investigated.

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TABLE OF CONTENTS

Part		Page
I	INTRODUCTION	1
	Historical Overview	1
	Design of the Study	4
	Summary of Principal Findings	8
II	CHARACTERISTICS OF EXHAUSTEES	21
	Results	21
	A. Basic Demographic Characteristics	21
	B. Comparison with the Long-Term Unemployed	23
	C. Exhaustees' Normal Income	24
	D. Exhaustees' Pre-UI Jobs	25
	E. Employment History of Exhaustees	26
	F. UI Experiences of Exhaustees	26
	Conclusions	27
III	THE EFFECT ON INCOME DISTRIBUTION AMONG EXHAUSTEES OF EXTENDING, RAISING OR RESTRICTING UI BENEFITS	49
	Results	49
	A. Effect of Extending UI Benefits at Wave I	49
	B. Extensions of Benefits at Wave II	50
	C. Distributional Consequences of Changing Benefit Maxima	51
	D. Restriction of Eligibility for Extensions	51
	Conclusions	52
IV	WAGE-REPLACEMENT RATIOS	69
	Results	70
	A. Actual Gross and Net Wage-Replacement Ratios	70
	B. Replacement Ratios when UI is Taxed	71
	C. Replacement Ratios with Higher State Benefit Maxima	72
	Conclusions	72
V	LABOR MARKET BEHAVIOR OF EXHAUSTEES AND THEIR FAMILIES	89
	Results	89
	A. Labor Force Status of Exhaustees at Wave II	90
	B. Determinants of Reemployment	92
	C. Timing of Reemployment	93
	D. Characteristics of New Jobs	94
	E. The Timing and Nature of Labor Force Withdrawal	94
	F. Labor Force Behavior of Exhaustees' Spouses	95
	Conclusions	96

Part		Page
VI	CHANGES IN CONSUMPTION, AND OTHER ADJUSTMENTS MADE BY EXHAUSTEES	113
	Results	113
	A. Adjustments to Unemployment	114
	B. Income Changes at Exhaustion and at Wave II	115
	C. Adjustments to Net Worth Since Exhaustion	116
	D. Exhaustee Response to Exhaustion	118
	E. Job Training and Education	119
	Conclusions	119
VII	ELIGIBILITY FOR AND RECEIPT OF OTHER TRANSFER BENEFITS	148
	Results	150
	A. Receipt of Transfers	150
	B. Eligibility and Benefits for Means-Tested Programs During Receipt of UI Benefits	151
	C. Eligibility and Benefits for Means-Tested Programs After Exhaustion	152
	D. Participation Rates at Wave II and Timing of Receipt of Transfer Payments	155
	E. AFDC-U and UI	156
	Conclusions	158
APPENDIX A:	STATISTICAL METHODOLOGY	187
APPENDIX B:	SAMPLE SELECTION AND FIELD PROCEDURES	209
APPENDIX C:	RESEARCH RELATED TO UNEMPLOYMENT INSURANCE DURATION POLICY ISSUES AND THE EXHAUSTION OF BENEFITS	213

PART I

INTRODUCTION

In the 40 years since its establishment, the Federal-State Unemployment Insurance (UI) program has been intensively analysed. Debate has centered around several issues of interest to policy makers--the adequacy of existing durations of benefits, the appropriateness of benefit levels, the merits of eligibility standards relating to work histories, and the desirability of alternative financing mechanisms.

The study reported in the following pages focuses on the impact of the exhaustion of UI benefits on benefit recipients and their families. By examining individuals who have exhausted their benefit eligibility, the study identifies the major adjustments that must be made by families to the resulting loss in income. To assess the effects of benefit exhaustion on family behavior, MPR conducted a longitudinal study of over 2,000 individuals who exhausted their UI benefits in October, 1974. Personal interviews were conducted in four sites (Atlanta, Baltimore, Chicago, and Seattle) at the time of benefit exhaustion and then again four months later. A third wave interview was conducted in November, 1975 (more than one year after exhaustion) but the results of that interview are not reported here.

The study explores four questions central to assessing the impact of loss of benefits on exhaustees and their families: the demographic and economic characteristics of exhaustees; their success, or lack of it, in reentering the job market; the adjustments the unemployed have to make when they exhaust their benefits; and the usefulness of existing transfer programs in meeting exhaustees' needs.

Also examined in this study are several other issues of interest to policy makers; for example, the prevailing levels of UI benefits and the degree to which they replace wages. Such issues are relevant to the entire population of UI claimants, as well as to the exhaustees, and the present study offers more comprehensive and more detailed data on them than has been available previously.

Before presenting our findings in full, we outline here the history of UI itself and the scope and results of previous investigations into its effects. Next, we describe the basic design of our study, and the impact of the 1974 recession and of the consequent benefit extensions. We then conclude this introduction with a summary of our principal findings.

Historical Overview

Unemployment insurance is intended to alleviate the economic hardships that result from loss of income during periods of unemployment by spreading the burden over society as a whole. Such compensation is well within the traditional framework of government policy as involuntary unemployment is a risk over which workers have little control, and as brief periods of unemployment are a necessary cost associated with the overall social benefits of flexible labor and capital markets. Originally, the duration of UI benefits was quite short. In 1938 only six states

had maximum durations of over 16 weeks.[1] Associated with these short durations were high rates of exhaustion of benefits. Before World War II, more than half of UI claimants typically exhausted their benefits. However, limited durations were generally accepted for two reasons: first, it was believed that longer durations would pose substantial work disincentives; second, it was thought that longer durations would result in high costs to the UI system and that these costs would impose a substantial drain on the economy.

After the War, UI costs turned out to be below expectations and states began to liberalize their duration provisions. Many states adopted durations of as long as 26 weeks, and several adopted uniform durations instead of basing duration on some fraction of base period earnings. The net result was an increase in average potential duration, from less than 13 weeks in the pre-War period to more than 21 weeks in 1952. This increase in duration also resulted in a significant drop in the rate of exhaustions relative to that prevailing in the pre-War period. During the 1950s, national exhaustion rates were generally in the 15-30 percent range, although they varied widely by state.

Following the liberalization of duration provisions came attempts to assess the effects of such changes. Existing data on program operations were inadequate for this purpose because usually they did not follow the claimant after exhaustion and because they did not provide data on the claimant's family. Several surveys of exhaustees, conducted between 1949 and 1959, gathered post-exhaustion information. These surveys focused primarily on the labor market behavior of exhaustees, attempting in particular to determine whether their behavior would indicate that extension of benefit durations resulted in longer periods of unemployment. Although the exhaustee studies did not provide a controlled test of that hypothesis, they did show that fairly large numbers of exhaustees (25-40 percent) became reemployed within four months of exhaustion and that an additional 10-20 percent dropped out of the labor force altogether. They also showed that, relative to UI claimants, exhaustees tended to be somewhat older and were more likely to be women. Since older workers and female workers (particularly those with other income sources) were considered more likely to display the disincentive effects of increasing UI durations, this finding provided some support for the hypothesis that increasing UI durations poses a work disincentive. However, because the exhaustee-claimant comparison did not permit the length

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[1]Sources for the statistics quoted here, together with a more detailed history of the duration issue, can be found in Appendix B.

of the current spell of unemployment (which may have been longer for older workers and for females) to be held constant, and because substantial numbers of exhaustees remained unemployed after four months, the findings of the 1950s' exhaustee studies were generally considered to be ambiguous on this issue.

The exhaustee studies in the pre-1960 period suffered from a number of shortcomings. Most important, they were often conducted by mail and usually no data on the economic status of the household were collected. Consequently, these studies did not consider the distributional impact of benefit extensions, consumption adjustment to exhaustion or households' use of transfer programs. In addition, the brevity of the questionnaires severely restricted the scope of the labor market information collected. Finally, the fact that exhaustees were generally followed for only four months made it impossible to assess labor market and other adjustments that might be made over the long term.

The sharp rise in UI exhaustions during the 1958 and 1960-61 recessions caused a marked shift in UI duration policy. During both of these recessions the U.S. Congress enacted legislation to extend benefits by one-half of a claimant's entitlement (to a maximum of 13 additional weeks) in order to cope with the lengthening duration of unemployment spells (and hence increasing exhaustion rates). Most important among such legislation was the Temporary Extended Unemployment Compensation Act (TEUC) of 1961 which, for the first time, directly involved the Federal government in financing of extended benefits (although the states continued to administer payments). Passage of TEUC brought the Federal government into a central role in the development of programs providing for extended benefits during recessions. Henceforth, most such policies would be made on the Federal level and would be subject to considerations of overall governmental policy objectives.

Congress recognized these implications of TEUC. The Act itself mandated extensive research on the characteristics of recipients under the program. Thirteen states conducted detailed personal interviews of TEUC claimants which, in addition to gathering information about past and present labor market activity, investigated household financial characteristics and the adjustments households made to unemployment. Three salient findings of these surveys were: (1) Household incomes of TEUC claimants varied substantially. For some households, UI payments were a large part of household income whereas for others that was not the case. Households which had another earner tended to have significantly higher incomes than those which did not. (2) Few TEUC claimants received any aid from welfare agencies, and (3) those individuals who exhausted TEUC benefits exhibited characteristics similar to those of exhaustees examined in the 1950s' studies.

While this kind of research continued throughout the 1960s, there were few important policy changes during that period. In 1970, Congress passed the Extended Unemployment Compensation Act which established a permanent program of Federally financed extended benefits (again, equal to one-half the claimant's original entitlement, to a maximum of 13 weeks). This program would become operative when the insured unemployment rate in a state exceeded a certain level. However, since 1970 many problems associated with the triggering mechanism have arisen, and the requirements have frequently been overridden to meet specific states' needs. Various emergency extensions have been enacted since 1970 to deal with increasing numbers of exhaustions on a national basis, the most recent being in December, 1974.

Research on benefit durations and their implications has been relatively limited during the 1970s. A 1974 study of 5,000 exhaustees in Pennsylvania reached conclusions similar to those of prior exhaustee studies. It did gather far more information on job search and reemployment (up to 19 months after exhaustion) than was available previously, but data on exhaustees' households were less substantial. In 1973, a mail survey of exhaustees was conducted in four states, focusing on labor market activity, and emphasizing household characteristics, particularly household income and use of other public benefits programs. However, because the survey was conducted by mail, there may be some reason to question its accuracy. In any case, the results of the study are not yet available.

The present longitudinal study of exhaustees is therefore the latest in a long line of policy relevant studies of UI durations. Because questions asked about such policies have become more detailed and sophisticated and because other programs that might potentially aid the unemployed have been vastly expanded in recent years, the study is intended to provide more elaborate data (especially on exhaustees' households) than have previously been available. Such data provides information on exhaustees' behavior and permits us to estimate the probable impact of policies (such as changing existing duration eligibility standards or subjecting UI benefits to the Federal income tax) currently under debate.

Design of the Study

Because many of the major issues investigated here involved an examination of changes in exhaustees' behavior over time, two interviewing waves were deemed necessary. The first was conducted in UI offices at the time of exhaustion in order to establish a baseline for behavioral measures. The second interview took

place four months later to determine what changes had taken place,[1] and this interview was conducted in the exhaustee's home. Both interviews collected more detailed and accurate information than had been collected in previous surveys of exhaustees.

Selection of the survey sites involved careful consideration of local labor market conditions, state UI program regulations, demographic characteristics of the UI population, and the nature of existing welfare programs.[2] Using these factors as a basis, we selected the cities of Atlanta, Baltimore, Chicago, and Seattle. At the time of site selection, Atlanta and Chicago, had traditionally strong labor markets as measured by prevailing unemployment rates (see Table I.1); Baltimore had an average history of unemployment; and Seattle had a recent record of poor labor market conditions. The cities also included a variety of UI program features. On the important question of UI duration policy, Atlanta is in a "variable duration" state with rather stringent eligibility provisions; Chicago (i.e., Illinois) also had variable duration,[3] but is considerably more generous; Baltimore is in a state with a 26 week uniform duration standards; and Seattle, Washington for some time has been on extended benefits providing up to 39 weeks of coverage prior to benefit exhaustion. The sites, therefore, offered a broad range of duration standards. They also seemed demographically representative and provided a relatively broad representation of welfare program characteristics. The UI office in each site provided considerable cooperation in the study, both by developing data for sample selection and background information and by permitting Wave I interviews to be conducted in the local office.

Two unanticipated events occurred between the Wave I and Wave II interviews that had major implications for both the design and the analysis of the study. First, the U.S. economy went into the steepest recession in the post-war period, sharply reducing the demand for workers in all the survey sites. Second, as a result of the recession, Congress moved quickly to extend benefits on an emergency basis in December, 1974. By the end of February, 1975, individuals in the exhaustee sample were, if still unemployed, eligible for additional UI benefits.

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[1] A third interview will be administered one year after exhaustion.

[2] See Appendix A for a more detailed presentation of site selection criteria and data.

[3] This has since been changed to uniform duration.

TABLE I.1

AVERAGE ANNUAL UNEMPLOYMENT RATES IN THE SURVEY SITES AND IN THE NATION

Year	Atlanta	Baltimore	Chicago	Seattle	Nation
1970	3.2%	4.0%	3.5%	9.4%	4.9%
1971	3.6	5.1	4.2	13.1	5.9
1972	3.4	5.2	4.2	10.1	5.6
1973	3.1	4.3	3.5	7.5	4.9
1974 1st half	4.5	3.2	3.8	7.6	5.2
1974 2nd half	5.4	4.1	5.0	7.1	6.1

TABLE I.2

UNEMPLOYMENT RATES IN THE SURVEY SITE AND IN THE NATION, AUGUST, 1974 TO FEBRUARY, 1975[1]

	Atlanta	Baltimore	Chicago	Seattle	Nation
August, 1974	4.9%	3.7%	4.6%	7.6%	5.4%
September, 1974	4.9	3.5	4.6	6.8	5.8
October, 1974	5.2	4.2	4.7	6.7	6.0
November, 1974	5.7	4.5	4.9	6.7	6.6
December, 1974	6.2	4.8	5.1	6.6	7.2
January, 1975	7.0	5.5	6.7	8.2	8.2
February, 1975	9.9	5.6	7.3	9.1	8.2

[1]Data for the sites have not been seasonally adjusted. Those for the nation are seasonally adjusted.

When the exhaustee study was designed it was anticipated that it would be conducted during a period of normal labor market activity. The sharp downturn in aggregate demand in the Fall of 1974 reversed that expectation. Between September, 1974 and February, 1975 the national unemployment rate rose from 6.0 percent to 8.2 percent mainly as a result of heavy layoffs in durable goods manufacturing industries. As Table I.2 shows, this national trend was paralleled in each of the survey sites. Particularly hard hit was Atlanta, where the unemployment rate more than doubled. Increases in unemployment rates of about 60 percent were recorded in Chicago and Baltimore, although the unemployment rate in Baltimore remained below the national average and only moderately above its 1970-74 average. In Seattle, the increase in unemployment was more moderate (about 35 percent); and even in February 1975, the unemployment experience in Seattle compared favorably with that of previous years. In short, the labor markets expected to be strong (Atlanta and Chicago) when the study was designed turned out to be weak, and the seemingly weakest labor market (Seattle) turned out to be relatively strong.

There seems to be no entirely effective way to control for the effects of the 1974-75 recession in our analysis. Of course, it is always possible to compare results across the sites and to compare results reported here to those of exhaustee studies conducted in more normal times. But the fact remains that the labor market environment within which the study was conducted differed radically from what was anticipated. However, in some ways the recession may be beneficial for the policy relevance of the present study, since recent debate on benefit durations has centered on the desirability of extending UI benefits in recessionary periods. By accident, it turned out that the exhaustee sample represents one group of potential beneficiaries of such extensions: individuals who, although they typically lost their jobs prior to the recessionary downturn, were nonetheless affected by the recession in their ability to find new jobs. Such individuals are frequently those most immediately helped by emergency benefit extensions, and the present study provides a wealth of information about them.

In December, 1974, in reaction to the recession, Congress passed a comprehensive program of extended UI benefits. These policies consisted of 1) making operative extended benefits programs in states that had not yet begun them (thereby providing up to 13 weeks of additional benefits in such states), and 2) providing supplemental benefits of (at most) 13 weeks duration. In March, 1975, Congress added another 13 weeks of supplemental benefits. Consequently, by March, claimants (including most individuals in the exhaustee sample) were eligible for as many as 65 weeks of UI benefits --26 weeks of regular benefits, 13 weeks of permanent extended benefits, and 26 weeks of supplementary extended benefits. However, at the time of the second interview, some of these weeks of additional or supplementary benefits had already been used up by exhaustees. Thus, by the time of Wave II, exhaustees in Atlanta, Baltimore and Chicago could expect (at most) a further 26 weeks of benefits, and in Seattle (at most) a further 13 weeks. (At that point, the final 13 weeks of supplemental benefits were yet to be legislated.)

The effect of these policies was to change further the environment facing individuals in the sample. In a strict sense most individuals in the sample were no longer exhaustees; they were eligible for additional UI payments if they found it necessary to apply for them. One would expect this to alter many individuals' behavior, especially as regards labor market activity. Individuals might be more reluctant to accept what they considered to be poor or inappropriate jobs, or they might remain in the labor force (rather than dropping out) in order to collect UI benefits. These extensions would also affect use of those transfer programs considered less attractive means of income support than UI. Some unbiased measures of exhaustee behavior might be obtained by examining individuals' behavior immediately after exhaustion (assuming, as seems likely, that they did not know that benefits would be extended), but by the date of the Wave II interview, the emergency benefits had undoubtedly affected behavior in a major way.

As was the case for the effects of the recession, the change in environment due to benefit extensions does not necessarily render the present study less useful to policy makers. Application for and receipt of extended benefits can be treated as an outcome that is of interest in its own right; the relationship between extended benefits and existing transfer programs can be directly observed, and the effect of extended benefits on exhaustee income distribution can be directly appraised.

Extension of benefits in early 1975 also provided the opportunity for a ready-made longitudinal study of one group of recipients of such extensions. Since approximately 35 percent of the sample was receiving or had applied for extended benefits at the Wave II interview, it was possible to treat the interview as a baseline for individuals participating in the program. Individuals in the sample, eligible for but not participating in the UI extension programs, provided a convenient control group since they had backgrounds similar to those of participants. Possibilities for analyzing these groups seemed sufficiently great to warrant extension of the basic survey contract to include a Wave III interview. This interview will be conducted in November 1975--more than one year after sample individuals originally exhausted their benefits--and at a time when many of them will have exhausted their extended benefits as well. A final report on this interviewing wave will be completed by May 30, 1976.

Summary of Principal Findings

We classify our findings here, as in the main body of the report, into six sections:

1. Characteristics of the Exhaustee Sample

2. The Effects on Income Distribution of Extending, Raising or Restricting UI Benefits

3. Wage-Replacement Provided by UI

4. Labor Market Behavior of Exhaustees

5. The Effects of UI Exhaustion on Consumption and Other Variables

6. Exhaustees' Eligibility for the Receipt of Benefits from Other Transfer Programs

Characteristics of the Exhaustee Sample

Previous studies have reported that UI exhaustees tend to be older and are somewhat more likely to be women than are other unemployed persons. Our study bears out this finding. Table I.3 compares the exhaustee sample with the general population of the unemployed persons in October, 1974. Special care has been taken to control for unemployment duration: only individuals with 15 or more weeks in their current spell of unemployment have been included in the table. The table shows that individuals over the age of 55 are more heavily represented in the exhaustee sample than among the long-term unemployed in general. In part, this result may reflect the fact that very young workers are typically not eligible for UI. But that is not a complete explanation; significant differences in the age distribution persist even if individuals 24 years old or younger are omitted from the sample.

White females are more heavily represented in the exhaustee sample than among the long-term unemployed generally. The result does not hold for Negro and other races where the representation by sex in the two samples is quite similar. Differences in UI duration eligibility does not seem to account for this result, since male and female exhaustees have similar UI durations.

Table I.3 also reports normal family income levels for exhaustees and for the U.S. population as a whole. While exhaustees have median normal incomes below those of the population as a whole, it is clear that they do not represent a poverty population. Rather, as we show in the body of the text, exhaustees span a broad range of family income classes.

TABLE I.3

DEMOGRAPHIC AND INCOME CHARACTERISTICS OF EXHAUSTEES

	AGE DISTRIBUTION (Percentage)			
	Males		Females	
Age In Years	Long-Term Unemployed[1]	Exhaustees[2]	Long-Term Unemployed	Exhaustees
Less than 24	34.8%	20.2%	44.3%	13.0%
25 to 34	23.8	26.7	20.7	22.0
35 to 44	11.2	13.0	10.2	16.3
45 to 54	12.5	13.6	10.2	18.5
55 to 64	12.5	14.5	10.7	20.7
65 and over	5.2	12.0	3.9	9.5
Total	100.0%	100.0%	100.0%	100.0%

	SEX DISTRIBUTION (Percentage)			
	White		Negro and Other Races	
	Long-Term Unemployed	Exhaustees	Long-Term Unemployed	Exhaustees
Male	57.0%	48.3%	59.6%	58.0%
Female	43.0	51.7	40.4	42.0
Total	100.0%	100.0%	100.0%	100.0%

	HOUSEHOLD INCOME (Dollars)			
	White		Negro and Other Races	
	U.S. Population	Exhaustees[3]	U.S. Population	Exhaustees
Mean	$13,383	$10,255	$8,672	$8,283
Median	11,604	8,764	7,808	7,322

[1] All persons unemployed 15 weeks or longer.

[2] All persons unemployed 15 weeks or longer who have exhausted UI benefits.

[3] This number represents exhaustees' response to the question: "What is your normal income?".

Other findings on the characteristics of the exhaustee sample (but not reported in Table I.3) include the following:

Exhaustees exhibit a distribution of occupations and industrial attachment on the job held just prior to filing for UI[1] that is quite similar to that of UI claimants as a whole.

Exhaustees report substantial amounts of employment prior to the end of their last job. The median exhaustee reported working for more than 133 weeks in the past 3 years. Some substantial periods of unemployment were also reported, however.

Relatively few exhaustees report having collected UI recently. Only 10 percent report receiving any UI in the period 1971 - 73.

UI exhaustees, therefore, are a relatively representative cross-section of unemployed individuals. They are a diverse group. They are not a poverty population, nor do they use UI as a long term means of income support. The fact that older individuals and white women are disproportionately represented (i.e., as compared with their representation among the long term unemployed in general) may indicate that UI does deter some individuals from accepting work and causes others to remain in the labor force in order to qualify for UI (see Part II, Section B). But the presence of such people is not so pronounced as to suggest that these effects are the major explanations for benefit exhaustion.

The Effects on Income Distribution of Extending, Raising or Restricting UI Benefits

One way to describe potential recipients of UI benefit extensions is by their household incomes, and, since income is widely used as a measure of household "needs," any evaluation of the overall desirability of Federally funded extensions should include such a description. In Table I.4, household incomes of the exhaustee population are compared with the Social Security Administration Low Income Standard (the "Poverty Line") in order to control for differences in needs as reflected by differences in family sizes and composition. The table shows the distribution of exhaustees' income with and without their UI benefit included. It therefore simulates the effect of benefit extensions. Two conclusions can be derived from the table. First, extending benefits keeps many individuals above the poverty line. Without such extensions nearly 40 percent of white exhaustees would have incomes below the poverty level, whereas with extensions only 10 percent do. For Negro and other races, the effect is even more dramatic.

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[1]Throughout this report we refer to the job just prior to going on UI as the "pre-UI" job. Although this job does provide a good measure of the employment opportunities of exhaustees, it may not be the job on which UI eligibility and benefits are based, since these use formulas that consider quarterly earnings over a one year period.

TABLE I.4

EFFECT OF EXTENDED BENEFITS ON THE DISTRIBUTION OF FAMILIES

BY RACE AND RATIO OF INCOME TO POVERTY LINE

Ratio of Income to Poverty Line	Whites		Negro and Other Races	
	Without Extended Benefits	With Extended Benefits	Without Extended Benefits	With Extended Benefits
0.0 - 0.5	30.7%	0.8%	42.7%	2.3%
0.5 - 1.0	9.1	9.2	12.6	19.4
1.0 - 1.5	10.7	17.9	12.1	27.5
1.5 - 2.0	12.5	14.3	9.9	14.3
2.0 - 3.0	17.2	23.4	13.5	18.1
3.0 - 4.0	11.2	17.5	4.7	12.2
4.0+	8.1	16.9	3.5	6.2
	100.0%	100.0%	100.0%	100.0%

TABLE I.5

RATIO OF UI BENEFITS TO EARNINGS, BEFORE AND AFTER INCOME AND PAYROLL TAXES

(BY CITY)

	Atlanta		Baltimore		Chicago		Seattle		Total	
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
0 - .20	6.5%	3.9%	6.1%	3.2%	4.1%	1.4%	6.6%	5.7%	5.8%	3.5%
.21 - .40	37.5	21.7	28.3	11.9	41.9	25.0	28.4	18.6	34.0	19.2
.41 - .50	30.5	20.7	25.9	16.2	28.7	23.2	28.2	16.4	28.3	19.1
.51 - .60	17.0	20.5	24.3	19.6	15.3	25.7	25.2	24.3	20.5	22.5
.61 - .80	8.2	28.1	12.2	34.3	7.7	17.9	8.3	28.0	9.1	27.2
.81+	0.5	5.1	3.2	14.8	2.3	6.8	3.3	7.0	2.3	8.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Second, UI extensions provide income to some families who already have relatively high income. Undoubtedly these benefits help to maintain such families' living standards, and the basic insurance philosophy of UI arques against requiring a means test for such benefits. But the fact remains that UI extensions are a "target inefficient" means of alleviating poverty among the unemployed. These effects are even more pronounced within specific family types.

The effects on exhaustee income distribution of three potential UI policies which would in effect raise or limit benefits, are simulated in Part III. These policies include:

1. Making UI benefits taxable under the Federal income tax.

2. Raising UI benefit maxima to two-thirds of the average weekly wage within a state, in covered employment.

3. Restricting eligibility for extensions to those exhaustees with a "substantial labor force attachment."

Our simulations suggest several conclusions, including the following:

1. Taxing UI benefits does relatively little to alter the distributional effects discussed above, although it does affect wage-replacement ratios substantially.

2. Raising benefit maxima is ineffective in raising family incomes from below to above the poverty line, but it does raise incomes for those already above that line.

3. Restricting UI eligibility to those with substantial labor market attachment does not target benefits to those with family incomes below the poverty line. In fact, it is a less effective way of targeting such benefits than are regular benefit extensions.

Wage-Replacement Provided by UI

The ratio of UI benefit to earnings on the pre-UI job provides a measure both of the degree to which UI replaces income lost through unemployment and of the incentive to return to work while on UI. Recent interest has centered on the contention that, once the effects of income and payroll taxes are taken into account, UI provides high levels of such wage replacement.[1] While this contention applies to all UI claimants (not just to exhaustees), the exhaustee data base offers a unique opportunity to examine it directly rather than relying on a priori calculations. Table I.5 provides a summary of such an examination. There it is shown

[1] See for example, M.S. Feldstein, "Lowering the Permanent Rate of Unemployment," Joint Economic Committee, Washington, D.C., August, 1973.

that consideration of income and payroll taxes does indeed raise calculated wage-replacement ratios. Whereas fewer than one-third of exhaustees have replacement ratios over .5, that number increases to more than 55 percent when after-tax replacement is calculated. In Part IV, we show that after-tax replacement ratios are quite high (many above .8) for some specific groups, especially for exhaustees in multiple-earner families. Consideration of work-related expenses (particularly child care expenses) raises replacement ratios still further for some groups.

In Part IV, we show that subjecting UI benefits to the Federal income tax would reduce the incidence of very high wage-replacement ratios. Whereas 36 percent of exhaustees have net wage-replacement ratios over .6 when UI is not taxed, that figure is reduced to 23 percent when benefits are taxed. The effect on ratios above .8 is even more significant. At the other extreme, we show that raising state benefit maxima to two-thirds of a state's average weekly wage in covered employment would substantially decrease the incidence of low-wage replacement ratios among exhaustees. Fewer than 25 percent would have after-tax replacement ratios below .5 under such a policy, compared with over 40 percent under current maxima.

Labor Market Behavior of Exhaustees

Despite the recession, substantial numbers of exhaustees had become reemployed four months after exhaustion of benefits (see Table I.6). Overall, about 25 percent of the exhaustee sample had found jobs, 14 percent had left the labor force and 61 percent continued unemployed. Men were more likely than women to become reemployed and whites were more likely to do so than all other races. A more detailed analysis (see Part V) shows that individuals in relatively strong labor markets (Seattle and Baltimore) were more likely to find jobs than those in relatively weak markets (Atlanta and Chicago), and that younger exhaustees were more likely to find jobs than were older ones. More than half of those exhaustees who continued to be unemployed reported that they had either applied for or were currently receiving extended UI benefits.

Analyzing the timing of reemployment and of labor market withdrawal has been a major concern in past studies of exhaustees. High rates of reemployment or labor market withdrawal in the immediate post-exhaustion period have been taken as some evidence of the disincentive effects of current UI durations. Our study offers somewhat ambiguous evidence on this question. We find that the cumulative reemployment rate rose relatively smoothly over the time interval between the interviews. This indicates that exhaustees did devote some effort to job search, rather than that they knew of jobs but waited until benefit exhaustion before taking them. On the other hand, the labor market withdrawal data show a sharp increase in withdrawals immediately following exhaustion of benefits. More than half of those exhaustees who were out of the labor force at the time of the Wave II interview left the labor force in the first two weeks after exhaustion of benefits. Consequently, there is some evidence that those who intend to leave the labor force may attempt to exhaust their UI entitlement before doing so.

TABLE I.6

LABOR FORCE STATUS FOUR MONTHS AFTER EXHAUSTION

OF BENEFITS

(BY RACE AND SEX)

	White		Negro and Other Races		Total	
	Male	Female	Male	Female	Male	Female
Employed	28.8%	24.9%	24.5%	16.0%	27.0%	22.1%
Out-of-Labor Force	11.3	17.7	5.9	22.0	9.0	19.1
Unemployed	59.9	57.4	59.6	61.1	64.0	58.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage Receiving Extended Benefits	23.7	22.5	13.8	14.2	19.4	19.6
Percentage Applied for Extended Benefits but Not Yet Receiving	11.5	16.4	17.8	16.9	14.1	16.6

Other findings on the labor market activity of exhaustees and their families include:

1. Of those exhaustees who found work, more than half took jobs paying lower wages than did the jobs they held prior to going on UI.

2. Unemployment rates of exhaustees' spouses nearly doubled between October, 1974 and February, 1975, reflecting the sharp labor market downturn.

3. There was little evidence that members of exhaustees' families went to work in an effort to cope with the loss in income resulting from exhaustion of benefits.

The Effects of UI Exhaustion on Consumption and Other Variables

Exhaustion of UI benefits leads to a substantial loss in income for many families. Table I.7 shows that, on average, termination of UI benefits causes family incomes to decline by 35 percent. Of course (as we show in detail in Part VI), this average figure conceals substantial variation among exhaustees. For families with other earners or with other sources of income, the drop (in percentage terms) is not so severe, but for exhaustees without such other income sources, the decline can be catastrophic.

Four months after exhaustion, the decline in household income had (on average) been largely restored. As Table I.7 shows, more than 50 percent of this income replacement came from earnings of exhaustees who were able to find jobs and another 30 percent came from newly extended UI benefits. Households without these sources of income gain had not (an average) improved their income levels since exhaustion of benefits.

Exhaustees responded to their loss in income by cutting expenses and by reducing their savings. The extent of these adjustments was dependent on the amount of income loss suffered since exhaustion and by the timing of this loss. Exhaustees adjusted their expenses and savings in ways similar to those they had used to adjust to their job loss prior to going on UI. Adjustments to unemployment were somewhat more substantial, however.

Specific expenses reduced by exhaustees were those for which short term adjustments were relatively easy to make. Many exhaustees reported reducing expenditures on food, clothing, recreation and entertainment; few exhaustees were able to reduce expenditures on housing, utilities or medical services. However, different types of families adjusted in somewhat different ways. For example, families with children were more likely to cut food expenses, whereas those without children were more likely to cut clothing and (to a lesser extent) housing expenses.

Exhaustees reported rather substantial reductions in liquid assets between the interviews. On average, the levels of these assets fell

TABLE I.7

AVERAGE COMPOSITION OF EXHAUSTEES' FAMILY INCOME

	Just Before Exhaustion		Just After Exhaustion		4 Months After Exhaustion	
	White	Negro and Other Races	White	Negro and Other Races	White	Negro and Other Races
	Mean Income, In Dollars, Per Week					
Exhaustee Earnings	$ 4.0	$ 5.3	$ 4.0	$ 5.3	$ 33.9	$ 25.3
Spouse Earnings	65.7	43.6	65.7	43.6	66.1	40.4
Earnings of Others	24.6	29.4	24.6	29.4	29.4	24.5
Transfer Income	27.3	15.1	27.3	15.1	33.1	23.5
Other Income	8.9	4.3	8.9	4.3	10.2	7.4
UI Payments	61.5	59.9	-	-	17.0	9.6
Total Income	$192.0	$157.6	$130.5	$ 97.7	$189.7	$130.7
	Percent Distribution					
Exhaustee Earnings	2.1%	3.4%	3.1%	5.4%	17.9%	19.4%
Spouse Earnings	34.2	27.7	50.3	44.6	34.8	30.9
Earnings of Others	12.8	18.6	18.9	30.1	15.5	18.7
Transfer Income	14.2	9.6	20.9	15.5	17.4	18.0
Other Income	4.6	2.7	6.8	4.4	5.4	5.7
UI Payments	32.1	38.0	-	-	9.0	7.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

by more than $500 per family. These reductions accounted for the major share of changes in exhaustees' net worth, since total debts were little changed between the interviews.

Exhaustees Eligibility for and Receipt of Benefits from Other Transfer Programs

Exhaustees' eligibility for and use of other transfer programs while receiving UI is of direct policy relevance. Data from the exhaustee sample provides information about this issue which has implications for the entire population of UI claimants. Also, information about use of transfer programs following exhaustion of UI benefits can clarify the question of benefit duration. If exhaustees are typically not eligible for other programs, the need for extending benefits may be greater than if adequate coverage by other programs were available.

Table I.8 summarizes our findings on these issues. Eligibility for and actual receipt of major transfer programs (AFDC, Food Stamps, and SSI) is shown for three points in time: just prior to exhaustion, just after exhaustion, and four months after exhaustion. The table suggests three general conclusions. First, few exhaustees report receiving benefits from transfer programs either at exhaustion or four months later, although use of Food Stamps did increase substantially (from 6 to 15 percent) between the two interviews, and participation in AFDC increased slightly. Second, few exhaustees were eligible to participate in the cash transfer programs (AFDC and SSI). As we show in Part VII, this finding derives primarily from the categorical eligibility provisions of such programs. Third, Food Stamp eligibility is relatively high in the sample, which reflects the non-categorical nature of that program.

However, full participation in existing means-tested transfer programs would not fill the gap left by exhaustion of UI benefits. Categorical eligibility provisions exclude many exhaustees from such programs, and benefits available under them generally fall short of UI levels. This is true even for exhaustees with below poverty level incomes.

Our final investigation, reported in Part VII, focuses on the relationship between UI and AFDC-U program. Although the recent Supreme Court decision allowing families eligible for these two programs to choose between them applies to all claimants (rather than just to exhaustees), we have used the present sample to simulate the results of that decision. We find that few exhaustees (6.5 percent) were both categorically eligible for AFDC-U and had income low enough to result in a positive benefit. Only about 25 percent of these would receive an AFDC-U benefit that exceeds their UI payment. However, because the AFDC-U program is currently quite small (relative to UI), and because our findings vary considerably by site, it is still possible that the Supreme Court decision will have a major impact on AFDC-U caseloads.

The body of the report describes the above findings in considerably more detail. In addition the report concludes with three appendices which discuss (A) Statistical Methodology, (B) Sample Selection and Field Procedures, and (C) Research Related to UI Duration Policy.

TABLE I.8

FAMILY RECEIPT OF AND ELIGIBILITY FOR SELECTED TRANSFER PROGRAMS AT TIME OF WAVE I AND WAVE II INTERVIEWS

RECEIPT

	At Wave I		At Wave II	
	White	Negro and Other Races	White	Negro and Other Races
Percentage of All Families Receiving:				
AFDC	1.9%	4.2%	2.2%	8.1%
Food Stamps	3.4	10.9	9.1	23.6
SSI	*	*	0.9	0.9

ELIGIBILITY

	At Wave I (just before exhaustion)		At Wave I (just after exhaustion)		At Wave II	
	White	Negro and Other Races	White	Negro and Other Races	White	Negro and Other Races
Percentage of All Families Receiving:						
AFDC	0.8%	3.2%	8.0%	23.7%	4.8%	21.7%
Food Stamps	15.2	35.1	47.9	68.8	35.5	57.5
SSI	0.5	0.9	4.5	3.8	3.8	2.9

* Receipt of SSI was not separately identified in the Wave I questioning.

PART II

CHARACTERISTICS OF EXHAUSTEES

In this part, we examine the economic and demographic characteristics of the exhaustee sample. The presentation is descriptive and is based primarily on the Wave I interview. Such a description is useful for three reasons: (1) It provides information on the economic status of exhaustees which is relevant in assessing the impact of extended UI benefits programs (since exhaustees are the prime beneficiaries of such programs) and of other programs to aid the unemployed; (2) a detailed examination of basic exhaustee characteristics and their interrelationships is a useful background for interpreting other data contained in this report; and (3) examining exhaustee characteristics may provide an indirect test of various behavioral hypotheses. For example, disproportionate representation of certain groups in the exhaustee sample may indicate the importance of the disincentive effects of UI for these groups.

Results

The discussion is divided into six sections:

A. Basic Demographic Characteristics

B. Comparison with the Long Term Unemployed

C. Exhaustees' Normal Income

D. Exhaustees' Pre-UI Jobs

E. Employment History of Exhaustees

F. UI Experiences of Exhaustees

A. Basic Demographic Characteristics

Tables II.1 - II.4 provide basic demographic data on the exhaustee sample. These tables represent the entire sample interviewed at Wave I.[1] The data are presented separately--first, for whites, and second for Negro and other races--in order to control for the urban nature of the exhaustee sample which tends to overrepresent the latter, relative to their presence among exhaustees generally. Throughout this report this procedure of presenting results separately by race will generally be followed.

Several salient features of the basic demographic tables should be mentioned. First, the persons in the exhaustee sample are relatively

[1] Data presented in Appendix A describe differences between the entire Wave I sample and the sample completing both the Wave I and Wave II interviews. It is this latter sample that is used in most other sections of this report.

old. For example, the median age of whites in the exhaustee sample is 43 years; whereas, it is about 33 years in Current Population Survey samples of long term unemployed.[1] This age distribution has important implications that are reflected elsewhere in the tables. For example, relatively few exhaustee families have children. This affects eligibility for certain transfer programs (notably AFDC) and the labor supply behavior of spouses in these families. Similarly, the fact that the average education level of the exhaustee sample is relatively low, is a reflection of the age distribution of the sample, since within specific age categories, education levels closely approximate those for the U.S. population.[2] This is true for both whites and for all other races. Finally, the age distribution of the sample may partially explain the relatively high levels of work-related disabilities reported in Tables II.3 and II.4. While no directly comparable figures on disability are available, the 19 percent overall level of work-limiting disabilities exceeds, by a statistically significant margin, the 7-10 percent level reported in many surveys.[3] While the disability levels do tend to rise with age (as shown in national data),[4] the age specific disability levels for the sample are still above those for the population as a whole except for those age 65 or over. For older exhaustees, this relatively lower level of work-related disabilities is not surprising, given the recent labor force attachment of our sample.

A second general feature of Tables II.1 - II.4 is the sexual composition of the sample; over 51 percent of the white sample is female. This finding conflicts both with data on the long-term unemployed (see Table II.5) and with data from prior exhaustee studies[5] in which the respondents were typically more than 60 percent male. The conflict with earlier studies may be partially explained by the significant increase in female labor force participation that has taken place since those studies were conducted, but that is probably not the complete answer. Possible reasons for the difference between our sample composition and that of the long term unemployed are discussed in the following section.

Other data in Table II.1 - II.4 seem generally in agreement with prior expectations. Family sizes are relatively small, but not abnormally so; over 80 percent of exhaustees report having good or excellent health,

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[1] See the discussion below of Table II.5 for a more detailed comparison to the long-term unemployed.

[2] See U.S. Bureau of the Census, Current Population Reports, Series P-20.

[3] These comparisons come from the 1966 Social Security Survey of the Disabled and from "Current Estimates from the Health Interview Survey," Vital and Health Statistics, Series 10-N.85, 1972.

[4] Ibid.

[5] These studies are reviewed in Appendix B.

and the pattern of reported union membership closely reflects the percentage prevailing within the various labor markets under examination.

B. Comparison With the Long-Term Unemployed

Because exhaustees have experienced a relatively long period of unemployment (an average of 25 weeks for the sample as a whole) prior to being interviewed, they may differ from other groups of unemployed persons in many ways. Comparisons between exhaustee and the total unemployed labor force or the total population of UI claimants may therefore be misleading unless some control on unemployment duration is made. One published data source for which such a control can be made is the Current Population Survey (CPS). In Table II.5, the CPS for October, 1974 is contrasted with the exhaustee sample, with explicit consideration given to duration of the most recent unemployment spell. Two major differences between the samples are apparent in the table. First, exhaustees are generally older than the long-term unemployed. This in part reflects the facts that young workers are often ineligible for UI and that the young also experience relatively high unemployment rates. Excluding individuals under 25 from the samples does diminish this overrepresentation of older individuals in the exhaustee sample, but it does not eliminate it. Exhaustees 55 years of age and over make up almost 34 percent of exhaustees over age 24; whereas, for the long-term unemployed, individuals 55 or over constitute only 27 percent of those over age 24. For individuals 65 years of age or older, the difference between the exhaustee sample and the CPS sample is even more pronounced. All of these differences are statistically significant at the 95 percent level.

The second major difference between the samples reported in Table II.5 is that white females are more heavily represented among exhaustees than among the long-term unemployed. Approximately 43 percent of whites unemployed 15 weeks and over are female; whereas, among white exhaustees with similar unemployment duration the figure is nearly 52 percent. This difference is statistically significant at the 95 percent level. This high representation of females is less pronounced among the unemployed generally--which suggests that receipt of UI benefits may cause women to extend their unemployment duration. An alternative hypothesis is that women may be eligible for shorter UI durations than men. That hypothesis is not supported in the white exhaustee sample, however, since average durations for men and women are virtually identical (25.5 weeks).

The general conclusion to be drawn from Table II.5 is that the comparison of the exhaustee sample to the CPS confirms the differences in age and sex mentioned in connection with Tables II.1 - II.4. This conclusion is also supported by a comparison of the exhaustee sample with a sample of UI claimants (although this comparison does not control for unemployment duration and is not part of our studies).[1]

[1] For a detailed comparison of the exhaustee sample to a contemporaneous sample of UI claimants, see the Interim Report: A Longitudinal Study of UI Exhaustees, Mathematica, 1975 (mimeo).

C. Exhaustees' Normal Income

Tables II.6 and II.7 report the general economic status of individuals in the exhaustee sample. In both the Wave I and Wave II interviews, exhaustees were asked about their "normal" annual family income. The interpretation of the concept of "normal" was left to the respondent and there is consequently some reason for skepticism about the accuracy of individual responses. Nevertheless, this direct approach seemed the best way of attempting to measure the normal economic status of individuals who are known to have a large (negative) "transitory" element in their current incomes. In fact, the data gathered seem reasonable, and do exhibit a high degree of intercorrelation[1] between the interviews. This suggests that they may reflect rather accurately (at least on average) the economic characteristics of respondents. In Tables II.6 and II.7, responses from the Wave I and Wave II interviews have been averaged so as to reduce the relative magnitude of random reporting errors.

As we might expect, the normal income figures reported in Tables II.6 and II.7 fall short of national medians. For example, the median income for white families in the exhaustee sample was $8764, compared to a national median[2] of $11,604 in 1974. For mean incomes, the comparable figures are $10,255 for the exhaustee sample and $13,384 for the national population. This difference in median income holds across all family types. For example, among white husband-wife families in the exhaustee sample, median normal income is $10,890, compared with $14,099 nationally for such families. Possible explanations for these differences might include the overall older age of the exhaustee sample; the fact that a relatively high percentage of them suffer work limiting disabilities; and the likelihood that exhaustees, because they have recently experienced a substantial period of unemployment, may have incorporated that experience into their normal income estimates.

For all groups other than white, differences between national median incomes and those reported in the exhaustee sample are not so pronounced. The national median income of these groups is $7,808, compared with $7,322 in the exhaustee sample. The reason for this may be that eligibility for UI (and hence for representation in the exhaustee sample) is a relatively more important indicator of the regularity of

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[1] These intercorrelations ranged between .89 and .95 for various family types.

[2] All national income data reported are from the March, 1975 Current Population Survey and refer to family incomes in 1974. See Current Population Reports, Series P-60, Nos. 99 and 100 (July, 1975). The family composition data reported in the exhaustee data clearly approximate the data in this national sample. For example, approximately 65 percent of families and unrelated individuals are in husband-wife families in both samples.

past labor market attachment for Negro and other races than it is for whites. In the absence of more detailed tabulations from the March, 1975 CPS, however, it is not possible to pursue the causes of these differences more extensively.

The overall conclusion to be drawn from Tables II.6 and II.7 is that exhaustees have normal incomes below those of families in the nation as a whole, but that they are by no means representative of a very low income population. Rather, they represent a fairly wide spread of normal incomes, and substantial numbers have relatively high incomes. Of course (as we demonstrate in Part III), a lengthy spell of unemployment has the effect of sharply reducing many families' incomes--at least temporarily. Tables II.6 and II.7 do not reflect current income levels, but are intended only to demonstrate the income expectations of UI exhaustees.

For the types of families reported in Tables II.6 and II.7, the most important (and obvious) finding is that normal income levels of families in which multiple earners are likely to be present, greatly exceed those of single earner families. Among husband-wife families, normal family incomes are quite similar, regardless of whether the exhaustee is male or female. However, since male earnings typically exceed female earnings, income loss as a result of the exhaustee's unemployment is much greater in the husband-wife families with male exhaustees (see Part III). This means that during the period in which the exhaustee is unemployed, families in which the exhaustee is female will typically have (temporarily) higher incomes than will those families in which the exhaustee is male.

D. Exhaustees' Pre-UI Jobs

Tables II.8-II.13 describe the industry, occupation, and gross weekly wage on the jobs exhaustees held just prior to filing for unemployment insurance. The jobs cover a relatively broad spectrum of industries and occupations. In comparing the job distribution of the exhaustees with that of the unemployed generally, and with that of UI claimants, no important differences were found; the four minor differences that were found can be readily explained. First, the exhaustee sample underrepresents mining. This obviously reflects the urban nature of the sample and the fact that none of the sites is located near mining areas. Second, the exhaustee sample slightly underrepresents construction workers relative to other samples and that holds true across all sites. Both the timing of the Wave I interview and the high proportion of females in the sample explain this underrepresentation. Third, the sample also slightly underrepresents individuals in durable goods--which can also be explained by timing factors and by the sexual composition of the sample. Particularly important is the fact that the Wave I interview occurred before those individuals who lost their jobs in the rapid downturn in durables manufacturing in Fall, 1974 had exhausted their UI benefits. Finally, the exhaustee sample overrepresents individuals in clerical occupations relative to their incidence in other samples of the unemployed. This can also be explained by the sample's sexual composition. Weighting the occupational composition of the exhaustee sample by the age-sex composition of the national long term unemployed produced an occupational mix quite similar to that of the nation as a whole.

The distribution of gross weekly earnings immediately prior to receipt of UI (shown in Tables II.12-13) also covers a broad range. Overall, nearly 22 percent of white exhaustees and 17 percent of exhaustees of other races report having earned over $200 per week. Exhaustees in this category are predominantly male. This again demonstrates that the dollar value of earnings lost through unemployment will be greater for families in which the exhaustee is a male and that, because of the ceilings on benefits in all states, the percentage of wages replaced by UI benefits will tend to be higher for females that for males. These findings are explored in considerably more detail in later sections of this report.

E. Employment History of Exhaustees

Tables II.14-17 describe the employment and unemployment experiences of exhaustees over the three calendar years (1971-73) preceding the Wave I interview. The tables show substantial amounts of employment. All age-sex categories except the two youngest (which contain a substantial number of new entrants) show over 50 percent reporting more than 130 weeks of employment during the past three years. At the same time, however, the tables show that some exhaustees experienced relatively long periods of unemployment during that period. Nearly 30 percent report being unemployed more than 13 weeks in the past 3 years. Reported unemployment seems particularly high for prime age white males. More than 27 percent of white males age 45-54 report being unemployed longer than 26 weeks in the three year period. Some part of this finding may, however, relate to an inability precisely to test the nature of job search activity during these past periods.

F. UI Experiences of Exhaustees

Although exhaustees do report some substantial periods of prior unemployment, relatively few report having received Unemployment Insurance benefits during 1971-73. Only 11 percent of white exhaustees and 8 percent of exhaustees in other racial groups report receiving any benefits. Tables II.18 and II.19 show the overall distribution of prior years' receipt of UI. There is no significant evidence in the tables that exhaustees tend to use the UI system as a means of long term income support.

The length of time our sample received UI benefits, during the current benefit year, before they exhausted them (which may include more than one spell of unemployment) is shown in Table II.20. These figures are self-reported (rather than being taken from UI records) and some of the data (such as that showing over 26 weeks of benefit receipt in Atlanta, or fewer than 20 weeks in Baltimore) may be subject to reporting errors. Nonetheless, the data clearly show the effect of state laws on durations. In Atlanta and Chicago a variety of durations appear in the data, a reflection of UI laws in Georgia and Illinois which tie duration

to base period earnings of claimants.[1] Durations in Atlanta tend to be shorter than those in Chicago, both because of low minimum duration standards and relatively low UI credits for employment in Georgia.[2] Maryland is a uniform duration state, and for this reason exhaustees in Baltimore cluster around the 26 weeks duration standard. At the time of the Wave I interview, Washington was on extended benefits and most exhaustees in Seattle were eligible for the full 39 weeks duration. Individuals with less than maximum employment credits exhausted their benefits before the 39 week limit was reached.

The variability in UI duration reported in Table II.20 has two implications for this report. First, there is sufficient variation in UI durations in our data to permit a study of the effects of changes in duration on behavior. Second, because duration may indeed have behavioral effects, some attempt should be made to control for this factor in analyzing the effects of other factors. The effect of duration on reemployment is examined in Part V.

Conclusions

Our examination of the basic economic and demographic characteristics of the exhaustee sample supports three general conclusions. First, the exhaustee sample differs somewhat from national samples of the long-term unemployed in its age and sex composition. Exhaustees are older and (among whites) more likely to be female than are other unemployed persons with similar unemployment durations. This finding explains most of the other economic and demographic differences between the exhaustee sample and other groups. Second, while exhaustees have normal incomes below national medians, they are by no means a poverty sample. The presence of other earners is an important determinant of the exhaustee's family economic status. Third, exhaustees report substantial amounts of employment prior to their current unemployed spell. Some also report substantial periods of unemployment, but relatively few report collecting UI during these periods.

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[1] In 1975, Illinois adopted uniform UI benefit duration.

[2] In fact, Georgia has one of the lowest average UI durations of exhaustees for any state.

TABLE II.1

SELECTED DEMOGRAPHIC CHARACTERISTICS OF THE EXHAUSTEE SAMPLE, BY FAMILY TYPE

Whites

Exhaustee Characteristics	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Age	36.2	55.6	34.5	50.3	37.3	36.5	35.4	51.4	32.1	39.4	43.9
Mean Years of Education	11.0	11.4	11.5	11.1	11.1	12.6	10.1	11.3	11.2	10.9	11.5
Mean Number of Children	2.0	-	1.7	-	1.6	-	2.0	-	0.1	0.4	0.5
Mean Number of Adults Other Than Exhaustee and Spouse	0.3	0.3	0.5	0.3	0.3	0.1	.4	.2	1.6	1.2	0.4
Mean Household Sise	4.2	2.3	4.2	2.3	2.8	1.1	3.4	1.2	2.7	3.1	2.4
Percentage with Good or Excellent Health	79.0%	77.3%	89.9%	83.9%	100.0%	89.2%	85.3%	82.2%	81.1%	81.0%	83.7%
Mean Age of Spouse	33.2	52.1	37.8	53.4	-	-	-	-	-	-	46.4
Mean Years of Education of Spouse	11.0	11.8	11.8	11.2	-	-	-	-	-	-	11.5
Number in Sample	105	203	138	199	12	222	34	191	53	63	1220

TABLE II.2

SELECTED DEMOGRAPHIC CHARACTERISTICS

OF THE EXHAUSTEE SAMPLE

BY FAMILY TYPE

Negro and Other Races

Exhaustee Characteristics	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Age	34.1	49.6	34.5	45.9	35.1	37.6	31.8	46.7	29.1	33.2	37.1
Mean Years of Education	11.0	8.9	11.1	10.5	10.7	10.2	11.4	9.7	10.9	11.6	10.6
Mean Number of Children	2.5	-	2.1	-	2.1	-	1.8	-	0.1	0.9	0.9
Mean Number of Adults Other Than Exhaustee and Spouse	0.2	0.3	0.5	0.4	0.1	0.2	0.4	0.3	1.9	1.5	0.5
Mean Household Size	4.7	2.3	4.6	2.4	3.2	1.2	3.2	1.3	3.1	3.9	2.9
Percentage with Good or Excellent Health	81.0%	68.8%	82.9%	68.2%	85.7%	77.6%	81.0%	54.3%	82.6%	91.2%	77.4%
Mean Age of Spouse	31.1	46.4	38.1	51.0	-	-	-	-	-	-	38.8
Mean Years of Education of Spouse	11.4	10.2	10.7	9.8	-	-	-	-	-	-	10.8
Number in Sample	126	64	70	44	21	147	84	70	86	57	769

TABLE II.3

SELECTED DEMOGRAPHIC CHARACTERISTICS

OF THE EXHAUSTEE SAMPLE, BY AGE AND SEX

Whites

Exhaustee Characteristics	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤ 24	25-34	35-44	45-54	55-64	65+	≤ 24	25-34	35-44	45-54	55-64	65+			
Mean Years of Education	12.4	13.4	11.3	11.3	10.7	10.5	12.1	12.3	10.7	11.3	10.6	10.1	11.8	11.2	11.5
Percentage with Good or Excellent Health [1]	95.5%	93.2%	79.4%	71.8%	65.7%	81.2%	88.5%	91.2%	84 6%	81.3%	76.8%	91.4%	82.7%	84.6%	83.7%
Percentage Limited by Health in Kind of Work [1]	9.9	7.5	19.2	24.4	31.4	24.7	14.1	8.0	13.5	17.0	17.2	11.4	18.1	13.8	15.9
Percentage Limited by Health in Amount of Work [1]	0.0	0.7	2.7	3.8	5.9	7.1	0.0	6.2	5.8	2.7	4.0	2.9	3.0	3.8	3.4
Percentage in Union	19.8	23.1	24.7	33.3	34.3	41.2	5.1	11.5	12.5	12.5	22.5	17.1	28.5	14.3	21.2
Number in Sample	111	147	73	78	102	85	78	113	104	112	151	70	596	628	1224

[1] Answers to the questions relating to health and those relating to disability can overlap. Thus, a person could be in good health but be limited in the amount of work he or she can do.

TABLE II.4

SELECTED DEMOGRAPHIC CHARACTERISTICS

OF THE EXHAUSTEE SAMPLE, BY AGE AND SEX

Negro and Other Races

Exhaustee Characteristics	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤ 24	25-34	35-44	45-54	55-64	65+	≤ 24	25-34	35-44	45-54	55-64	65+			
Mean Years of Education	11.7	11.7	9.9	8.5	8.3	7.3	12.1	11.8	10.7	9.9	8.9	8.0	10.4	10.9	10.6
Percentage with Good or Excellent Health[1]	93.9%	89.5%	64.0%	56.4%	69.2%	69.2%	87.1%	85.1%	73.2%	62.1%	58.6%	63.6%	76.7%	75.0%	77.4%
Percentage Limited by Health in Kind of Work[1]	5.2	10.5	12.0	30.9	21.4	23.1	14.5	6.9	16.1	18.2	17.2	18.2	13.7	13.5	13.6
Percentage Limited by Health in Amount of Work[1]	0.9	1.5	2.7	0.0	2.4	7.6	1.6	3.0	3.6	3.0	10.3	0.0	1.8	3.5	2.5
Percentage in Union	16.5	16.5	28.0	27.3	28.6	23.1	3.2	13.9	8.9	16.7	20.7	27.3	21.3	12.5	17.6
Number in sample	115	133	75	55	42	26	62	101	56	66	29	11	446	325	771

[1]See Table II.3.

TABLE II.5

PERCENT DISTRIBUTION OF UNEMPLOYED PERSONS AND EXHAUSTEE SAMPLE,

BY DURATION OF UNEMPLOYMENT, SEX, AGE, RACE AND MARITAL STATUS, AS OF OCTOBER 1974

	Total		Duration of Unemployment: Less Than 5 Weeks		5 to 14 Weeks		15 to 26 Weeks		27 Weeks and Over		15 Weeks and Over	
	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample
Total, 16 Years & Over	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16-19 years	27.8	1.5	29.5	0	29.8	3.5	26.1	2.5	8.1	0.6	19.2	1.2
20-24 years	22.0	16.6	22.8	22.5	22.1	21.3	23.2	17.1	13.8	14.8	19.6	15.5
25-34 years	21.2	24.6	21.4	32.5	20.2	24.1	20.7	26.6	25.4	23.5	22.5	24.5
35-44 years	11.4	15.2	11.2	25.0	11.9	17.1	8.1	17.1	15.3	13.4	10.9	14.6
45-54 years	9.6	16.0	9.3	7.5	9.0	17.8	9.5	16.1	14.7	15.8	11.5	15.9
55-64 years	5.8	16.3	4.6	7.5	4.3	11.1	8.5	14.6	17.0	18.8	11.7	17.5
65 years & over	2.3	9.8	1.2	5.0	2.7	5.1	4.1	6.0	5.8	13.0	4.8	10.8
Total, Males	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16-19 years	27.8	2.0	29.2	0	32.0	3.4	27.5	4.7	7.1	0.6	18.1	1.8
20-24 years	23.0	19.3	26.0	29.2	22.6	22.2	22.1	20.0	10.1	17.9	16.6	18.5
25-34 years	20.8	26.5	20.1	33.3	20.0	24.4	19.6	28.8	28.6	26.0	23.7	26.8
35-44 years	10.4	13.8	9.4	25.0	11.3	16.5	6.1	14.8	17.2	12.3	11.2	13.0
45-54 years	9.1	13.3	9.3	4.2	6.5	13.1	8.9	12.7	16.8	13.9	12.5	13.6
55-64 years	6.1	13.9	4.6	0	4.1	13.1	10.7	11.9	14.7	15.5	12.5	14.5
65 years & over	2.9	11.2	1.5	8.3	3.6	7.4	5.0	7.2	5.5	13.9	5.2	12.0
Total, Females	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16-19 years	27.7	1.1	29.7	0	27.7	3.6	24.8	0.7	10.2	0.6	20.7	0.6
20-24 years	21.0	13.5	20.0	12.5	21.6	20.1	24.1	14.7	22.2	11.1	23.6	12.4
25-34 years	21.6	22.4	22.5	31.3	20.3	23.7	21.5	24.7	18.5	20.5	20.7	22.0
35-44 years	12.4	16.7	12.8	25.0	12.7	18.0	9.9	19.0	11.1	14.8	10.2	16.3
45-54 years	10.1	19.1	9.3	12.5	11.6	23.7	10.2	19.0	10.2	18.2	10.2	18.5
55-64 years	5.5	18.9	4.8	18.8	4.3	8.6	6.2	16.8	22.2	22.9	10.7	20.7
65 years & over	1.6	8.2	1.0	0	1.7	2.2	3.3	5.0	5.6	11.9	3.9	9.5

TABLE II.5 (Cont'd.)

	Duration of Unemployment											
	Total		Less Than 5 Weeks		5 to 14 Weeks		15 to 26 Weeks		27 Weeks and Over		15 Weeks and Over	
	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample	Unemployed Persons	Exhaustee Sample
D. Total, White	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Males	50.5	48.8	48.0	56.5	51.0	51.2	50.4	42.2	67.5	50.5	57.0	48.3
Females	49.5	51.2	52.0	43.5	49.0	48.8	49.6	57.8	32.4	49.5	43.1	51.7
E. Negro & Other Races	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Males	48.2	58.7	42.4	64.7	49.3	61.1	51.1	50.2	72.3	62.9	61.0	58.0
Females	51.9	41.3	57.6	35.3	50.7	38.9	48.9	49.8	27.7	37.1	39.0	42.0
F. Total, Males	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Married, Spouse Present	39.0	49.9	37.7	37.5	34.1	48.0	42.3	46.0	57.7	52.4	49.4	50.6
G. Total, Females	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Married, Spouse Present	45.3	53.1	47.9	50.0	44.3	57.6	40.9	53.8	32.1	51.6	38.4	52.3

TABLE II.6

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY NORMAL YEARLY INCOME AND FAMILY TYPE

Whites

Normal Income (Yearly)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	174	122	178	8	174	29	164	44	46	1026
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 5,000	3.4	8.3	4.0	11.8	0.0	22.6	38.7	51.8	15.0	15.4	18.8
$ 5,001 - 10,000	39.3	46.7	23.4	35.0	62.5	50.3	48.4	41.2	51.1	48.1	41.5
10,001 - 15,000	36.0	23.3	44.4	32.3	12.5	17.5	6.5	4.7	12.8	19.2	23.2
15,001 - 20,000	10.1	16.7	20.2	15.6	25.0	5.7	0.0	1.8	8.5	9.6	11.0
20,001 - 25,000	7.9	4.4	6.5	5.4	0.0	2.8	3.2	0.0	6.4	1.9	4.0
25,001+	3.4	0.6	1.6	0.0	0.0	1.1	3.2	0.6	6.4	5.8	1.5
Mean Income	$12,592	$10,902	$13,306	$11,377	$11,344	$ 9,060	$ 8,185	$ 5,889	$10,883	$11,456	$10,255
Median Income	11,015	9,464	12,545	10,500	9,000	7,725	6,167	4,830	8,438	8,600	8,764

TABLE II.7

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY NORMAL YEARLY INCOME AND FAMILY TYPE

Negro and Other Races

Normal Income (Yearly)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	107	64	69	41	15	112	76	57	65	43	649
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 5,000	10.7	29.2	11.3	11.4	20.0	39.3	50.6	70.0	21.9	28.6	29.9
$ 5,001 - 10,000	41.1	41.5	53.5	40.9	46.7	43.6	45.6	28.3	49.3	40.8	43.2
10,001 - 15,000	34.8	12.3	26.8	31.8	33.3	12.8	2.5	1.7	21.9	12.2	18.3
15,001 - 20,000	10.7	10.8	8.5	13.6	0.0	2.6	1.3	0.0	6.9	18.4	7.2
20,001 - 25,000	1.8	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
25,001+	0.9	0.0	0.0	2.3	0.0	1.7	0.0	0.0	0.0	0.0	0.6
Mean Income	$10,420	$ 8,944	$ 9,577	$10,944	$ 8,240	$ 7,019	$ 5,735	$ 4,645	$ 8,895	$ 9,074	$ 8,283
Median Income	9,783	7,500	8,618	9,722	8,214	6,225	4,938	3,571	7,847	7,625	7,322

TABLE II.8

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX

AND INDUSTRY OF PRE-UI JOB

Whites

Industry of Pre-UI Job	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤ 24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	112	145	69	78	102	90	77	114	105	110	143	69	596	618	1214
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mining	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction	12.5	11.7	14.5	12.8	10.8	12.2	1.3	1.8	3.8	1.8	2.1	1.5	12.3	2.1	7.1
Manufacturing -- Durable Goods	15.2	20.0	21.7	21.8	13.7	18.9	15.6	12.3	14.3	8.2	9.1	10.1	18.3	11.3	14.7
Manufacturing -- Non-Durable Goods	11.6	12.4	14.5	10.3	14.7	7.8	15.6	10.5	15.2	14.6	26.6	18.8	11.9	17.3	14.7
Transportation Public Utilities	8.0	11.7	8.7	9.0	7.8	10.0	5.2	6.1	1.9	0.9	3.5	2.9	9.4	3.4	6.3
Wholesale and Retail Trade	25.9	20.7	20.3	24.3	24.5	26.7	31.2	29.0	37.1	48.2	33.6	49.3	23.7	37.3	30.6
Finance, Insurance, Real Estate	0.0	2.07	2.9	2.6	5.9	6.7	11.7	14.9	6.7	6.4	4.9	5.8	3.2	8.4	5.8
Other Services	16.1	16.6	14.5	18.0	19.6	14.4	15.6	19.3	18.1	18.2	15.4	11.6	16.6	16.6	16.6
Public Administration, Government	7.14	2.8	2.9	1.3	2.94	3.3	3.9	5.3	2.9	1.8	4.9	0.0	3.5	3.4	3.5
Armed Services	3.6	2.07	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	1.2	.2	0.7

TABLE II.9

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX

AND INDUSTRY OF PRE-UI JOB

Negro and Other Races

Industry of Pre-UI Job	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤ 24	25-34	35-44	45-54	55-64	65+	≤ 24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	110	132	78	62	48	28	60	103	57	66	28	11	458	325	783
Percent.	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mining	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1
Construction	9.1	9.9	16.7	16.1	18.8	3.6	1.7	0.0	0.0	0.0	0.0	9.1	12.2	0.6	7.4
Manufacturing - Durable Goods	19.1	31.1	24.4	11.3	25.0	25.0	25.0	28.2	29.8	16.7	10.7	9.1	23.3	23.3	23.4
Manufacturing - Non-Durable Goods	21.8	20.5	18.0	19.4	8.3	14.3	18.3	23.3	19.3	18.2	21.4	18.2	18.7	20.3	19.3
Transportation Public Utilities	7.3	6.8	11.5	11.3	10.4	7.1	0.0	5.8	1.8	0.0	0.0	0.0	8.7	2.2	6.0
Wholesale and Retail Trade	12.7	13.6	10.3	12.9	12.5	17.9	20.0	22.3	14.0	21.2	21.4	36.4	12.9	20.9	16.1
Finance, Insurance, Real Estate	1.8	3.8	3.9	3.2	2.1	0.0	8.3	3.9	1.8	0.0	0.0	0.0	2.8	3.1	2.9
Other Services	13.6	12.1	11.5	21.0	16.7	32.1	13.3	9.7	26.3	37.9	39.3	18.2	15.3	21.8	18.0
Public Administration, Government	10.0	2.3	2.6	4.8	6.3	0.0	13.3	6.8	7.0	6.1	7.1	9.1	4.8	8.0	6.1
Armed Services	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.6

TABLE II.10

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND PRE-UI OCCUPATION

Whites

Pre-UI Occupation	MALES (Age)						FEMALES (Age)						Total Male	Total Female	Total Sample
	≤ 24	25-34	35-44	45-54	55-64	65+	≤ 24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	106	122	65	77	97	84	72	104	100	105	141	68	551	590	1141
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Farmers, Farm Managers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.7	0.0	0.0	0.5	0.3
Managers & Administrators (Except Farms)	7.6	11.5	6.2	20.8	10.3	9.5	2.8	5.8	8.0	5.7	5.0	5.9	10.9	5.6	8.2
Sales Workers	10.4	6.6	9.2	3.9	11.3	9.5	8.3	4.8	4.0	11.4	13.5	16.2	8.5	9.6	9.1
Clerical	5.7	9.0	15.4	11.7	9.3	15.5	54.2	53.9	41.0	50.5	35.5	36.8	10.5	44.8	28.2
Craftsman, Foreman	18.9	20.5	21.5	20.8	21.7	23.8	6.9	4.8	6.0	2.9	3.6	5.9	21.1	4.7	12.6
Operatives	22.6	31.2	21.5	22.1	26.8	11.9	11.1	13.5	25.0	16.2	19.2	20.6	23.4	19.8	20.5
Private Household Workers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.3	0.2
Services Other Than Private Household Workers	15.1	11.5	13.9	13.0	16.5	20.2	12.5	14.4	11.0	7.6	17.7	11.8	14.9	12.9	13.9
Laborers	17.0	8.2	12.3	7.8	4.1	9.5	4.2	2.9	5.0	1.9	5.0	2.9	9.8	3.7	6.7
Self-Employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Armed Services	2.8	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.4

TABLE II.11

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND PRE-UI OCCUPATION

Negro and Other Races

Pre-UI Occupation	MALES (Age)						FEMALES (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	110	130	76	60	46	28	60	102	55	62	28	11	450	318	768
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Farmers, Farm Managers	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1
Managers & Administrators (Except Farms)	0.9	2.3	0.0	3.3	4.4	0.0	1.7	5.9	1.8	1.6	0.0	9.1	1.8	3.1	2.3
Sales Workers	4.6	3.9	5.3	1.7	2.2	3.6	3.3	2.0	1.8	6.5	0.0	0.0	3.8	2.8	3.4
Clerical	15.5	10.0	9.2	5.0	6.5	10.7	40.0	30.4	18.2	22.6	14.3	9.1	10.2	26.3	16.9
Craftsman, Foreman	12.7	13.9	14.5	15.0	15.2	10.7	3.3	5.9	9.1	1.6	3.6	0.0	13.8	4.7	10.0
Operatives	27.3	36.2	32.9	36.7	26.1	32.1	33.3	36.3	32.7	25.8	35.7	36.4	32.4	32.9	32.6
Private Household Workers	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	1.6	0.0	0.0	0.2	0.9	0.5
Services Other Than Private Household Workers	16.4	13.1	15.8	21.7	26.1	32.1	10.0	9.8	27.3	35.5	35.7	45.5	18.0	21.6	19.4
Laborers	18.2	20.8	21.1	16.7	19.6	10.7	8.3	9.8	5.5	4.5	10.7	0.0	18.9	7.5	14.2
Self-Employed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Armed Services	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.5

TABLE II.12

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND

GROSS WEEKLY WAGE OF PRE-UI JOBS

Whites

Gross Weekly Wage of pre-UI job ($ per Week)	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	115	150	73	83	105	92	78	114	107	116	154	69	618	638	1256
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 50	1.7	0.7	0.0	2.4	2.9	2.2	0.0	1.8	0.9	0.0	2.6	7.3	1.6	1.9	1.8
51 - 100	24.4	8.0	9.6	4.8	9.5	9.8	39.7	25.4	24.3	35.3	40.9	27.5	11.3	32.7	22.2
101 - 150	27.0	22.0	26.0	25.3	16.2	25.0	42.3	44.7	51.4	49.1	41.6	42.0	23.3	45.4	34.5
151 - 200	24.4	28.0	23.3	21.7	26.7	21.7	15.4	22.8	16.8	11.2	11.0	14.5	24.8	15.0	19.8
201 - 250	11.3	24.7	16.4	20.5	16.2	12.0	1.3	4.4	4.7	2.6	2.0	2.9	17.3	3.0	10.0
251 - 300	5.2	9.3	9.6	9.6	10.5	9.8	1.3	0.0	0.9	0.0	1.3	0.0	8.9	0.6	4.7
301 - 350	1.7	4.7	5.5	8.4	10.5	7.6	0.0	0.9	0.0	0.0	0.6	0.0	6.2	0.3	3.2
351 - 400	1.7	0.0	5.5	3.6	2.9	5.4	0.0	0.0	0.0	0.9	0.0	0.0	2.8	0.2	1.4
401 +	2.6	2.7	4.1	3.6	4.8	6.5	0.0	0.0	0.9	0.9	0.0	5.8	3.9	0.9	2.4
Mean Weekly Wage	$168	$201	$210	$210	$224	$213	$120	$130	$137	$123	$118	$149	$165	$203	$128
Median Weekly Wage	144	185	181	190	190	187	112	125	124	115	108	118	138	117	138

TABLE II.13

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND

GROSS WEEKLY WAGE OF PRE-UI JOB

Negro and Other Races

Gross Weekly Wage of pre-UI job ($ per week)	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	118	136	81	64	50	30	64	105	59	71	30	11	479	340	819
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 50	0.9	0.7	0.0	3.1	0.0	6.7	1.6	3.8	1.7	2.8	0.0	0.0	1.3	2.4	1.7
51 - 100	18.7	6.6	2.5	18.8	18.0	10.0	39.1	31.4	28.8	36.6	50.0	36.4	11.9	35.2	21.6
101 - 150	38.1	32.4	37.0	23.4	32.0	40.0	40.6	45.7	44.1	50.7	33.3	45.5	33.8	44.6	38.2
151 - 200	29.7	29.4	28.4	26.6	20.0	30.0	15.6	11.4	22.0	7.0	6.7	18.2	28.1	12.9	21.7
201 - 250	6.8	19.1	21.0	14.1	10.0	10.0	1.5	5.7	1.7	1.4	10.0	0.0	14.2	3.5	9.8
251 - 300	1.7	7.4	7.4	6.3	16.0	0.0	1.6	0.0	1.7	1.4	0.0	0.0	6.3	0.9	4.0
301 - 350	0.9	1.5	0.0	4.7	2.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.5	0.3	1.0
351 - 400	2.5	2.2	1.2	1.6	2.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	1.2
401 +	0.9	0.7	2.5	1.6	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0	0.3	0.7
Mean Weekly Wage	$156	$182	$184	$172	$173	$148	$119	$126	$128	$113	$119	$115	$171	$121	$151
Median Weekly Wage	140	167	168	159	150	145	112	116	122	110	100	115	156	114	135

TABLE II.14

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND

NUMBER OF WEEKS EMPLOYED 1971-73

Whites

Number of Weeks Employed, 1971-73	Males (Age)						Female (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	108	144	70	78	101	84	73	112	102	115	149	68	585	619	1204
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 26	2.8	2.1	0.0	0.0	0.0	1.2	2.7	2.7	1.0	2.6	0.7	1.5	1.2	1.8	1.5
27 - 52	5.6	5.6	2.9	6.4	3.0	3.6	9.6	6.3	5.9	8.7	5.4	0.0	4.6	6.1	5.4
53 - 78	15.7	9.0	5.7	3.9	4.0	13.1	20.6	8.9	10.8	7.8	2.7	2.9	8.9	8.2	8.6
79 - 104	19.4	19.4	11.4	16.7	5.0	3.6	30.1	17.0	11.8	10.4	9.4	2.9	13.3	13.1	13.2
105 - 130	24.1	20.8	15.7	15.4	17.8	7.1	13.7	22.3	13.7	20.0	13.4	8.8	17.6	15.9	16.7
131 - 156	32.4	43.1	64.3	57.7	70.3	71.4	23.3	42.9	56.9	50.4	68.5	83.8	54.4	55.0	54.6
Mean Weeks	100	112	126	118	131	120	90	112	118	118	127	139	117	117	117
Median Weeks	112	113	137	135	138	138	93	122	134	131	138	141	133	133	133

TABLE II.15

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND

NUMBER OF WEEKS UNEMPLOYED 1971-73

Whites

Number of Weeks UnemPloYed, 1971-73	Males (Age)						Female (AGe)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	109	144	68	73	100	83	71	108	101	110	145	68	577	600	1177
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 13	64.2	61.8	69.1	63.0	69.0	72.3	81.7	72.2	79.2	73.6	80.0	83.1	66.0	77.9	72.1
14 - 26	19.3	14.6	11.8	9.6	11.0	7.2	11.3	13.0	5.9	9.1	6.9	7.7	12.9	8.8	10.8
27 - 39	5.5	9.0	4.4	8.2	7.0	2.4	2.8	7.4	2.0	4.6	3.5	0.0	6.4	3.7	5.0
40 - 52	5.5	9.0	7.4	11.0	5.0	7.2	2.8	4.6	6.9	6.4	2.8	4.6	7.5	4.7	6.0
53 - 78	3.7	4.9	4.4	6.9	5.0	1.2	0.0	0.9	3.0	3.6	4.8	1.5	4.3	2.7	3.5
79 - 104	1.8	0.7	1.5	0.0	2.0	7.2	1.4	0.0	3.0	0.9	1.4	3.1	2.1	1.5	1.8
105 - 156	0.0	0.0	1.5	1.4	1.0	2.4	0.0	1.9	0.0	1.8	0.7	0.0	0.9	0.8	0.9
Mean Weeks	14	15	14	15	14	15	8	11	10	12	10	7	15	10	12
Median Weeks	10	11	9	10	9	9	8	9	8	9	8	8	10	8	9

TABLE II.16

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND

NUMBER OF WEEKS EMPLOYED, 1971-73

Negro and Other Races

Number of Weeks Employed, 1971-73	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	111	129	72	60	48	29	59	99	58	67	29	11	449	323	772
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0 %
0 - 26	1.8	1.6	0.0	0.0	0.0	0.0	10.2	3.0	3.5	1.5	0.0	0.0	0.9	3.7	2.1
27 - 52	11.7	2.3	0.0	3.3	0.0	3.5	22.0	4.0	12.1	4.5	0.0	0.0	4.2	8.3	6.0
53 - 78	17.1	6.2	4.2	8.3	4.2	10.3	5.1	4.0	8.6	3.0	6.9	0.0	8.9	4.9	7.3
79 - 104	12.6	8.5	5.6	3.3	6.3	6.9	17.0	14.1	8.6	3.0	10.3	9.1	8.0	10.8	9.2
105 - 130	26.1	20.2	18.1	15.0	20.8	17.2	22.0	22.2	6.9	16.4	10.3	0.0	20.7	16.7	18.8
131 - 156	30.6.	61.2	72.2	70.0	68.8	62.1	23.7	52.5	60.3	71.6	72.4	90.9	57.3	55.6	56.7
Mean Weeks	98	122	123	126	130	124	86	116	118	128	133	149	117	116	117
Median Weeks	111	136	139	138	138	136	98	132	135	139	139	142	134	134	134

TABLE II.17

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND

NUMBER OF WEEKS UNEMPLOYED, 1971-73

Negro and Other Races

Number of Weeks Unemployed, 1971 - 73	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	110	125	74	61	48	28	58	94	56	69	29	11	446	317	763
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 13	52.7	64.8	68.9	70.5	70.8	75.0	67.2	73.4	82.1	73.9	75.9	100.0	64.4	75.2	68.9
14 - 26	18.2	13.6	10.8	13.1	4.2	7.1	19.0	18.1	8.9	10.1	10.3	0.0	12.8	13.5	13.1
27 - 39	9.1	6.4	2.7	1.6	10.4	0.0	3.5	3.2	1.8	2.9	0.0	0.0	5.8	2.5	4.5
40 - 52	8.2	4.8	10.8	8.2	8.3	3.6	3.5	3.2	3.6	10.1	10.3	0.0	7.6	5.4	6.6
53 - 78	8.2	4.8	4.1	4.9	6.3	3.6	6.9	1.1	1.8	1.5	3.5	0.0	5.6	2.5	4.3
79 - 104	1.8	3.2	2.7	1.6	0.0	10.7	0.0	1.1	0.0	0.0	0.0	0.0	2.7	0.3	1.7
105 - 156	1.8	2.4	0.0	0.0	0.0	0.0	0.0	0.0	1.8	1.5	0.0	0.0	1.1	0.6	0.9
Mean Weeks	19	15	13	12	12	14	12	8	8	10	9	2	15	9	13
Median Weeks	12	10	9	9	9	9	10	9	8	9	9	4	10	9	9

TABLE II.18

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND NUMBER OF YEARS

DURING WHICH ANY UI BENEFITS WERE RECEIVED IN 1971-1973

Whites

(Percent of Column Total)

Number of Years	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	115	150	73	83	105	92	78	116	107	117	155	70	618	643	1261
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0	87.0	80.7	89.0	89.2	93.3	84.8	88.5	90.5	91.6	89.7	92.3	95.7	86.7	91.3	89.1
1	7.8	8.7	6.9	6.0	3.8	4.4	10.3	5.2	5.6	3.4	3.2	1.4	6.5	4.7	5.6
2	3.5	6.7	1.4	1.2	1.0	4.4	1.3	2.6	0.9	3.4	1.9	0.0	3.4	1.9	2.6
3	1.7	4.0	2.7	3.6	1.9	6.5	0.0	1.7	1.9	3.4	2.6	2.9	3.4	2.2	2.8

TABLE II.19

DISTRIBUTION OF EXHAUSTEES BY AGE, SEX AND NUMBER OF YEARS

DURING WHICH ANY UI BENEFITS WERE RECEIVED IN 1971-1973

Negro and Other Races

Number of Years		Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
		≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total:	Number in Sample	119	137	81	64	51	30	64	105	59	71	30	11	482	340	882
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0	87.4	94.9	88.9	89.1	90.2	93.3	93.8	96.2	93.2	91.6	90.0	100.	90.7	93.8	92.0
	1	7.6	2.9	3.7	4.7	2.0	0.0	6.3	1.9	6.8	2.8	0.0	0.0	4.2	3.5	3.9
	2	4.2	0.7	4.9	3.1	2.0	3.3	0.0	1.9	0.0	0.0	3.3	0.0	2.9	0.9	2.1
	3	0.8	1.5	2.5	3.1	5.9	3.3	0.0	0.0	0.0	5.6	6.7	0.0	2.3	1.8	2.1

TABLE II.20

DISTRIBUTION OF EXHAUSTEES BY SEX, SITE AND

DURATION OF BENEFITS

Duration of Benefits in Weeks	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
Total: Number in Sample	240	246	252	234	296	233	287	248	2036
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 14	34.5	37.5	1.6	1.3	13.5	18.0	2.4	1.2	13.4
15 - 19	12.2	22.1	2.0	0.4	6.8	8.2	5.6	2.4	7.4
20 - 25	17.6	31.0	14.7	12.4	9.8	15.9	9.4	7.3	14.5
26	33.2	9.4	81.3	84.6	61.8	50.2	2.1	2.8	40.2
27 - 38	2.1	0.0	0.0	0.4	6.8	7.7	19.5	16.5	6.9
39	0.5	0.0	0.4	0.9	1.4	0.0	61.0	69.8	17.6
Mean Weeks	17	16	22	24	23	21	30	33	24
Median Weeks	21	17	26	26	26	26	39	39	26

PART III

THE EFFECT ON INCOME DISTRIBUTION AMONG EXHAUSTEES OF EXTENDING, RAISING OR RESTRICTING UI BENEFITS

The UI system is intended to be, as its name implies, a system of insuring persons against loss of income due to unemployment. The elimination or alleviation of poverty is not per se the principal objective of the system. Nevertheless, since unemployment of one or more of a household's members may put that household below the poverty line, the effects of UI on poverty and more generally on the distribution of income are of interest.

This part contains a discussion of the effects of possible and actual changes in UI durations, in terms of their efficiency in raising exhaustee families above the poverty line. First, we consider the effect on exhaustee income distribution that an extension of UI benefits would have had at the time of the Wave I interview. Next, we assess the actual effect of extending UI benefits at the time of the Wave II interview (at which time such extensions had taken, or were taking, place). Finally, we examine the effects on exhaustee income distribution of two proposed changes in UI policy--changing benefit levels by applying new benefit maxima, and restricting eligibility for extensions to exhaustees with substantial attachment to the labor force.

All results are reported in two categories: first, whites; and second, Negro and other races. This distinction is necessary because of the urban nature of the exhaustee sample, which contains fewer whites than one would find in a national sample of exhaustees. Combining these categories would therefore produce misleading results in that Negro and other races would be overrepresented.

Results

A. Effect of Extending UI Benefits at Wave I

Tables III.1 to III.4 simulate the effect on exhaustee income distribution of extending UI benefits at the time of the Wave I interview. The first two tables report actual income at that time; the second two tables project incomes had UI extension taken place. As the tables show, receipt of UI extensions would greatly reduce the percentage of exhaustees falling below the poverty line. Without extensions, 39 percent of whites and 56 percent of other races have incomes below the poverty line. Extending UI payments would change these figures to 10 percent and 22 percent, respectively. However, the tables also show that, as a means of reducing poverty, extension of UI benefits is target inefficient. Forty-one percent of the female exhaustees with children but no spouse remain below the poverty threshold, while UI benefits are paid to families with

incomes well above the poverty line. Not surprisingly, most of the latter families are husband-wife families in which the wife is the exhaustee.

One suggested policy that might improve target efficiency is to tax UI benefits under the Federal income tax. However, while this policy is important from other viewpoints (see the work disincentive discussion in Part IV), it does little to alter the effect of extensions on income distribution. Benefits, although reduced somewhat for the highest income households, are still paid to those with relatively high incomes.[1]

B. Extensions of Benefits at Wave II

In December 1974, shortly before the second wave of interviewing in the exhaustee study, UI benefits were extended by Congress. Payments were begun in January in Atlanta, Baltimore and Seattle and in late February in Chicago. The extensions came in the middle of the Chicago interviewing period and just before interviewing in the other sites. We assess the effect of the extensions on income distribution by comparing projected income distribution had there been no UI extensions with actual distribution after extensions. We assigned UI benefits to all exhaustees who were either receiving extended benefits, or had applied but had not yet started receiving them. Because the extension of benefits probably had some effect on the reemployment behavior of the exhaustees, our comparison is not a perfect one. One should assume, therefore, that our estimates of income not counting UI benefits are probably lower than actual income would have been had benefits not been extended.

Tables III.5 and III.6 show income distribution at the time of the Wave II interview if UI benefits are not counted; and Tables III.7 and III.8 show income distribution at that time when actual UI income is included. As can be seen, without UI income significant numbers of exhaustees have incomes below the poverty threshold. However, there are many fewer such cases than in the period immediately following initial benefit exhaustion at the time of the first interview (see Tables III.1 and III.2), when 40 percent of whites and 56 percent of other races had incomes below the poverty level. Four months later, at Wave II, the figures were 25 percent and 43 percent, respectively. The extension of benefits further reduced these figures to 15 percent and 33 percent. The number of exhaustees remaining in poverty is greater than the number in poverty immediately preceding exhaustion (when it was 10 percent for whites and 22 percent for all other races) probably because not all UI eligibles had applied for extensions at the time of interviewing.

[1] Tables showing the distributional impact of taxing UI were contained in the June 30th preliminary report. They have not been reProduced here since the comparison of after-tax income to the poverty threshold is not strictly appropriate because that threshold is defined for pre-tax income.

C. Distributional Consequences of Changing Benefit Maxima

It has been proposed in the UI literature and in policy discussions that benefit maxima in each state be set at two-thirds of the average weekly wage in that state.[1] The effect of this rule on the benefit maxima used in each site at the time of interviewing would be as follows:

	Old Maxima ($/wk.)	Effect of Proposed Raise in Benefit Maxima ($/wk.)
Atlanta	$ 70	$ 92
Baltimore	78	100
Chicago[2]	105	115
Seattle	81	109

These proposed maxima represent an increase over the old maxima of about 30 percent for Atlanta, Baltimore and Seattle. In Chicago, the percentage increase varied depending on the number of dependents. For those with few dependents the increase was substantial.

The distributional impact of this proposed change is reported in Tables III.9 to III.11. Overall, the proposed maxima would have little effect, when compared to the old benefits, on the percent of recipients with family incomes below the poverty level (see Tables III.3 and III.4). However, looking at the percent with incomes in the 1 to 1.5 times poverty level range, we find that there is some reduction. For whites, the percent in this range drops from 18 to 13 and for Negro and other races, from 28 to 22. This shift in income is experienced by most family types, with some concentration on male exhaustees with no spouse. By site, the greatest reductions in the number of exhaustees with incomes below 1.5 times the poverty level are found in Chicago and Baltimore. This seems to be due to the larger numbers of low-income people in those sites, and to the fact that increases in the benefit maxima were substantial for individuals with few dependents in Chicago. We can note that although this policy moves some people out of poverty, it is still a target inefficient way to do it.

D. Restriction of Eligibility for Extensions

Two proposals were advanced in the mid-sixties to restrict eligibility for UI benefit extensions to those exhaustees who exhibited

[1] As of December 31, 1974 only six states had maximums set at this level.

[2] The old maximum in Chicago is related to dependents; the proposed maximum is set at the same level for all.

a substantial attachment to the labor force. Two possible tests of this attachment were proposed. The first would have restricted eligibility to those who had received at least 26 weeks of UI benefits and the second would have restricted eligibility to those with 78 weeks of work in the three years prior to receipt of UI. While these tests are fairly arbitrary and may not achieve their intended purpose,[1] an evaluation of their distributional impact is still interesting.

Tables III.12 and III.13 report the results of using the 26 weeks of UI benefits criterion and Tables III.10 and III.11 report the results of using the 78 weeks of employment restriction. As can be seen, the 26 weeks of benefits restriction leaves substantial numbers of exhaustees with incomes below the poverty line. The numbers are 20 percent for whites and 37 for Negro and other races compared to 10 percent and 22 percent, respectively, if UI were extended for all. This large difference is due to the fact that many exhaustees were not eligible for 26 weeks of benefits. In our sample, 42 percent do not have 26 weeks of benefits and these are mostly concentrated in Atlanta because of the Georgia UI rules. This limitation thus reflects the UI laws in specific states as much as it does the labor force history of beneficiaries. The percentages at the other end of the income distribution are reduced somewhat but not substantially. Therefore, this strategy, if judged by income maintenance criteria, does nothing to target extended UI benefits to those most in need. In fact, it seems to be less target efficient than regular extensions.

The restriction of benefits to those with 78 weeks of work produces similar results relative to regular extensions (14 percent of whites and 28 percent of Negro and other races are left with incomes below the poverty line) but does raise more exhaustees out of poverty than does the 26 week rule. This is due to the fact that only 18 percent of the sample do not meet the 78 weeks of work criterion. Once again, however, this rule does not target benefits on those below poverty.

Conclusions

The examination of the distributional impact of UI benefit extensions has shown that UI extensions do have a significant impact in raising people out of poverty. However, since benefit extensions are paid regardless of family income, they are target inefficient when judged by poverty prevention standards. Alternative UI policies that have so far been proposed for restricting eligibility for extensions suffer from the same target inefficiency. The same would be true if higher UI benefits were paid, based on a rise in the benefit maxima. Examination of income at Wave II shows that significant numbers of exhaustees would have had incomes below the poverty threshold without the recent benefit extensions.

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[1] For example, older people who may retire when they are laid off would have substantial past labor force attachment but little future attachment. New entrants to the labor force exhibit the reverse pattern.

TABLE III.1

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (EXCLUDING UI INCOME) AND FAMILY TYPE, AS OF WAVE I INTERVIEW

Whites

Ratio of Income to Poverty Line[1]		Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	85	176	124	182	8	175	30	168	56	41	1045
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0.0 - 0.5	35.3	13.6	4.0	7.7	37.5	71.4	56.7	45.2	30.4	23.5	30.6
	0.5 - 1.0	15.3	10.2	4.0	6.6	0.0	5.1	30.0	14.9	2.2	5.9	9.1
	1.0 - 1.5	12.9	11.9	10.5	7.7	12.5	7.4	6.7	14.9	15.2	9.8	10.7
	1.5 - 2.0	16.5	14.8	28.2	9.9	12.5	5.7	0.0	11.9	6.5	7.8	12.5
	2.0 - 3.0	12.9	23.9	28.2	23.1	37.5	7.4	6.7	7.7	21.7	27.5	17.7
	3.0 - 4.0	3.5	15.3	13.7	27.5	0.0	1.2	0.0	3.0	13.0	13.7	11.2
	4.0+	3.5	10.2	11.3	17.6	0.0	1.7	0.0	2.4	10.9	11.8	8.1

[1] If the ratio of its income to the poverty threshold equalled the end point of a range, the household was assigned to the lower category.

TABLE III.2

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (EXCLUDING UI INCOME) AND FAMILY TYPE, AS OF WAVE I INTERVIEW

Negro and Other Races

Ratio of Income to Poverty Line[1]		Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	110	61	67	41	15	113	78	59	70	50	664
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0.0 - 0.5	43.6	29.5	11.9	2.4	73.3	79.7	70.5	54.2	24.3	8.0	42.8
	0.5 - 1.0	22.7	9.8	10.5	9.8	20.0	5.3	14.1	27.1	8.6	12.0	13.6
	1.0 - 1.5	10.0	14.8	28.4	12.2	6.7	5.3	10.3	8.5	11.4	16.0	12.1
	1.0 - 5.0	7.3	16.4	22.4	12.2	0.0	3.5	3.9	5.1	17.1	12.0	9.9
	2.0 - 3.0	11.8	14.8	14.9	29.3	0.0	3.5	1.3	3.4	28.6	38.0	13.6
	3.0 - 4.0	1.8	8.2	10.5	19.5	0.0	1.8	0.0	0.0	5.7	6.0	4.7
	4.0+	2.7	6.6	1.5	14.6	0.0	0.9	0.0	1.7	4.3	8.0	3.5

[1] See Table III.1.

TABLE III.3

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (INCLUDING UI INCOME) AND FAMILY TYPE, AS OF WAVE I INTERVIEW

Whites

Ratio of Income to Poverty Line[1]		Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	85	176	124	182	8	175	30	168	46	51	1045
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0.0 - 0.5	1.2	0.0	1.6	0.6	0.0	0.6	3.3	0.6	0.0	2.0	0.8
	0.5 - 1.0	22.4	2.3	1.6	3.3	12.5	12.0	26.7	10.7	15.2	19.6	9.2
	1.0 - 1.5	15.3	11.9	5.7	5.5	25.0	35.4	46.7	28.0	15.2	7.8	17.9
	1.5 - 2.0	18.8	11.9	9.7	7.7	12.5	25.1	13.3	18.5	8.7	3.9	14.3
	2.0 - 3.0	25.9	22.7	40.3	17.6	12.5	14.9	10.0	28.6	21.7	25.5	23.4
	3.0 - 4.0	10.6	27.8	23.4	23.6	37.5	8.6	0.0	7.7	19.6	25.5	17.5
	4.0+	5.9	23.3	17.7	41.8	0.0	3.4	0.0	6.0	19.6	15.7	16.9

[1] See Table III.1.

TABLE III.4

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (INCLUDING UI INCOME) AND FAMILY TYPE, AS OF WAVE I INTERVIEW

Negro and Other Races

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	61	67	41	15	113	78	59	70	50	664
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	5.5	1.6	1.5	0.0	0.0	0.0	2.6	3.4	2.9	2.0	2.3
0.5 - 1.0	32.7	9.8	10.5	2.4	40.0	18.6	42.3	15.3	10.0	6.0	19.4
1.0 - 1.5	20.9	21.3	16.4	7.3	46.7	51.3	32.1	42.4	15.7	14.0	27.6
1.5 - 2.0	11.8	9.8	25.4	4.9	13.3	15.9	11.5	25.4	10.0	12.0	14.3
2.0 - 3.0	15.5	29.5	25.4	24.4	0.0	8.0	10.3	6.8	34.3	26.0	18.1
3.0 - 4.0	10.0	13.1	11.9	43.9	0.0	3.5	1.3	3.4	20.0	30.0	12.2
4.0+	3.6	14.8	9.0	17.1	0.0	2.7	0.0	3.4	7.1	10.0	6.2

[1] See Table III.1.

TABLE III.5

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (EXCLUDING UI INCOME) AND FAMILY TYPE, AS OF WAVE II INTERVIEW

Whites

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	85	176	124	182	8	175	30	168	46	51	1045
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	15.3	12.5	6.5	7.7	25.0	33.1	16.7	21.4	26.1	9.8	16.8
0.5 - 1.0	12.9	7.4	0.0	4.4	0.0	9.7	20.0	10.7	13.0	5.9	7.9
1.0 - 1.5	20.0	8.5	10.5	13.7	12.5	6.9	30.0	20.2	6.5	11.8	12.9
1.5 - 2.0	9.4	14.2	13.7	7.7	0.0	9.7	10.0	15.5	15.2	9.8	11.7
2.0 - 3.0	23.5	22.7	33.1	23.1	37.5	13.1	6.7	15.5	13.0	29.4	20.9
3.0 - 4.0	10.6	14.2	21.8	26.9	12.5	6.9	10.0	5.4	8.7	13.7	14.0
4.0+	8.2	20.5	14.5	16.5	12.5	20.6	6.7	11.3	17.4	19.6	16.0

[1] See Table III.1

TABLE III.6

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (EXCLUDING UI INCOME) AND FAMILY TYPE, AS OF WAVE II INTERVIEW

Negro and Other Races

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	61	67	41	15	113	78	59	70	50	664
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	33.6	18.0	10.5	12.2	46.7	40.7	23.1	33.9	28.6	20.0	27.3
0.5 - 1.0	14.6	9.8	7.5	2.4	13.3	15.9	32.1	18.6	14.3	18.0	15.5
1.0 - 1.5	14.6	14.8	35.8	12.2	33.3	12.4	24.4	17.0	8.6	22.0	17.9
1.5 - 2.0	10.0	18.0	20.9	14.6	6.7	6.2	7.7	10.2	11.4	6.0	11.0
2.0 - 3.0	13.6	23.0	19.4	17.1	0.0	11.5	5.1	10.2	22.9	20.0	14.8
3.0 - 4.0	9.1	8.2	6.0	29.3	0.0	8.0	6.4	3.4	7.1	8.0	8.4
4.0+	4.6	8.2	0.0	12.2	0.0	5.3	1.3	6.8	7.1	6.0	5.1

[1] See Table III.1.

TABLE III.7

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (INCLUDING UI INCOME IF APPLIED FOR OR RECEIVED) AND FAMILY TYPE, AS OF WAVE II INTERVIEW

Whites

Ratio of Income to Poverty Line[1]		Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	85	176	124	182	8	175	30	168	46	51	1045
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0.0 - 0.5	9.4	5.7	1.6	3.9	12.5	11.4	13.3	9.5	15.2	7.8	7.6
	0.5 - 1.0	11.8	4.0	4.8	7.1	0.0	6.9	20.0	7.1	17.4	7.8	7.5
	1.0 - 1.5	20.0	9.1	7.3	5.5	25.0	13.7	30.0	19.6	8.7	5.9	12.2
	1.5 - 2.0	5.9	12.5	6.5	6.6	0.0	17.7	10.0	16.7	13.0	5.9	11.3
	2.0 - 3.0	29.4	26.7	34.7	24.2	37.5	20.0	10.0	28.0	17.4	29.4	25.8
	3.0 - 4.0	15.3	15.3	25.0	25.3	12.5	8.0	10.0	6.6	8.7	23.5	15.5
	4.0+	8.2	26.7	20.2	27.5	12.5	22.3	6.7	12.5	19.6	19.6	20.2

[1] See Table III.1.

TABLE III.8

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (INCLUDING UI INCOME IF APPLIED FOR OR RECEIVED) AND FAMILY TYPE, AS OF WAVE II INTERVIEW

Negro and Other Races

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	61	67	41	15	113	78	59	70	50	664
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	19.1	11.5	6.0	4.9	26.7	23.9	16.7	28.8	17.1	14.0	17.2
0.5 - 1.0	22.7	8.2	11.9	7.3	13.3	14.2	21.8	17.0	15.7	18.0	16.0
1.0 - 1.5	14.6	9.8	26.9	9.8	46.7	17.7	32.1	22.0	10.0	24.0	19.3
1.5 - 2.0	10.9	23.0	17.9	14.6	6.7	14.2	16.7	5.1	15.7	8.0	13.9
2.0 - 3.0	14.6	27.9	29.9	22.0	6.7	16.8	5.1	8.5	18.6	14.0	16.7
3.0 - 4.0	11.8	11.5	7.5	22.0	0.0	8.0	5.1	10.2	14.3	16.0	10.7
4.0+	6.4	8.2	0.0	19.5	0.0	5.3	2.6	8.5	8.6	6.0	6.3

1. See Table III.1.

TABLE III.9

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (INCLUDING UI INCOME BASED ON NEW BENEFIT MAXIMA) AND FAMILY TYPE, AS OF WAVE I INTERVIEW

Whites

Ratio of Income to Poverty Line[1]		Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	87	178	124	182	8	175	30	169	47	51	1051
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0.0 - 0.5	1.2	0.0	1.6	0.6	0.0	0.6	0.0	1.2	0.0	2.0	0.8
	0.5 - 1.0	19.5	1.1	1.6	3.3	12.5	12.6	26.7	12.4	14.9	17.7	9.0
	1.0 - 1.5	16.1	7.3	4.8	5.5	25.0	20.6	46.7	21.9	6.4	7.8	13.2
	1.5 - 2.0	18.4	9.6	10.5	6.6	12.5	30.3	13.3	17.8	17.0	5.9	14.9
	2.0 - 3.0	28.7	23.0	37.9	15.9	12.5	21.1	10.0	29.6	19.2	21.6	24.1
	3.0 - 4.0	10.3	30.9	25.8	24.7	37.5	9.7	3.3	10.7	21.3	27.5	19.4
	4.0+	5.8	28.1	17.7	43.4	0.0	5.1	0.0	6.5	21.3	17.7	18.6

[1] See Table III.1.

TABLE III.10

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (INCLUDING UI INCOME BASED ON NEW BENEFIT MAXIMA) AND FAMILY TYPE,

AS OF WAVE I INTERVIEW

Negro and Other Races

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	111	63	67	42	15	115	79	59	70	51	672
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	3.6	1.6	1.5	0.0	6.7	0.0	2.5	3.4	4.3	2.0	2.2
0.5 - 1.0	29.7	6.4	7.5	2.4	26.7	20.0	43.0	17.0	8.6	5.9	18.3
1.0 - 1.5	19.8	14.3	16.4	7.1	40.0	34.8	30.4	32.2	10.0	11.8	21.9
1.5 - 2.0	15.3	17.5	23.9	7.1	26.7	23.5	13.9	28.8	10.0	15.7	18.0
2.0 - 3.0	16.2	23.8	29.9	23.8	0.0	14.8	10.1	10.2	34.3	25.5	19.5
3.0 - 4.0	11.7	20.6	10.5	35.7	0.0	3.5	0.0	5.1	25.7	27.5	13.0
4.0+	3.6	15.9	10.5	23.8	0.0	3.5	0.0	3.4	7.1	11.8	7.1

[1] See Table III.1.

TABLE III.11

EFFECT OF NEW BENEFIT MAXIMA ON DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME AND SITE

Ratio of Income to Poverty Line [1]		ATLANTA		BALTIMORE		CHICAGO		SEATTLE	
		Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.
Total:	Number in Sample	398	403	438	441	428	434	445	445
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5		2.0	1.7	1.4	1.6	2.1	1.8	0.0	0.2
0.5 - 1.0		13.3	11.7	13.0	11.3	18.7	19.4	7.9	8.3
1.0 - 1.5		18.6	15.6	21.5	15.2	25.7	16.6	20.7	18.9
1.5 - 2.0		10.6	13.7	12.3	16.6	15.2	19.1	18.7	15.1
2.0 - 3.0		21.4	21.6	22.6	23.8	20.6	21.4	20.9	22.3
3.0 - 4.0		16.1	16.4	17.6	18.4	11.2	13.4	16.9	19.3
4.0+		18.1	19.4	11.6	13.2	6.5	8.3	15.1	16.0

[1] See Table III.1.

TABLE III.12

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY INCOME AND FAMILY TYPE, AS OF WAVE I INTERVIEW

(Including UI Income if UI Benefit Duration was at Least 26 Weeks)

Whites

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	178	124	182	8	175	30	169	47	51	1051
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	12.6	3.9	2.4	3.9	0.0	28.6	26.7	17.8	12.8	11.8	12.2
0.5 - 1.0	19.5	3.9	4.8	3.9	12.5	6.3	26.7	8.9	6.4	9.8	7.6
1.0 - 1.5	10.3	10.1	5.7	6.0	25.0	25.7	23.3	21.3	14.9	9.8	14.0
1.5 - 2.0	19.5	12.9	14.5	8.2	25.0	16.6	13.3	17.2	14.9	9.8	14.2
2.0 - 3.0	23.0	24.7	40.3	19.8	12.5	12.6	10.0	23.7	12.8	25.5	22.4
3.0 - 4.0	10.3	24.2	18.6	26.9	25.0	8.0	0.0	6.5	23.4	17.7	16.3
4.0+	4.6	20.2	13.7	31.3	0.0	2.3	0.0	4.7	14.9	15.7	13.4

[1] See Table III.1

TABLE III.13

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY INCOME AND FAMILY TYPE, AS OF WAVE I INTERVIEW

(Including UI Income if Benefit Duration was at Least 26 Weeks)

Negro and Other Races

Ratio of Income to Poverty Line[1]		Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	111	63	67	42	15	115	79	59	70	51	672
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0.0 - 0.5	24.3	9.5	10.5	2.4	33.3	32.2	40.5	20.3	15.7	5.9	21.0
	0.5 - 1.0	28.8	11.1	6.0	4.8	26.7	10.4	29.1	18.6	8.6	9.8	15.8
	1.0 - 1.5	14.4	20.6	25.4	16.7	26.7	37.4	15.2	35.6	10.0	11.8	21.7
	1.5 - 2.0	7.2	6.4	26.9	7.1	13.3	7.8	7.6	17.0	14.3	9.8	11.2
	2.0 - 3.0	13.5	30.2	17.9	16.7	0.0	6.1	6.3	3.4	31.4	37.3	16.1
	3.0 - 4.0	8.1	11.1	10.5	35.7	0.0	4.4	1.3	1.7	15.7	15.7	9.5
	4.0+	3.6	11.1	3.0	16.7	0.0	1.7	0.0	3.4	4.3	9.8	4.8

[1] See Table III.1.

TABLE III.14

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME AND FAMILY TYPE, AS OF WAVE I INTERVIEW

(Including UI Income if Respondent Had at Least 78 Weeks' Employment in Past Three Years)

Whites

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	178	124	182	8	175	30	169	47	51	1051
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	4.6	2.3	1.6	1.1	0.0	15.4	16.7	5.9	2.1	13.7	5.9
0.5 - 1.0	21.8	1.7	2.4	3.9	12.5	9.7	23.3	10.7	14.9	9.8	8.3
1.0 - 1.5	11.5	11.2	8.1	6.6	25.0	26.9	36.7	26.6	17.0	7.8	16.1
1.5 - 2.0	23.0	14.6	15.3	9.3	12.5	22.3	13.3	18.3	8.5	3.9	15.5
2.0 - 3.0	23.0	24.2	34.7	15.4	12.5	15.4	10.0	26.6	21.3	25.5	22.2
3.0 - 4.0	10.3	24.7	21.0	25.3	37.5	6.9	0.0	6.5	21.3	23.5	16.5
4.0+	5.8	21.4	16.9	38.5	0.0	3.4	0.0	5.3	14.9	15.7	15.6

[1] See Table III.1.

TABLE III.15

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME AND FAMILY TYPE, AS OF WAVE I INTERVIEW

(Including UI Income if Respondent Had at Least 78 Weeks' Employment in Past Three Years)

Negro and Other Races

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	111	63	67	42	15	115	79	59	70	51	672
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	10.8	3.2	4.5	0.0	13.3	20.0	17.7	8.5	8.6	5.9	10.4
0.5 - 1.0	28.8	11.1	9.0	7.1	46.7	15.7	29.1	15.3	12.9	9.8	17.7
1.0 - 1.5	19.8	23.8	17.9	9.5	26.7	41.7	32.9	40.7	11.4	9.8	25.0
1.5 - 2.0	11.7	11.1	23.9	2.4	13.3	10.4	8.9	22.0	8.6	13.7	12.5
2.0 - 3.0	17.1	25.4	25.4	21.4	0.0	6.1	11.4	6.8	32.9	23.5	17.3
3.0 - 4.0	8.1	12.7	13.4	42.9	0.0	4.4	0.0	3.4	18.6	27.5	11.6
4.0+	3.6	12.7	6.0	16.7	0.0	1.7	0.0	3.4	7.1	9.8	5.5

[1] See Table III.1.

PART IV

WAGE-REPLACEMENT RATIOS

Because a primary purpose of unemployment insurance is to provide wage replacement for unemployed workers, the investigation of wage-replacement ratios has long been central to the analysis of the UI system. These ratios have been primarily regarded as an important measure of the adequacy of UI benefits, and the achievement of gross replacement ratios of at least 50 percent has become a target of many attempts at UI reforms. More recently, attention has focused on net wage-replacement in an effort to estimate the "true cost" to workers of being without work and on UI. At least one author[1] has suggested that such net replacement ratios may be so high (often over 80 percent) as to pose substantial work disincentives. In this section we investigate these issues. Wage-replacement ratios are calculated under a number of different definitions of that concept and the effect of two policies (taxation of UI benefits and changes in state benefit maxima) on these ratios is examined.

Data from the exhaustee study represent a considerable improvement over those previously used to examine wage-replacement. Earnings on the job held prior to unemployment are known. This may be the best single indication of the opportunity cost of remaining unemployed.[2] In addition, the exhaustee data base contains information about earnings, bonuses,[3] and work-related expenses so that more accurate measures of net earnings can be provided. Other data collected permit the estimation of income and payroll taxes so that after-tax replacement ratios can be calculated and possible effects of taxing UI benefits can be examined. Finally, the exhaustee data contain sufficient information about the UI records of exhaustees to permit the simulation of alternative payments formulae.

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[1] See M. Feldstein, "Lowering the Permanent Rate of Unemployment," Joint Economic Committee, Washington D.C., U.S. Government Printing Office, 1973, and "Unemployment Insurance: Time for Reform," Harvard Business Review, March-April, 1975.

[2] Wages on the pre-UI job used to calculate the wage-replacement ratios may not equal the wages on which the UI benefit is based.

[3] The data do not, however, contain accurate measures of the dollar value of (non-monetary) fringe benefits and these have therefore not been included in our calculations.

Despite these advantages, the exhaustee data also possess a number of shortcomings that should be clearly recognized. Most important, by their very nature the data may not represent the universe of UI claimants. Since it is possible that wage-replacement ratios for exhaustees exceed[1] those of the claimant population, our estimates may overstate the general situation. In addition, the exhaustee data do not include various information (such as data on fringe benefits) which should be considered in any comprehensive evaluation. Finally, it should be remembered that the calculation of net wage-replacement--no matter how accurate--is not a controlled test of the disincentive hypothesis. Recognizing these facts, however, does not preclude using the exhaustee sample to study wage-replacement since the data may indicate general orders of magnitude.

Results

Our presentation of estimated wage-replacement ratios is divided into three sections.

A. Actual Gross and Net Wage-Replacement Ratios

B. Wage-Replacement Ratios When UI is taxed.

C. Replacement Ratios with Higher State Benefit Maxima

Throughout our discussion we use the sample of exhaustees present at both Wave I and Wave II interviews so that results may be compared with those contained elsewhere in this report.

A. Actual Gross and Net Wage-Replacement Ratio

Tables IV.1 and IV.2 record gross wage-replacement ratios for whites and for Negro and other races respectively. The ratios are based on the exhaustees' earnings (plus supplements) in the week immediately preceding unemployment and may differ somewhat from those traditionally reported, which are often based on the high quarter earnings data that are collected for benefit calculations. The tables show that many exhaustees fall in the 40-60 percent replacement range; and that finding conforms to the 50 percent replacement standard employed in much of the UI literature. Male exhaustees are more likely to fall below the 40-60 percent replacement range than are female exhaustees. This finding demonstrates the effect of state UI maximum

[1] Reasons for expecting this include: (1) exhaustees may have lower pre-UI wages than claimants; (2) to the extent exhaustees over-represent married women, average work related expenses (especially child care and taxes) may be over-stated; and (3) if high wage-replacement ratios really do cause a lengthening of unemployment durations, exhaustees should indeed have high ratios.

benefit ceilings in the exhaustee sample: since gross wages for males are higher than for females, the maxima are more likely to be effective for that group. In Section C we examine the effect of relaxing these maxima.

A frequent complaint about gross wage replacement measures is that taxes are not considered. Because wages are subject to a variety of income and payroll tax deductions whereas UI benefits are not, use of gross figures gives a misleading impression of true wage replacement. For this reason income[1] and payroll taxes have been computed for families in the exhaustee sample. Marginal taxes incurred by the family when exhaustees were employed were then estimated and used to construct an after-tax measure of net wages. Tables IV.3 and IV.4 report the distribution of the ratios of UI payments to that net wage figure. As would be expected, the tables show that use of net, rather than gross, wages raises replacement ratios substantially. This is particularly true for those exhaustees in families in which other earners are likely to be present. For example, whereas only 1.9 percent of white female exhaustees with a husband present have measured gross wage replacement ratios of over .8, that figure rises to 15.4 percent when the effects of taxes are considered. A similar effect is recorded for races other than white and for exhaustees (both male and female) who are not heads of households.

To examine net wage replacement further, work-related expenses were also considered. Since such expenses are not incurred when individuals become unemployed, these expenses (as is the case for taxes) should be deducted from pre-UI after-tax wages. The effect of such a calculation is to increase further the proportion of exhaustees with high wage replacement ratios. The effect is especially pronounced for female exhaustees in husband-wife families. Indeed, of white females with children in such families (who may have large child care expenses while working) nearly 40 percent have net wage replacement ratios over .8.

B. Replacement Ratios When UI is Taxed

To moderate potential work disincentive effects posed by high net wage-replacement ratios, it has been suggested that UI benefits should be subject to the Federal Income Tax. The effects of such a policy are simulated in Tables IV.7 and IV.8 which show net wage-replacement ratios when UI benefits are taxed at a family's marginal tax rate. Because work related expenses are not considered in these tables, they should be compared with Tables IV.3 and IV.4. Such a comparison shows that net replacement ratios are indeed reduced by the taxation policy. Most important, the incidence of replacement ratios above .8 is reduced substantially. For example, whereas 9.4 percent of whites have actual net replacement ratios above .8, taxation of UI would reduce that number to 4.1 percent. Again the effect is expecially pronounced for female exhaustees in husband-wife families for whom the incidence of replacement ratios over .8 is reduced by more than two-thirds. For other groups, smaller though still substantial reductions are also recorded. A policy of taxing UI benefits would indeed seem to reduce the occurrences of very high net-replacement ratios.

[1]These include state and city taxes where appropriate.

C. Replacement Ratios with Higher State Benefit Maxima

In Part III we described a policy simulation of raising state UI benefit maxima to two-thirds the average weekly wage in covered employment for the state. In this section we analyze the implications of such a policy for wage-replacement ratios. Gross wage-replacement ratios with the new benefit maxima are presented in Tables IV.9 and IV.10. By comparing these tables with those for prevailing benefit maxima already presented (Tables IV.1 and IV.2), it can be seen that the principal results of the new maxima are in raising the replacement ratios of those initially below .4. Whereas initially 39.7 percent of the entire sample had ratios below .4, with the new maxima this fraction falls to 24.5 percent. As would be expected, male exhaustees are the prime beneficiaries of the higher maxima, although replacement ratios are also raised for substantial numbers of women.

Simulation of the new benefit maxima produce similar results when net wage-replacement ratios are examined. Fewer than 25 percent of exhaustees have net wage-replacement ratios below .5 under the new benefit maxima, whereas that figure is over 40 percent with prevailing maxima. Surprisingly, the higher benefit maxima do not increase the incidence of very high net replacement ratios very much; 11.5 percent of all exhaustees have net replacement ratios over .8 with the new maxima, as compared with 8.5 percent under prevailing maxima. The increases in the incidence of high net replacement are proportionally greater for men than for women, although women on average continue to exhibit far higher ratios.

Tables IV.13 and IV.14 summarize the results of the new benefit maxima simulations by site. In Atlanta, Baltimore, and Seattle the changes have broadly similar results of moving ratios up, on an across-the-board basis. Proportionally greater effects occur for replacement ratios below .4. In the Chicago site, raising the benefit maximum moves a large number of exhaustees from the .2-.4 range into the .4-.5 range and leaves the remainder of the distribution essentially unchanged. This is explained by the fact that the simulation used replaced the present complex system of benefit maxima that prevail in Illinois (which ties the maximum to the number of dependents in the claimant's family) with a uniform maximum of $115. Hence, benefits are raised for large numbers of exhaustees--primarily those with few dependents who were previously at low maximum ceilings.

Conclusions

Three general conclusions emerge from the detailed treatment of the wage-replacement issue presented in this part. First, gross wage replacement ratios as usually presented do indeed tend to understate the net wage replacement UI actually provides and, for some individuals, net replacement ratios may be so high as to pose major work disincentives. Whether the incidence of these high net replacement ratios is so widespread as is sometimes alleged, however, is dubious. Second, subjection of UI benefits to the Federal Income Tax does appear to be a reasonably effective way of

reducing the incidence of very high replacement ratios without introducing perverse distributional consequences into the UI system (see Part III). Finally, the policy of raising state maxima is relatively more important for those with low replacement ratios than for those with high ratios. It may therefore be an appropriate policy for providing more adequate UI benefits.

TABLE IV.1

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE

AND PERCENTAGE OF GROSS WAGE REPLACED BY UI BENEFITS

Whites

	Percentage of Gross Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	87	179	125	187	8	176	31	171	47	52	1063
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0 - 20%	5.8	15.1	4.0	4.8	0.0	8.0	0.0	3.5	6.4	3.9	6.7
	20 - 40	52.9	48.0	18.4	20.3	25.0	41.5	41.9	19.3	40.4	25.0	32.6
	40 - 50	14.9	20.7	38.4	34.2	50.0	23.3	16.1	28.7	23.4	38.5	27.5
	50 - 60	19.5	11.2	24.0	27.8	12.5	17.1	29.0	29.8	14.9	21.2	21.5
	60 - 80	3.5	4.5	12.8	11.2	0.0	7.4	9.7	15.2	10.6	11.5	9.5
	80+	3.5	0.6	2.4	1.6	12.5	2.8	3.2	3.5	4.3	0.0	2.4
	Mean Percent	39	36	48	47	83	42	48	51	43	45	44
	Median Percent	37	35	47	47	45	40	45	49	41	45	44

[1] If the percentage of wage replaced equalled the end point of a range, the observation was assigned to the lower category.

TABLE IV.2

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE

AND PERCENTAGE OF GROSS WAGE REPLACED BY UI BENEFITS

Negro and Other Races

	Percentage of Gross Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
		Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total:	Number in Sample	112	66	72	44	15	117	79	61	73	51	690
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	0 - 20%	7.1	6.1	0.0	2.3	0.0	6.0	0.0	3.3	9.6	4.0	4.5
	20 - 40	50.0	42.4	22.2	22.7	40.0	44.4	24.1	29.5	39.7	29.4	36.1
	40 - 50	25.9	27.3	40.3	31.8	53.3	23.9	32.9	24.6	28.8	29.4	29.4
	50 - 60	9.8	18.2	29.2	29.6	6.7	15.4	25.3	32.8	11.0	15.7	19.1
	60 - 80	7.1	3.0	8.3	9.1	0.0	8.6	12.7	8.2	8.2	15.7	8.6
	80+	0.0	3.0	0.0	4.6	0.0	1.7	5.1	1.6	2.7	5.9	2.3
	Mean Percent	39	42	47	49	40	41	50	47	41	48	44
	Median Percent	37	41	47	48	42	40	48	47	40	46	43

[1] See Table IV.1.

TABLE IV.3

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGE

(NET OF INCOME AND PAYROLL TAXES) REPLACED BY UI BENEFITS

Whites

Percentage of Wage RePlaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	89	180	125	187	8	177	31	171	47	52	1067
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	4.5	10.0	4.0	2.7	0.0	4.5	0.0	2.3	4.3	1.9	4.4
20 - 40	37.1	33.9	4.0	10.7	12.5	24.3	19.4	12.9	19.2	13.5	19.4
40 - 50	22.5	21.1	12.8	10.2	12.5	24.3	29.0	10.5	25.5	15.4	17.2
50 - 60	11.2	18.3	19.2	21.9	62.5	22.0	12.9	27.5	17.0	23.1	20.9
60 - 80	21.4	13.3	38.4	43.3	0.0	18.6	32.3	36.3	21.3	36.5	28.7
80+	3.4	3.3	21.6	11.2	12.5	6.2	6.5	10.5	12.8	9.6	9.4
Mean Percent	48	45	64	90	92	50	54	59	54	57	55
Median Percent	44	43	65	67	54	49	51	59	51	58	54

[1]See Table IV.1.

TABLE IV.4

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGE

(NET OF INCOME AND PAYROLL TAXES) REPLACED BY UI BENEFITS

Negro and Other Races

Percentage of Wage Replaced by UI Benefits [1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	112	66	72	44	15	117	79	61	73	51	690
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	1.8	3.0	0.0	2.3	0.0	3.4	0.0	1.6	5.5	2.0	2.2
20 - 40	33.9	18.2	11.1	11.4	26.7	23.1	10.1	16.4	19.2	9.8	19.0
40 - 50	29.5	19.7	16.7	11.4	33.3	22.2	20.3	19.7	26.0	19.6	21.9
50 - 60	20.5	33.3	22.2	18.2	33.3	25.6	38.0	19.7	23.3	19.6	25.1
60 - 80	11.6	19.7	40.3	43.2	6.7	19.7	22.8	39.3	19.2	33.3	24.8
80+	2.7	6.1	9.7	13.6	0.0	6.0	8.9	3.3	6.9	15.7	7.1
Mean Percent	46	52	60	64	46	51	57	54	51	60	53
Median Percent	45	53	60	63	47	51	55	56	50	59	53

[1] See Table IV.1.

TABLE IV.5

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGES (NET OF TAXES AND WORK RELATED EXPENSES) REPLACED BY UI BENEFITS

Whites

Percentage of Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	89	180	125	187	8	177	31	171	47	52	1067
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	5.6	12.8	4.0	3.7	0.0	5.1	0.0	2.9	4.3	1.9	5.3
20 - 40	34.8	32.2	4.0	11.2	12.5	28.3	16.1	11.7	19.2	11.5	19.3
40 - 50	20.2	21.7	8.8	11.2	12.5	22.0	19.4	12.3	23.4	13.5	16.3
50 - 60	12.4	18.3	11.2	18.2	25.0	19.2	22.6	26.3	17.0	25.0	18.8
60 - 80	19.1	11.7	33.6	43.3	37.5	21.5	19.4	35.1	23.4	34.6	27.8
80+	7.9	3.3	38.4	12.3	12.5	4.0	22.6	11.7	12.8	13.5	12.4

[1] See Table IV.1.

TABLE IV.6

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGES

(NET OF TAXES AND WORK RELATED EXPENSES) REPLACED BY UI BENEFITS

Negro and Other Races

Percentage of Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	112	66	71	44	15	117	79	61	73	51	689
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	1.8	3.0	0.0	2.3	0.0	3.4	0.0	1.6	5.5	2.0	2.2
20 - 40	27.7	19.7	7.0	9.1	33.3	20.5	6.3	14.8	16.4	11.8	16.6
40 - 50	30.4	16.7	12.7	11.4	26.7	24.0	16.5	16.4	23.3	15.7	20.2
50 - 60	17.9	34.9	11.3	25.0	26.7	21.4	19.0	21.3	27.4	9.8	20.9
60 - 80	17.9	19.7	46.5	36.4	6.7	22.2	36.7	39.3	20.6	29.4	27.9
80+	4.5	6.1	22.5	15.9	6.7	8.6	21.5	6.6	6.9	31.4	12.3

[1] See Table IV.1.

TABLE IV.7

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGE (NET OF TAXES) REPLACED BY UI BENEFITS WHEN UI BENEFITS ARE TAXED

Whites

Percentage of Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	89	180	125	187	8	177	31	171	47	52	1067
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	5.6	13.9	4.8	2.7	0.0	6.2	0.0	3.5	4.3	1.9	5.7
20 - 40	46.1	39.4	11.2	15.5	25.0	29.9	22.6	15.8	27.7	17.3	24.9
40 - 50	18.0	22.8	22.4	24.1	25.0	26.6	25.8	12.3	19.2	26.9	21.7
50 - 60	16.9	15.6	31.2	30.0	37.5	18.6	16.1	32.8	21.3	26.9	24.3
60 - 80	10.1	7.8	25.6	24.1	0.0	14.1	29.0	29.8	17.0	25.0	19.3
80+	3.4	0.6	4.8	3.7	12.5	4.5	6.5	5.9	10.6	1.9	4.1
Mean Percent	43	40	54	52	82	47	54	55	50	51	49
Median Percent.	39	38	54	53	50	45	51	56	49	51	49

[1] See Table IV.1.

TABLE IV.8

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGE (NET OF TAXES) REPLACED BY UI BENEFITS WHEN UI BENEFITS ARE TAXED

Negro and Other Races

Percentage of Wage Replaced by UI Benefits [1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	112	66	72	44	15	117	79	61	73	51	690
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	3.6	4.6	0.0	2.3	0.0	5.1	0.0	1.6	5.5	2.0	2.9
20 - 40	41.1	31.8	20.8	20.5	33.3	28.2	11.4	18.0	20.6	17.7	25.1
40 - 50	27.7	22.7	23.6	13.6	33.3	24.8	21.5	23.0	32.9	21.6	24.5
50 - 60	17.0	30.3	33.3	27.3	26.7	20.5	38.0	24.7	24.7	29.4	26.2
60 - 80	9.8	6.1	20.8	27.3	6.7	15.4	20.3	29.5	9.6	19.6	16.2
80+	0.9	4.6	1.4	9.1	0.0	6.0	8.9	3.3	6.9	9.8	5.1
Mean Percent	43	47	52	55	45	48	56	52	49	55	50
Median Percent	42	46	52	55	45	47	55	53	47	53	49

[1] See Table IV.1.

TABLE IV.9

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF GROSS WAGE REPLACED BY UI BENEFITS

WHEN BENEFIT MAXIMA ARE TWO-THIRDS STATE AVERAGE WEEKLY WAGE

Whites

Percentage of Wage Replaced by UI Benefits [1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	177	124	182	8	175	30	169	47	51	1050
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	5.8	6.2	2.4	2.8	0.0	5.1	0.0	3.6	6.4	0.0	4.0
20 - 40	32.2	33.9	9.7	11.0	12.5	22.9	30.0	10.1	31.9	19.6	20.2
40 - 50	35.6	35.0	36.3	41.2	62.5	38.9	26.7	30.2	27.7	37.3	35.9
50 - 60	14.9	18.1	29.8	32.4	12.5	21.1	30.0	36.7	12.8	25.5	25.6
60 - 80	8.1	6.8	19.4	10.4	0.0	9.1	6.7	16.0	17.0	13.7	11.6
80+	3.5	0.0	2.4	2.0	12.5	2.9	6.7	3.6	4.3	3.9	2.7

[1] See Table IV.1.

TABLE IV.10

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF GROSS WAGE REPLACED BY UI BENEFITS

WHEN BENEFIT MAXIMA ARE TWO-THIRDS STATE AVERAGE WEEKLY WAGE

Negro and Other Races

Percentage of Wage Replaced by UI Benefits	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	111	63	67	42	15	115	79	59	70	50	671
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	4.5	3.2	0.0	0.0	6.7	1.7	1.3	3.4	5.7	4.0	2.8
20 - 40	32.4	17.5	11.9	11.9	26.7	24.4	17.7	20.3	27.1	26.0	22.4
40 - 50	38.7	34.9	43.3	40.5	46.7	45.2	38.0	27.1	34.3	28.0	37.9
50 - 60	12.6	31.8	26.9	31.0	13.3	19.1	25.3	30.5	18.6	20.0	22.4
60 - 80	10.8	7.9	17.9	11.9	0.0	9.6	10.1	13.6	10.0	12.0	11.0
80+	0.9	4.8	0.0	4.8	6.7	0.0	7.6	5.1	4.3	10.0	3.6

[1] See Table IV.1.

TABLE IV.11

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGE (NET OF TAXES)

REPLACE BY UI BENEFITS WHEN BENEFIT MAXIMA ARE TWO-THIRDS STATE AVERAGE WEEKLY WAGE

Whites

Percentage of Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	177	124	181	8	175	30	169	47	51	1049
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	1.2	3.4	2.4	1.0	0.0	4.0	0.0	2.4	4.3	0.0	2.4
20 - 40	21.8	15.8	3.2	6.6	12.5	10.9	6.7	7.1	12.8	13.7	10.5
40 - 50	16.1	17.5	4.8	7.2	0.0	13.7	30.0	7.1	17.0	3.9	11.3
50 - 60	31.0	30.5	16.9	22.7	75.0	34.3	23.3	27.2	19.2	23.5	27.0
60 - 80	21.8	28.3	41.1	48.6	0.0	29.1	33.3	45.6	29.8	47.1	36.6
80+	8.1	4.5	31.5	13.8	12.5	8.0	6.7	10.7	17.0	11.8	12.2

[1] See Table IV.1.

TABLE IV.12

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND PERCENTAGE OF WAGE (NET OF TAXES) REPLACED BY UI BENEFITS WHEN BENEFIT MAXIMA ARE TWO-THIRDS STATE AVERAGE WEEKLY WAGE

Negro and Other Races

Percentage of Wage Replaced by UI Benefits[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	63	67	42	15	115	79	59	70	51	671
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	1.8	0.0	0.0	0.0	6.7	1.7	1.2	0.0	4.3	2.0	1.5
20 - 40	17.3	14.3	7.5	7.1	13.3	13.0	10.1	17.0	10.0	11.8	12.5
40 - 50	21.8	7.9	9.0	4.8	26.7	10.4	17.7	13.6	17.1	17.7	14.3
50 - 60	32.7	27.0	22.4	11.9	46.7	41.7	38.0	22.0	31.4	15.7	30.0
60 - 80	20.9	38.1	43.3	61.9	0.0	27.8	22.8	37.3	27.1	33.3	31.3
80+	5.5	12.7	17.9	14.3	6.7	5.2	10.1	10.2	10.0	19.6	10.4

[1] See Table IV.1.

TABLE IV.13

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY SITE AND BY

PERCENTAGE OF GROSS WAGE REPLACED BY UI BENEFITS

UNDER PREVAILING AND PROPOSED BENEFIT MAXIMA

Percentage of Gross Wage Replaced by UI Benefits[1]	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE	
	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.
Total: Number in Sample	413	403	444	441	439	434	457	443	1753	1721
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	6.5	3.7	6.1	3.9	4.1	3.0	6.6	3.6	5.8	3.5
20 - 40	37.5	25.9	28.4	19.5	41.9	18.7	28.5	20.5	33.9	21.0
40 - 50	30.3	31.7	25.9	24.9	28.7	53.2	28.2	36.8	28.2	36.7
50 - 60	17.0	27.7	24.3	28.5	15.3	14.5	25.2	27.3	20.5	24.4
60 - 80	8.2	10.5	12.2	19.5	7.7	6.5	8.3	9.0	9.1	11.4
80+	0.5	1.0	3.2	3.6	2.3	4.1	3.3	2.7	2.3	3.0

[1]See Table IV.1.

TABLE IV.14

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY SITE AND BY

PERCENTAGE OF NET WAGE REPLACED BY UI BENEFITS

UNDER PREVAILING AND PROPOSED BENEFIT MAXIMA

Percentage of Net Wage Replaced by UI Benefits[1]	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE	
	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.	Old Max.	New Max.
Total: Number in Sample	413	402	445	440	440	434	457	444	1755	1720
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 - 20%	3.9	1.5	3.2	1.6	1.4	1.2	5.7	2.9	3.5	2.0
20 - 40	21.7	12.4	11.9	8.6	25.0	12.9	18.6	12.2	19.2	11.3
40 - 50	20.7	14.4	16.2	9.5	23.2	12.4	16.4	13.7	19.1	12.5
50 - 60	20.5	26.1	19.6	17.7	25.7	39.2	24.3	29.5	22.5	28.1
60 - 80	28.2	36.8	34.4	41.4	17.9	25.8	28.0	34.2	27.2	34.5
80+	5.1	8.7	14.8	21.1	6.8	8.5	7.0	7.4	8.5	11.5

[1]See Table IV.1.

PART V

LABOR MARKET BEHAVIOR OF EXHAUSTEES AND THEIR FAMILIES

In this section we examine the labor market behavior of exhaustees and their families. This provides information on a number of policy issues. First, because earnings are the principal component of family income, it is important to know to what extent (if at all) lost UI payments are replaced by earnings and to measure the timing of such adjustments. If lost UI benefits are replaced both rapidly and fairly completely for most families, the need for extension of benefit duration is less acute than if families have few opportunities to increase their earnings. Second, information about the important correlates of labor market success may be helpful in designing more efficient policies to help the unemployed find jobs. Third, examination of the extent and timing of reemployment by exhaustees may be used to test hypotheses about the presence of work disincentive effects in the UI program. Economic theory would lead us to expect that exhaustion of benefits would generate both income and opportunity cost effects that may cause individuals to be more willing to consider a broader range of employment possibilities. For similar reasons, exhaustees' withdrawal from the labor force should also be examined. Fourth, the examination of labor market behavior in the post-exhaustion period permits a number of basic behavioral hypotheses about job search, reservation wages, work attitudes, and family labor supply to be tested. Some of these may be relevant to public policy, whereas others are of a more academic interest.

Two major problems (which were unanticipated when this study was designed) complicate our analysis. First, the onset of the steepest postwar recession in the fall of 1974 sharply curtailed employment opportunities for exhaustees in the sample. It may not therefore be possible to generalize our results to more normal periods of labor market demand. Second, the extension of UI benefits in the early months of 1975 (between the Wave I and Wave II interviews) greatly changed the opportunities facing exhaustees and, in effect, reduced or eliminated the incentives to become reemployed. While this event may have posed some problems for the examination of labor market behavior within the original design of the study, it does offer an opportunity both for additional study within this report and for further study of the extended benefits programs themselves by means of a Wave III interview to be administered in November 1975. Results from that interview will provide more extensive and possibly more meaningful answers to the issues raised above than is possible in this report.

Results

In this section we provide descriptive data on the labor market behavior of exhaustees and their families. Important supplements to these data are provided elsewhere in this report, particularly in Part VI where

data on family earnings and their composition are presented. Our examination of results is divided into six sections:

A. Labor Force Status of Exhaustees at Wave II
B. Determinants of Reemployment
C. Timing of Reemployment
D. Characteristics of New Jobs
E. The Timing and Nature of Labor Force Withdrawal
F. Labor Force Behavior of Exhaustees' Spouses

A. Labor Force Status of Exhaustees at Wave II

Tables V.1 - V.6 record the labor force status of the exhaustee sample at the date of the Wave II interview. Separate tables are provided for whites and for Negro and other races. Labor force status is tabulated successively by family type, by age and sex, and by site. Exhaustees were categorized into one of three mutually exclusive groups: Employed, Not in Labor Force, and Unemployed. These groups were defined in accordance with the definitions used in the Current Population Survey (CPS). One problem encountered here was in classifying those individuals who reported collecting (or having applied for) UI benefits but who, by the CPS criteria, were defined as not in the labor force.[1] Those individuals were reclassified as being unemployed, so that consistent tabulations could be presented. However, categorizations of labor force withdrawal conforming to the CPS criteria are reported in Tables V.12 - V.13.

The overall reemployment rates of 26.7 percent for whites and 21.1 percent for Negro and other races reported in Tables V.1 - V.4, are relatively low when compared to other exhaustee studies,[2] but seem nonetheless credible in view of the state of the labor market between the interviewing waves. The data show that men were more likely to be reemployed than women and that reemployment rates decline with age. In most categories, whites were more likely to be reemployed than races other than white, which reflects both the job search difficulties usually experienced by the latter groups and the relatively poor labor markets (principally Chicago) within which these individuals in our sample are mainly located.

Despite the tendency for the definitions outlined above to minimize measured labor market withdrawal, the recorded proportions of exhaustees not in the labor force exceed those in most other studies. This can be explained by the combined effect of three factors: (1) the number of older workers in

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[1] This difficulty arose principally because they did not meet CPS' requirement of having used a specific source in their search for work.

[2] See Appendix C of this report and R. Munts and I. Garfinkel, "The Work Disincentive Effects of Unemployment Insurance," Kalamazoo, Mich.: The W.E. Upjohn Institute for Employment Research, September, 1974, pp. 35-45.

the sample; (2) the high proportion of females in the sample; and (3) the probable effect of the recession in discouraging workers from labor market participation. These factors are analyzed in more detail in Section E.

Exhaustees remaining unemployed after four months were further categorized as to their relationship to the UI system. Among whites, almost 70 percent of those individuals remaining unemployed were either receiving or had applied for additional UI benefits. This relatively large number of pending applications for extended benefits can be explained by the timing of the extended benefits program (which in most sites began only a short time before the Wave II interview), and by the relative slowness with which claims were being processed in February 1975 because of vastly increased caseloads. Among Negro and other races, extended participation in UI was considerably less. Only 51 percent of those remaining unemployed were receiving or had applied for UI, and most of these were in the "applied for" category. The fact that Illinois did not institute an extended benefits program until February 23, 1975 may be chiefly responsible for this result.

Substantial differences in labor force status were reported across the sites on the Wave II interview. These are illustrated in Tables V.5 and V.6. Baltimore and Seattle were the strongest labor markets in the sample and reemployment rates there exceeded those in the other sites by five percentage points or more. Part of these differences may be accounted for by demographic differences across the sites but, as we show in the next section, the site differentials persist even when controls on demographic factors are introduced. Figures on the percent of the sample remaining unemployed generally parallel the employment rate data.[1] Atlanta and Chicago generally have the highest rates of continuing unemployment both because of relatively low reemployment rates and because of low rates of labor market withdrawal.

Timing of the implementation of the extended benefits programs is clearly apparent in the data. Because of the delay in implementing the extensions in Illinois, most of the exhaustees remaining unemployed in Chicago were reported as having no current relation to the UI system, whereas in other sites most had either applied for or were receiving extended benefits.

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[1] Unemployment rates implied by these data are:

	Whites		Negro and other races	
	Male	Female	Male	Female
Atlanta	80.0	71.4	71.4	84.5
Baltimore	63.0	68.8	68.0	74.1
Chicago	72.6	76.2	78.5	77.3
Seattle	63.3	63.7	72.4	72.3

B. Determinants of Reemployment

To identify significant determinants of successful reemployment, several regression models were formulated and tested. While the overall results of these experiments were relatively unsuccessful in terms of their ability to explain reemployment,[1] a few statistically significant results were identified. Age and sex were the most important determinants of reemployment; the effect of these variables has already been shown in Tables V.3 and V.4. Location was also an important determinant of reemployment, even when demographic characteristics had been controlled for. In Table V.7, reemployment percentages that have been adjusted by regression are compared with the unadjusted data. While some differences do appear between the adjusted and unadjusted series, both support the view that reemployment probabilities were higher in Seattle and Baltimore than in Atlanta and Chicago. The most likely reason for this difference is the relative strength in the demand for workers in those labor markets.[2]

For whites, several other determinants of job finding success were indicated in the regression model. As other studies have reported, highly educated whites were significantly more likely to become reemployed. The data suggest that each year of education increases the probability of reemployment by .018 (1.8 percent). Several measures of exhaustee job search activity were examined in an effort to determine whether there was any systematic relationship between search intensity and reemployment. While research in this area is continuing, the only important factor identified so far appears to be the total number of contacts that exhaustees had with employers. It was estimated that each employer contact increased the percent reemployed by 0.25 percent. In other words, an exhaustee who contacted 20 employers during a four-week period was 3 percent more likely to become reemployed than was the average exhaustee[3], who contacted only eight employers during such a period. Given this definition of search intensity, other measures (such as number of sources used or the number of times various sources were used) had no statistically significant effects. Finally, the availability of other income sources for the household had a significant

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[1]Multiple correlation coefficients for our binary variable regressions were less than .15 and standard errors were generally .40 or greater, thus indicating a substantial degree of unexplained variability in reemployment success.

[2]While unemployment rate data are not available for each of the sites, two other pieces of data support this hypothesis. First, employment rose in Seattle and Baltimore between January 1974 and January 1975, whereas it fell in Atlanta and Chicago. Second, the number of insured unemployed in Seattle (and, to a much lesser extent, in Baltimore) rose less rapidly between February 1974 and February 1975 than in Atlanta or Chicago. The weakness of the Atlanta and Chicago labor markets was unanticipated at the time the exhaustee study was designed.

[3]Twenty employer contacts was chosen for purposes of comparison because it represents approximately a one standard deviation increase above the mean in the frequency of employer contacts.

retarding effect on reemployment. Both spouses' income and transfer income were statistically significant in all the regressions run. The estimated coefficients imply that a $1,000 increase in spouse's income reduces reemployment by 3.5 percent, whereas a similar increase in transfer income reduces reemployment by 12 percent.[1] Most other variables in the reemployment regressions were not statistically significant. In particular, various measures of the exhaustee's unemployment experiences (i.e., length of most recent period of unemployment, total UI duration, and percent of weeks unemployed in the past three years) had no effect on reemployment probabilities.

C. Timing of Reemployment

Timing of reemployment has been a focus in many exhaustee studies.[2] A major reason for this focus has been the presumption that high reemployment rates in the immediate post-exhaustion period would be at least an indirect indicator of the work disincentive effects of UI. On the other hand, slowly rising rates of reemployment would tend to cast some doubts on the disincentive hypothesis. An initial problem of this approach is to decide what constitutes "high" initial reemployment rates. One possibility would be to use actual unemployment duration data to estimate weekly reemployment probabilities. For example, the national mean duration of unemployment in November, 1974 was 9.8 weeks. This figure would suggest a weekly reemployment probability of 10.2 percent (or 19.4 percent over a two week interval--the length of time we will analyze).[3] Of course, exhaustees are known to have experienced unemployment durations considerably longer than the national average. Using the 25.5 week average reported in the exhaustee sample would suggest a weekly reemployment probability of 3.9 percent (or a two-week probability of 7.4 percent). These figures are extremely rough estimates, but they do provide a general frame of reference for the analysis which follows.

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[1] The estimated effect of transfer income is probably biased upward by the interrelationship between employment income and transfer payments.

[2] See Appendix B of this report and Munts and Garfinkel, op. cit.

[3] It should be pointed out that published data on unemployment duration do not report duration of completed unemployment spells and therefore may overstate expected reemployment probabilities. A countervailing bias, however, is introduced by the over-sampling of longer spells that any simple tabulation of the entire population of the unemployed entails. In the absence of better data, therefore, we have chosen to use those on duration as conventionally measured.

Table V.8 and V.9 report timing of reemployment for the exhaustee sample. Overall, 5.5 percent of the white sample and 2.9 percent of the sample of all other races were reemployed in the two weeks following exhaustion. That figure does not seem "high" by the standards outlined in the previous paragraph. Similarly, the increase in employment rates until the second interview is relatively uniform. This again fails to provide the type of evidence that the disincentive hypothesis requires. Overall, less than 40 percent of the reemployment achieved at the Wave II interview is achieved within the first four weeks following exhaustion; and that finding holds uniformly across age-sex groups.

Therefore, the results of this section are somewhat at variance with prior studies which have reported "high" initial reemployment rates following exhaustion. In part, that conflict is more apparent than real since most other studies have failed to define exactly what a high reemployment rate might be. For example, the 25 percent reemployment rate one month after exhaustion reported in the 1966-67 Pennsylvania study was interpreted by some authors as "high"; but it would not seem excessively so in view of the relatively strong labor market prevailing at that time. Other reasons for differences between this study and others may relate to differences in measurement techniques or to the poor labor market prospects facing the present sample of exhaustees. Whatever the cause of the differences, our results for reemployment do not provide strong support for the disincentive hypothesis.

D. Characteristics of New Jobs

Tables V.10 and V.11 provide a brief summary of the characteristics of the jobs taken by reemployed exhaustees. In Table V.10 these characteristics are compared with those of jobs exhaustees held prior to becoming unemployed. On the whole, the new jobs compare unfavorably with pre-UI jobs. More than 50 percent of reemployed exhaustees report having a lower gross wage on their new jobs (gross wages had to differ by at least $25 per week to be termed "different" in the tables). A major reason for these lower wages was that reemployed exhaustees worked fewer hours on their current jobs than they had on their pre-UI jobs; 48 percent report a reduction of at least five fewer hours per week. Similar findings occurred in the hourly wage rate data, although these are not reported in the tables.

The unfavorable nature of exhaustees' new jobs is further confirmed by Table V.11 in which information about preferred jobs is recorded. Nearly 47 percent of reemployed exhaustees report preferring another job. The vast majority seek a job that offers higher pay--which seems related to the desire for longer hours. These data therefore further confirm the poor labor market facing exhaustees.

E. The Timing and Nature of Labor Force Withdrawal

Tables V.12 and V.13 report labor force withdrawal rates following exhaustion. The overall percentages out of the labor force at Wave II reported in these tables exceed somewhat those in Tables V.1-6 because of the definitions of Employed, Not in the Labor Force, and Unemployed explained

in Section A. Nonetheless, the pattern of higher withdrawal rates for older exhaustees and for women are clearly apparent. Most of the withdrawals from the labor force occur in the first two weeks following exhaustion--which implies that unemployment insurance may tend to lengthen unemployment durations for those individuals who intend to withdraw from the labor force.

The primary activity, "most of last week"[1] of those not in the labor force is presented in Table V.14. More than 50 percent report "keeping house" as their primary activity and this percentage is relatively constant across age groups. As would be expected, a substantial percentage of younger exhaustees report "going to school" and a number of older exhaustees report being retired. Some exhaustees, classified as being out of the labor force, report "looking for work" as their primary activity. This apparent contradiction is due to the failure of these individuals to meet the CPS criteria of having used an identifiable method of job search.

F. Labor Force Behavior of Exhaustees' Spouses

Earnings of spouses provide an important component of exhaustees' family incomes. In this section, we examine whether exhaustion of UI benefits has any effect on this income source. Our focus is exclusively on labor market status. Specific earnings figures are examined in Part VI.

Table V.15 reports a detailed breakdown on the labor force status of exhaustees' spouses in the two interviewing waves. The most obvious change between the interviews is a sharp increase in the reported unemployment rates for male spouses (i.e., female exhaustees' spouses). The overall unemployment rate for this group increased from 4.2 percent at Wave I to 9.9 percent at Wave II. Similarly, average earnings provided by this group decreased by 7.0 percent from an average of $157/wk. to $146/wk.[2] Unemployment rates for female spouses were high in both interviews[3] (14.7 percent in Wave I, 17.5 percent in Wave II) but rose relatively less over time. Male spouses who were unemployed at Wave II came primarily from the employed category at Wave I. Female spouses who were unemployed at Wave II were primarily unemployed or not in the labor force at Wave I.

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[1]The survey used the Current Population Survey questions to collect data on respondent activity.

[2]Calculated from Tables VI.5, VI.7, VI.13, and VI.15.

[3]The detailed CPS battery was not used for spouses--consequently, there is no precise check on whether individuals were "actively" looking for work. For this reason, measured unemployment rates may be overstated, particularly for those who are only loosely connected to the labor force.

Other than the increased incidence of unemployment, there was little change in labor force status among male spouses. Most of those who were initially employed tended to remain employed and those initially out of the labor force tended to remain out. For female spouses, however, a rather similar overall percentage distribution amoung labor force statuses masks considerable movement between categories. For female spouses with children, for example, over 20 percent of those initially employed either lost their jobs or dropped out of the labor force during the four months between the interviews. However, a similar number (principally women initially recorded as being out of the labor force) found jobs. In addition, over 15 percent of those women out of the labor force at Wave I reported that they were actively looking for work at Wave II. One interpretation of these findings would be that females did enter the labor force in response to their spouses' exhaustions of UI benefits, but both because of overall poor labor market conditions and because of female spouses leaving the labor force for other reasons, this movement does not show up in the overall employment statistics.

Conclusions

Two unanticipated factors, the severe recession and the extension of UI benefits, reduce the utility of using the Wave II interview for studying the labor force behavior of exhaustees. Nonetheless, several important conclusions emerge from the data analyzed here. First, significant numbers of exhaustees did find jobs despite major factors working against that result. Many of those jobs were relatively undesirable (and may not have been taken in more normal times), but they did, as shown in the next part, provide significant support for household incomes. Second, the data presented here on the timing of reemployment offer little support for the purported disincentive effects of UI. But that question still must be considered far from settled, since other evidence presented in this report suggests, at least on a priori grounds, that disincentives may be substantial. Third, the regression studies reviewed in this part identify two important determinants of job finding success, namely the exhaustee's education and the number of employers he or she has contacted about jobs. Finally, some important changes in spouses' labor forces activity are reported. Male spouses (i.e., husbands of female exhaustees) experienced a substantial increase in unemployment between the two interviews, whereas an overall similarity in the distribution of labor force statuses among female exhaustees masked considerable movement between categories.

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[1]Further support for that conclusion is presented in Part VI where it is shown that 14.2 percent of married male exhaustees with children report that a family member went to work to cope with problems raised by exhaustion of benefits.

TABLE V.1

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY LABOR FORCE STATUS AND FAMILY TYPE, FOUR MONTHS AFTER EXHAUSTION OF BENEFITS

Whites

Labor Force Status	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	85	178	124	184	8	175	30	169	44	50	1047
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employed	37.6	21.4	29.0	19.0	50.0	32.0	43.3	24.3	25.0	28.0	26.7
Out of Labor Force	7.1	13.5	14.5	16.3	12.5	9.7	13.3	21.9	15.9	18.0	14.6
Total UnemPloyed	55.3	65.1	56.5	64.7	37.5	58.3	43.4	53.8	59.1	54.0	58.7
Receiving Extended Benefits	16.5	24.2	23.4	25.5	12.5	29.7	10.0	21.3	15.9	18.0	23.0
Applied for Extended Benefits	10.6	15.2	16.9	20.1	0.0	9.1	0.0	16.0	9.1	14.0	14.1
Receiving Regular Benefits	7.1	1.7	5.7	1.1	0.0	4.6	0.0	2.4	9.1	8.0	3.6
Other Unemployed	21.1	24.0	10.5	18.0	25.0	14.6	33.4	14.1	25.0	14.0	18.0

TABLE V.2

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY LABOR FORCE STATUS AND FAMILY TYPE, FOUR MONTHS AFTER EXHAUSTION OF BENEFITS

Negro and Other Races

Labor Force Status	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	108	62	70	40	15	116	78	59	70	50	668
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employed	25.0	24.2	17.1	17.5	26.7	25.9	14.1	16.9	21.4	20.0	21.1
Out of Labor Force	3.7	12.9	15.7	22.5	0.0	8.6	25.6	25.4	5.7	22.0	13.8
Total Unemployed	71.3	63.1	67.2	60.0	73.3	65.5	60.3	57.7	72.9	58.0	65.1
Receiving Extended Benefits	12.0	9.7	17.1	32.5	20.0	11.2	9.0	8.5	20.0	10.0	13.6
Applied for Extended Benefits	20.4	16.1	21.4	7.5	20.0	12.9	17.9	15.3	20.0	18.0	17.1
Receiving Regular Benefits	3.7	4.8	0.0	0.0	0.0	4.3	2.6	1.7	2.9	2.0	2.7
Other Unemployed	35.2	33.3	28.7	20.0	33.3	37.1	30.8	32.2	30.0	28.0	31.7

TABLE V.3

DISTRIBUTION OF EXHAUSTEES BY LABOR FORCE STATUS,

AGE AND SEX, FOUR MONTHS AFTER EXHAUSTION OF BENEFITS

Whites

Labor Force Status	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	93	120	54	62	85	75	71	99	96	97	134	58	489	555	1044
Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employed	40.9	43.3	27.8	21.0	18.8	9.3	35.2	33.3	25.0	32.0	15.7	6.9	28.8	24.9	26.7
Out of Labor Force	5.4	10.8	11.1	11.3	12.9	17.3	15.5	18.2	8.3	11.3	20.9	37.9	11.2	17.6	14.7
Total Unemployed	53.7	45.9	61.1	67.7	68.3	73.4	49.3	48.5	66.7	56.7	63.4	55.2	59.9	57.5	58.6
Receiving Extended Benefits	24.7	21.7	20.4	27.4	24.7	24.0	14.1	14.1	26.0	24.7	26.1	29.3	23.7	22.5	23.1
Applied for Extended Benefits	7.5	10.0	13.0	12.9	17.7	9.3	12.7	12.1	21.9	16.5	19.4	12.1	11.5	16.4	14.1
Receiving Regular Benefits Again	6.4	5.0	3.7	4.8	3.5	1.3	4.2	5.1	4.2	1.0	2.2	1.7	4.3	3.1	3.6
Other Unemployed	15.1	9.2	24.0	22.6	22.4	38.8	18.3	17.2	14.6	14.5	15.7	12.1	20.5	15.5	17.8

TABLE V.4

DISTRIBUTION OF EXHAUSTEES BY LABOR FORCE STATUS,

AGE AND SEX, FOUR MONTHS AFTER EXHAUSTION OF BENEFITS

Negro and Other Races

Labor Force Status	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
Total: Number in Sample	92	98	54	58	43	26	53	92	52	62	27	10	371	296	667
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employed	22.8	30.6	18.5	31.0	20.9	9.3	15.1	22.8	25.0	6.5	11.1	10.0	24.4	16.9	21.3
Out of Labor Force	8.7	3.1	3.7	3.5	7.0	17.3	18.9	16.3	23.1	19.4	37.0	60.0	6.1	22.0	13.6
Total Unemployed	68.5	66.3	77.8	65.5	72.1	73.4	66.0	60.9	51.9	74.1	51.9	30.0	69.6	61.1	65.1
Receiving Extended Benefits	15.2	9.2	16.7	10.3	16.3	24.0	11.3	13.0	17.3	19.4	11.0	0.0	13.8	14.2	13.6
Applied for Extended Benefits	15.2	19.4	18.5	24.1	14.0	9.3	17.0	17.4	13.5	21.0	14.8	10.0	17.6	16.9	17.1
Receiving Regular Benefits Again	2.2	4.1	5.6	5.2	4.7	1.3	0.0	3.3	0.0	0.0	3.7	0.0	3.9	1.4	2.7
Other Unemployed	35.9	33.6	37.5	25.9	37.1	38.8	37.7	27.2	21.1	33.7	22.3	20.0	34.3	28.7	31.7

TABLE V.5

DISTRIBUTION OF EXHAUSTEES BY LABOR FORCE STATUS, SEX AND SITE, FOUR MONTHS AFTER EXHAUSTION OF BENEFITS

Whites

Labor Force Status	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		Total Sample
	Male	Female	Male	Female	Male	Female	Male	Female	
Total: Number in Sample	90	139	129	145	71	75	200	198	1047
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employed	17.8	23.0	33.3	26.9	23.9	18.7	32.5	27.3	26.7
Out of Labor Force	11.1	9.4	10.1	13.8	12.7	21.3	11.5	24.8	14.6
Total Unemployed	71.1	67.6	56.6	59.3	63.4	60.0	56.0	47.9	58.7
Receiving Extended Benefits	25.6	23.7	17.1	17.9	4.2	1.3	34.5	32.3	23.0
Applied for Extended Benefits	28.9	31.7	11.6	17.2	4.2	10.7	6.0	7.6	14.1
Receiving Regular Benefits Again	2.2	2.9	7.8	5.5	1.4	4.0	4.0	1.0	3.6
Other Unemployed	14.4	9.3	20.1	18.7	53.6	44.0	11.5	7.0	18.0

TABLE V.6

DISTRIBUTION OF EXHAUSTEES BY LABOR STATUS, SEX AND SITE, FOUR MONTHS AFTER EXHAUSTION OF BENEFITS

Negro and Other Races

Labor Force Status	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		Total Sample
	Male	Female	Male	Female	Male	Female	Male	Female	
Total: Number in Sample	87	73	101	76	51	125	32	23	
Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Employed	27.7	14.5	28.7	19.2	19.9	16.0	25.0	21.7	21.1
Out of Labor Force	3.0	6.6	10.3	26.0	7.3	29.6	9.4	21.7	13.8
Total Unemployed	69.3	78.9	61.0	54.8	72.8	54.4	65.6	56.6	65.1
Receiving Extended Benefits	14.8	27.6	16.1	12.3	4.6	4.0	40.6	30.4	13.6
Applied for Extended Benefits	38.6	32.9	8.1	12.3	10.6	12.8	6.3	0.0	17.1
Receiving Regular Benefits Again	5.9	0.0	5.7	4.1	2.0	0.8	0.0	0.0	2.7
Other Unemployed	10.0	18.4	31.1	26.1	55.6	36.8	18.7	26.2	31.7

TABLE V.7

PERCENT OF EXHAUSTEES REEMPLOYED 4 MONTHS

AFTER EXHAUSTION, BY SITE, SEX AND RACE

Status	Atlanta		Baltimore		Chicago		Seattle		Total Sample
	Male	Female	Male	Female	Male	Female	Male	Female	
Whites									
Unadjusted	15.8%	20.7%	33.0%	22.8%	24.6%	17.5%	35.3%	27.1%	26.1%
Adjusted[1]	18.2	23.1	30.7	25.5	22.3	21.1	30.2	28.4	26.1
Number in Sample	76	111	103	114	57	63	167	166	857
Negro and Other Races									
Unadjusted	20.7%	20.4%	28.9%	18.6%	19.2%	16.4%	29.2%	23.8%	20.8%
Adjusted[1]	18.7	18.9	31.0	16.5	20.0	16.3	29.8	27.6	20.8
Number in Sample	53	54	80	70	130	110	24	21	542

[1]Percentages adjusted by regression for differences in age, education, work history, health status, other sources of income, and number and ages of children.

TABLE V.8

TIMING OF REEMPLOYMENT, BY AGE AND SEX

(Percent Reemployed Within Indicated Number of Weeks After Exhaustion)

Whites

Weeks Since Exhaustion	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤ 24	25-34	35-44	45-54	55-64	65+	≤ 24	25-34	35-44	45-54	55-64	65+			
0 - 2	10.8%	9.1%	1.7%	3.1%	3.5%	1.3%	11.1%	8.0%	4.2%	4.0%	3.7%	1.6%	5.6%	5.3%	5.5%
3 - 4	20.6	17.5	5.3	7.8	4.7	4.0	20.9	15.0	7.5	10.2	5.1	1.6	11.1	9.8	10.5
5 - 6	29.3	25.0	5.3	14.0	5.9	5.3	23.6	18.0	11.6	13.2	7.4	1.6	15.8	12.5	14.1
7 - 8	32.6	30.0	12.3	14.0	7.1	5.3	26.3	20.0	16.0	19.3	8.1	3.3	18.7	15.3	16.9
9 - 10	39.1	34.2	15.8	14.0	10.7	5.3	29.2	24.0	19.1	26.6	10.3	4.9	21.9	18.9	20.3
11 - 12	40.2	38.3	24.6	17.2	14.3	6.5	30.5	29.0	20.2	28.5	11.7	4.9	25.3	20.8	23.0
13 - 14	42.4	40.9	28.1	17.2	14.3	7.9	33.3	34.0	22.3	30.6	15.4	4.9	27.0	23.7	25.2
As of Wave II Interview	44.5	48.3	29.8	21.8	16.6	9.2	36.1	35.0	25.6	31.6	16.0	6.6	30.6	25.3	27.4
Number in Sample	92	120	57	64	84	76	72	100	94	98	136	61	493	561	1054

TABLE V.9

TIMING OF REEMPLOYMENT, BY AGE AND SEX

(Percent Reemployed Within Indicated Number of Weeks After Exhaustion)

Negro and Other Races

Weeks Since Exhaustion	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤ 24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
0 - 2	4.2%	3.0%	1.7%	5.4%	4.9%	0.0%	1.9%	3.2%	0.0%	4.6%	0.0%	0%	3.5%	2.3%	2.9%
3 - 4	5.3	7.0	3.4	5.4	9.8	8.0	3.7	6.4	3.8	7.7	0.0	10.0	6.1	5.3	5.8
5 - 6	5.3	12.0	3.4	10.7	12.2	8.0	3.7	10.6	5.8	9.2	7.1	10.0	8.5	7.9	8.3
7 - 8	7.4	14.0	5.2	12.5	12.2	8.0	5.6	12.8	9.6	10.8	7.1	10.0	10.1	9.9	10.0
9 - 10	11.6	19.0	10.3	19.6	12.2	8.0	7.4	16.0	13.5	10.8	7.1	10.0	14.4	11.9	13.3
11 - 12	15.8	22.0	15.5	26.8	14.6	8.0	7.4	19.1	15.4	12.3	7.1	10.0	18.4	13.5	16.2
13 - 14	16.8	28.0	15.5	26.8	14.6	8.0	13.0	19.1	17.3	15.4	7.1	10.0	20.3	15.5	18.1
As of Wave II Interview	22.1	31.0	17.3	30.4	19.5	12.0	16.7	20.2	23.1	16.9	10.7	10.0	24.0	18.2	21.5
Number in Sample	95	100	58	56	41	25	54	94	52	65	28	10	375	303	678

TABLE V.10

CHARACTERISTICS OF EXHAUSTEES' NEW JOBS COMPARED TO PRE U.I. JOB

(Percent of Reemployed Exhaustees)

CHARACTERISTICS	White		Negro & Other Races		Total Sample
	Males	Females	Males	Females	
Different Occupation	71.1%	53.9%	69.7%	43.9%	61.7%
Different Industry	65.6	53.9	74.4	58.2	62.7
Lower Weekly Pay	52.9	50.0	51.1	45.6	50.7
Higher Weekly Pay	19.4	12.2	17.8	15.8	16.2
Work Shorter Hours	46.2	54.7	46.8	37.9	48.0
Work Longer Hours	16.0	14.7	17.0	12.1	15.3
Number Reemployed	158	150	95	57	460

TABLE V.11

REEMPLOYED EXHAUSTEES PREFERRING

DIFFERENT KINDS OF JOBS

(Percent of Those Preferring Another Job)

Exhaustee Preferences	White		Negro & Other Races		Total Sample
	Males	Females	Males	Females	
Want Different Occupation	79.0%	57.5%	78.4%	50.0%	69.2%
Want Different Industry	66.7	63.6	76.5	66.7	68.2
Want Higher Weekly Pay	80.2	72.0	86.0	80.0	79.5
Want Lower Weekly Pay	5.0	0.0	6.0	0.0	3.4
Want Shorter Hours	15.0	19.6	17.6	4.2	15.6
Want Longer Hours	40.0	46.4	39.2	45.8	42.2
Number Preferring Another Job	82	46	53	24	205
Percent of Reemployed Preferring Another Job	51.9	37.3	55.8	42.1	46.7

TABLE V.12

TIMING OF LABOR FORCE WITHDRAWAL, BY AGE AND SEX

(Percent Out of Labor Force Within Indicated Number of Weeks After Exhaustion)

Whites

Weeks Since Exhaustion	Males (Age)						Females (Age)						Total Male	To' Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
0 - 2	2.1%	5.0%	5.3%	10.9%	13.1%	23.7%	9.7%	12.0%	4.3%	2.0%	14.0%	26.3%	9.4%	10.7%	10.2%
3 - 4	4.3	5.8	5.3	10.9	15.5	27.6	12.5	16.0	6.1	5.1	15.4	32.8	11.0	13.7	12.5
5 - 6	4.3	8.3	5.3	12.5	16.7	28.9	13.9	16.0	8.5	7.1	18.4	34.4	12.2	15.5	14.0
7 - 8	4.3	8.3	7.0	12.5	16.7	28.9	13.9	17.0	8.5	11.2	18.5	36.1	12.4	16.6	14.7
9 - 10	4.3	8.3	8.8	12.5	16.7	30.3	16.7	17.0	8.5	11.2	19.9	39.3	12.8	17.6	15.5
11 - 12	4.3	9.2	10.5	12.5	16.7	30.3	16.7	19.0	8.5	11.2	22.1	39.3	13.3	18.5	16.1
13 - 14	5.4	9.2	10.5	12.5	17.8	30.3	16.7	19.0	8.5	11.2	22.8	39.3	13.7	18.7	16.3
As of Wave II Interview	5.4	10.2	10.5	12.5	19.0	31.6	16.7	19.0	8.5	11.2	23.5	39.3	14.3	18.9	16.9
Number in Sample	92	120	57	64	84	75	72	100	95	98	136	61	489	562	1054

TABLE V.13

TIMING OF LABOR FORCE WITHDRAWAL, BY AGE AND SEX

(Percent Out of Labor Force Within Indicated Number of Weeks After Exhaustion)

Negro and Other Races

Weeks Since Exhaustion	Males (Age)						Females (Age)						Total Male	Total Female	Total Sample
	≤24	25-34	35-44	45-54	55-64	65+	≤24	25-34	35-44	45-54	55-64	65+			
0 - 2	1.1%	2.0%	0.0%	5.4%	4.9%	28.0%	4.6%	12.8%	13.5%	6.2%	21.4%	40.0%	4.0	11.7	7.5%
3 - 4	1.1	4.0	1.7	7.1	4.9	28.0	7.4	13.8	15.4	10.8	28.6	40.0	5.1	14.5	9.3
5 - 6	3.2	4.0	1.7	7.1	9.8	36.0	9.3	13.8	17.3	13.8	28.6	50.0	6.7	16.2	10.9
7 - 8	3.2	4.0	1.7	7.1	9.8	36.0	14.8	16.0	23.1	16.9	28.6	50.0	6.7	19.5	12.4
9 - 10	3.2	4.0	3.4	8.9	9.8	40.0	16.7	18.1	25.0	16.9	32.1	60.0	7.5	21.5	13.7
11 - 12	3.2	4.0	3.4	8.9	9.8	40.0	20.0	18.1	26.9	18.5	25.7	60.0	7.5	22.1	14.5
13 - 14	3.2	4.0	3.4	10.7	9.8	40.0	20.4	18.1	26.9	20.0	35.7	60.0	7.7	23.4	14.7
As of Wave II Interview	4.2	4.0	5.1	10.7	9.8	40.0	20.4	18.1	28.8	20.0	35.7	60.0	8.3	23.8	15.2
Number in Sample	95	100	58	56	41	25	54	94	52	65	28	10	375	303	678

TABLE V.14

DISTRIBUTION OF ALL EXHAUSTEES NOT IN LABOR FORCE AT WAVE II INTERVIEW,

BY AGE AND ACTIVITY ENGAGED IN "MOST OF LAST WEEK"

Activity Engaged in "Most of Last Week"	Age ≤ 24	25-34	35-44	45-54	55-64	65+	Total Sample
Total: Number in Sample	32	52	32	38	62	64	280
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Unable to Work	9.4	7.7	12.5	13.2	8.1	6.3	8.9
Looking for Work[1]	9.4	3.8	6.3	10.5	8.1	3.1	6.4
Keeping House	46.9	53.8	56.3	52.6	54.8	57.8	54.3
Going to School	25.0	28.8	6.3	5.3	0.0	0.0	9.6
Retired	0.0	0.0	3.1	0.0	8.1	17.2	6.1
Other	9.4	5.8	15.6	18.4	21.0	15.6	14.6
Percent of Total Exhaustee Sample out of Labor Force	10.2	12.6	12.3	13.4	21.5	37.2	16.2

[1]Individuals reporting that they are "Looking for Work" do not meet the CPS test of using some source (see text).

TABLE V.15

PERCENTAGE DISTRIBUTION OF EXHAUSTEE FAMILIES BY LABOR FORCE STATUS OF EXHAUSTEE'S SPOUSE

Labor Force Status of Exhaustee's Spouse	Male Exhaustee With Child	Male Exhaustee No Child	Female Exhaustee With Child	Female Exhaustee No Child	Total Sample With Spouse
Employed at Wave I	47.0%	45.0%	89.9%	74.5%	63.7%
Employed at Wave II	37.2	39.3	82.5	66.8	56.2
Unemployed at Wave II	3.3	2.2	7.4	4.5	4.2
Out of Labor Force at Wave II	6.6	3.5	0.0	3.2	3.3
Unemployed at Wave I	10.4%	6.1%	4.8%	2.7%	5.8%
Employed at Wave II	1.6	2.2	2.1	2.3	2.1
Unemployed at Wave II	4.9	1.3	2.1	0.4	2.1
Out of Labor Force at Wave II	3.8	2.6	0.6	0.0	1.6
Out of Labor Force at Wave I	42.6%	48.9%	5.3%	22.8%	30.4%
Employed at Wave II	7.1	3.5	1.6	1.8	3.4
Unemployed at Wave II	6.6	2.6	0.6	2.3	2.9
Out of Labor Force at Wave II	28.9	42.8	3.1	18.7	24.1
Labor Force Status at Wave II	100.0%	100.0%	100.0%	100.0%	100.0%
Employed	45.9	45.0	86.2	70.9	61.6
Unemployed	14.8	6.1	10.1	7.3	9.3
Out of Labor Force	39.3	48.9	3.7	21.8	29.1
Unemployment Rate of Spouses, Wave I	18.1%	11.9%	5.1%	3.5%	8.3%
Unemployment Rate of Spouses, Wave II	24.4%	11.9%	10.5%	9.3%	13.1%
Number in Sample	183	229	189	220	821

PART VI

CHANGES IN CONSUMPTION, AND OTHER ADJUSTMENTS MADE BY EXHAUSTEES

An explicit goal of UI is to enable the unemployed to maintain a reasonable standard of living until they find new jobs. One way of assessing the extent to which UI fulfills that function is to measure the adjustments in consumption and other behavior that the unemployed make, first on losing their jobs and second, on exhausting their UI benefits. We examine these adjustments according to family type, which enables us to measure the effects of UI on different types of families and assess its adequacy in meeting their various needs.

Unemployment and the resulting loss of income is usually something over which the unemployed have little control. It is also usually a temporary situation. Observing the behavioral adjustments of the unemployed affords the opportunity to test several hypotheses about the ways in which families respond to such situations. For example, the "permanent income hypothesis" suggests that families will respond to temporary reductions in income by reducing savings rather than by cutting expenditures. That hypothesis can be tested here.

Thus, we are concerned here with both practical and theoretical issues. Our investigations may be useful in determining the extent to which UI might be supplemented by auxiliary services and in designing the kinds of services that would be most appropriate. Also, in conjunction with our findings on income distribution (reported in Part III), our investigation of the behavioral responses of the unemployed should provide useful information for debate surrounding the issue of benefit extensions.

Results

This discussion is divided into 5 sections:

A. Adjustments to Unemployment

B. Income Changes at Exhaustion and at Wave II

C. Adjustments to Net Worth Since Exhaustion

D. Exhaustee Response to Exhaustion

E. Job Training Education

A. Adjustments to Unemployment

The principal focus of this report is, of course, the unemployed after they have exhausted UI benefits. However, our data provide considerable insights into exhaustees' behavior before benefit exhaustion--an issue that is not without interest in itself, and one that is also relevant to our examination of exhaustees' behavioral adjustments to loss of benefits. In this section we examine exhaustees' responses to the reduction of income resulting from loss of jobs and then investigate the implications of these income losses. Tables VI.1 and VI.2 show the percentage distribution of exhaustee households by income, before unemployment, for white and for all other families respectively.[1] As we have shown elsewhere, the exhaustee sample was generally well off prior to their job loss. Nearly two-thirds of the white families and more than one-half of the other families in our sample had incomes greater than $200 per week, and fewer than 8 percent of all families had incomes lower than $100 per week. Families in which multiple earners are likely to be present had considerably higher incomes than families without such earners. For whites, more than 50 percent of all husband-wife families in every category had incomes over $300 per week and for Negro and other races, more than 35 percent of such families had incomes over $300 per week.

Tables VI.3 and VI.4, reporting household incomes during receipt of regular UI benefits, show that the effects of unemployment differ by family type. Unemployment reduces incomes in all exhaustee households, but for unmarried exhaustees (who are primarily unrelated individuals) the income losses are quite severe. In the husband-wife families, particularly those in which the exhaustee is female, income reductions are substantially less severe. For example, nearly 75 percent of white husband-wife families in which the exhaustee is female continue to have incomes over $200 per week. Similar results hold for Negro and other races.

Tables VI.5-VI.8, which report the average composition of income for families during receipt of UI, reinforce these distinctions. Single heads of households on average had lower incomes and were more dependent on UI benefits than were husband-wife families. UI payments made up over 55 percent of average income for all categories of single-headed white families and over 60 percent for similar families in Negro and other racial groups. At the other extreme, UI payments represented less than 25 percent of average income for all categories of husband-wife families in which the exhaustee is female.

Although our data do not allow us to measure the exact size of

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[1] Pre-UI income has been constructed by adding the exhaustee's gross weekly income on his or her pre-UI job to the exhaustee's income measured at Wave I (less UI payments and any earnings the exhaustee may have reported).

behavioral adjustments to unemployment, they do permit us to judge where such adjustments were made and whether there exist any systematic determinants of these adjustments. Theory would suggest that the magnitude and character of the adjustments would depend on the size of income loss, and that different family types would respond in different ways, depending on the relative ease with which the adjustments can be made. Evidence on these expectations appears in Tables VI.9 and VI.10.

In Table VI.9, the percentage of families making various adjustments to unemployment is shown by family type. In order to hold constant factors other than familty type which affect changes in behavior, the figures in the table have been adjusted by regression. This permits a more accurate identification of these responses than is possible by using data which do not control for these factors.[1] The table shows that families are generally similar in the types of adjustments they make to unemployment. More than 50 percent of all families report making reductions in food, clothing and recreational expenses. For other items (such as housing costs and medical and dental expenses) that are more difficult to adjust, the percentage reporting such adjustments is much lower. Some differences among families do, however, stand out in the table. For example, families with children are less likely to cut housing expenses than are families without children. On the other hand, families with children are more likely to cut food expenditures and to borrow to maintain consumption standards. The figures therefore support the hypothesis that families will make those adjustments which they find less "costly" in response to income loss as a result of unemployment.

UI benefits moderate the effects of income loss due to unemployment. The extent of their moderation is shown in Table VI.10, which measures the proportion of after-tax wage replaced by UI benefits. Again, the data in Table VI.10 have been adjusted by regression, this time to hold constant those factors (most notably family income and family type) other than wage replacement that may affect consumption. The table clearly shows that wage replacement ratios and the size of consumption adjustments are negatively correlated. Although, as would be expected, the effect of higher wage-replacement shows up in all categories of exhaustee response, the effect seems the strongest in precisely those areas (i.e., expenditures on food, clothing and recreation) for which overall adjustments are the greatest.

B. Income Changes at Exhaustion and at Wave II

Each of Tables VI.5-VI.8 permit a simple comparison of family income with and without UI benefits. An examination of the figures for

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[1] See Appendix A for a more complete discussion of this technique.

income excluding UI payments (in Tables VI.5 and VI.7) shows that average weekly income before and after exhaustion fell from $192 to $130 for whites, and from $158 to $98 for Negro and other races. The drop was most severe for those most dependent on UI benefits. For single heads of households the decline was especially drastic; after exhaustion, white, single heads of households had average weekly family incomes below $55, while for all other races the average was below $40. Of course this comparison does not permit us to take into account the adjustments families make to the exhaustion of UI benefits. A more appropriate analysis of such reactions can be made using the Wave II interview conducted four months after exhaustion.

By the time of the Wave II interview, incomes for all groups had increased to a significant extent. As Tables VI.11-VI.16 show, white families had returned to income levels similar to those they enjoyed while receiving UI; mean weekly income had risen to $190 as compared with $192 while on UI. On average, nearly 50 percent of this increase in income was due to increased earnings by the exhaustee, and another 30 percent was derived from extended UI benefits. Among family types, the income distribution for whites at Wave II (Table VI.11) resembled income distribution during receipt of regular UI benefits (Table VI.3), although there was somewhat greater variance within family types, arising from the varying effects of reemployment.

While income for Negro and other races had also improved substantially from the immediate post-exhaustion period (mean weekly income rose from $98 to $131), this income gain still left these groups considerably short of their mean income while they were on UI ($158). The differential responses of whites and Negro and other races can be explained partly by location. In Chicago, for example, the exhaustee sample is 65 percent Negro and other races, and this was the last site to begin the new extended benefits program. In addition, as shown in Part V, reemployment rates in Chicago were quite low. Exahustees in Seattle, on the other hand, were 86 percent white and had the twin benefits of an extension of UI payments nearly two months earlier than Chicago, and relatively high reemployment rates. Even within sites, however, reemployment rates and the incidence of UI receipt were higher for whites than for all other races--which also helps account for the differences in income gains.

C Adjustments to Net Worth Since Exhaustion

One might expect short-term reductions in income to show up first in reductions in net worth as families attempt to maintain consumption standards by reducing savings. To the extent that families possess liquid assets, it would be expected that such dissaving would cause them primarily to reduce those assets. For families without assets, the desire to dissave may lead to borrowing (if credit is available). To test these assertions, data on savings accounts, checking accounts, stocks and bonds, and debts were collected in both interviews. Assets were summed into a single measure, as were non-mortgage debts; net worth was defined as the difference between these two measures. Tables VI.17

and VI.18 present averages for these data at both Wave I and Wave II interviews, together with the amounts by which the figures changed between the interviews.

At the time of the Wave I interview there were large differences in net worth among family types and between whites and all other races. White exhaustees without children generally had rather substantial positive levels of net worth, whereas those with children had debts exceeding assets. That pattern is consistent with the "life cycle" hypothesis of asset accumulation since exhaustees without children are generally considerably older than those with children. Hence, whereas exhaustees with children may have high levels of debts associated with the acquisition of durables, those without children are in the accumulation stage of the life cycle in preparing for retirement. For races other than white, the pattern is less pronounced, which may reflect the generally younger age of exhaustees in that sample, as well as the lower asset stocks they usually report.

Both whites and Negro and other races experienced a decline of over $550 in average net worth between the two interviews. Although the causes of this decline varied among family types, it was usually related to a decline in liquid assets rather than to an increase in debts. Such a finding is consistent with the theory of adjustments through dissaving outlined above.

Among whites, husband-wife families exhibited the expected pattern of decreasing net worth between interviews. That decrease was principally due to a decrease in liquid assets; debt stocks exhibited relatively small and somewhat erratic changes. For white single-head families, the results are surprising. Mean net worth increased between the two interviews for all such families and for some the increase was of a substantial magnitude. For some of these heads of families, increases in mean net worth resulted from increases in liquid assets, whereas for others it derived from a decrease in debts. Both of these responses would not have been expected a priori and there seems to be no consistent explanation for them. It should be noted, however, that asset and debt data are known to be subject to major reporting errors, and that some of the cells in Table VI.17 are small. Nevertheless, the data as reported continue to pose difficulties of interpretation.

For other than white family types, the findings are more consistent with theoretical expectations. All types report declines in average liquid assets and these declines represent substantial proportions of the levels initially held. Only in a few cases do debts decline enough to produce a gain in net worth.

Hence, although the data in Tables VI.17 and VI.18 are subject to considerable variability, they do support the hypothesis that exhaustees spend down their liquid assets during the period immediately following loss of UI benefits. In the next section we will investigate the extent to which the availability of such assets permitted exhaustees to postpone consumption adjustments.

D. Exhaustee Response to Exhaustion

Adjustments in consumption and other responses to UI exhaustion are reported, by family type, for whites and for Negro and other races in Tables VI.19 and VI.20. Again, these data have been adjusted by regression to control for systematic differences among family types. Comparison of the data shown in these tables with those shown in Table VI.9, on adjustments to unemployment suggests two general conclusions: that adjustments to exhaustion are somewhat less frequent than adjustments to unemployment; and that overall adjustments to the two types of income loss are quite similar. Differences by family type do not seem so significant or so regular in the tables showing responses to exhaustion as they do in the table showing adjustments to unemployment--which may be related both to the fact that income changes being observed in the former tables are smaller, and to the fact that we can use regression techniques to control for income changes more easily because we have a direct longitudinal income measure.

It would be expected that families who were more able to regain quickly the income lost through exhaustion would find it less necessary to make the various adjustments. This presumption is strongly supported by data shown in Tables VI.21 and VI.22, reporting adjustments by families with differing levels of income loss (or gain) between the Wave I and Wave II interviews. Exhaustees with relatively high incomes at Wave II were far less likely to report reduced savings, borrowing, or reduced expenses. Regarding specific expenses, the largest and most consistent effect of a relatively higher income occurred for those items in which reported cutting of expenses was most common among all exhaustees, namely food, clothing, transportation, and recreation.

In the previous section we reported substantial reductions in liquid assets between the two interviews and hypothesized that liquid assets were used to maintain consumption standards. As one test of that hypothesis, Table VI.23 shows the relationship between initial levels of liquid asset holding and adjustments in expenditure. While a few statistically significant relationships are reported in the table, the overall impression is that the direct cushioning effect of initial asset ownership was quite small.[1] Rather, it appears that dissaving (and hence reducing adjustments in consumption) is not properly measured by initial assets amounts and that these assets may more properly reflect life cycle accumulation phenomena. That conclusion would argue against the use of asset tests as an eligibility screen in means-tested transfer programs.

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[1] Other regression results, not reported, suggest that $1000 of liquid assets reduced adjustments in food purchases by 30¢ per week (about 1 percent of expenditures). It should be pointed out that, because the asset data may be poorly measured, it is possible that all the effects estimated from simple regressions may be biased toward zero.

While our design of the exhaustee study explicitly argued against collecting detailed information on consumption expenditure, data on food expenditures and on rents (for those who do rent) were collected. Food expenditures are reported in Table VI.24, and rent expenditures in Table VI.25. The tables show that both food and rent expenditures dropped somewhat between the interviewing waves for both whites and for all other races. The drop in food expenditures was presumably moderated by the fact that 15 percent of the exhaustees participated in the Food Stamp program (see Part VII). In percentage terms, the drop in rent was considerably smaller than that in food expenditures, a reflection of the greater costs associated with change of residence. These figures provide further evidence that reducing food expenditures is one of the major ways that families adjust to short term income losses. That finding is somewhat in conflict both with the permanent income hypothesis and with standard notions about "irreducible" expenditures, but it is strongly supported by the data presented throughout this part.

E. Job Training and Education

An unanticipated benefit of unemployment insurance may be the enhancement of job skills on the part of the unemployed while they are receiving payments. These skills could lead to greater productivity (and hence higher wages) in the future. A finding that exhaustion of benefits caused individuals to drop out of such programs would provide an important argument for extending benefits (at least for some groups).

Tables VI.26 and VI.27 examine this question. While exhaustees were receiving benefits, 11.2 percent of the whites and 10.9 percent of Negro and other races were in job training or education programs. After exhaustion, those percentages fell to 10.7 and 9.0, respectively. This decline is not statistically significant at the .05 level, although the overall trend masks considerable variability across family types. It is not possible, however, to conclude that exhaustion of benefits had major effects on participation in job training or education programs.

Conclusions

In this part we have examined changes in income experienced by exhaustees and the adjustments in consumption exhaustees made first when they lost their jobs and second when they lost their UI benefits. Income losses from unemployment were generally larger than those from exhaustion, but both were substantial. Exhaustees reacted to these income losses by reducing their liquid assets and by cutting expenses (in particular, those for food, clothing, transportation and recreation). Smaller numbers reported borrowing or having other family members go to work. There were no major differences between the responses to unemployment and the responses to exhaustion of benefits, and in both cases it was loss of income that motivated behavioral changes. Individuals for whom the loss of income was less severe made fewer adjustments. Generally the data

support the notion that families adjust to income changes in the easiest ways possible. Expenditures that may be modified easily (e.g., food and recreation) were significantly reduced, whereas relatively small changes were recorded for items such as housing, whose costs are more difficult to modify. Similarly, though liquid assets were substantially reduced, relatively little new borrowing was reported.

These findings illustrate in detail the temporary income replacement function of UI. The data clearly show that UI can play that role and that the adequacy of benefit levels can be judged by the severity of adjustments families are forced to make. However, evaluation of UI as a means of long-term income support--as we point out elsewhere--involves rather different considerations and that issue has not been considered in this part.

TABLE VI.1

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY INCOME (BEFORE RECEIPT OF UI) AND FAMILY TYPE

Whites

Gross Weekly Income (Dollars per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	85	176	124	182	8	175	30	168	46	51	1045
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
$ 0 - 50	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.6	2.2	0.0	0.4
51 - 100	1.2	0.6	0.8	1.7	0.0	9.1	3.3	16.7	10.9	15.7	6.4
101 - 150	2.4	1.7	1.6	7.7	12.5	20.0	36.7	34.5	10.9	7.8	12.9
151 - 200	14.1	7.4	1.6	9.3	37.5	24.6	33.3	22.6	10.9	7.8	14.1
201 - 300	31.7	31.3	26.6	27.4	25.0	27.4	20.0	16.7	19.6	25.5	25.9
301 - 400	27.1	26.1	42.7	30.2	12.5	12.6	3.3	7.7	17.4	21.6	22.3
401+	23.5	33.0	26.6	23.6	12.5	5.1	3.3	1.2	28.3	21.6	18.3
Mean Dollars per Week	$320	$370	$372	$332	$253	$218	$184	$170	$316	$287	$289
Median Dollars per Week	$302	$334	$348	$313	$200	$190	$165	$147	$277	$273	$263

TABLE VI.2

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS, BY INCOME (BEFORE RECEIPT OF UI) AND FAMILY TYPE

Negro and Other Races

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	61	67	41	15	113	78	59	70	50	664
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
$ 0 - 50	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.2
51 - 100	1.8	3.3	3.0	2.4	0.0	3.3	12.8	22.0	7.1	2.0	7.7
101 - 150	11.8	11.5	4.5	2.4	13.3	34.5	39.7	42.4	7.1	6.0	19.4
151 - 200	20.9	18.0	14.9	22.0	33.3	22.1	21.8	23.7	14.3	16.0	19.9
201 - 300	29.1	32.8	38.8	34.2	46.7	22.1	19.2	8.5	28.6	26.0	26.6
301 - 400	20.0	18.0	26.9	24.4	6.7	7.1	6.4	3.4	20.0	24.0	15.5
401+	16.4	16.4	11.9	14.6	0.0	0.9	0.0	0.0	22.9	24.0	10.7
Mean Dollars per Week	$276	$283	$287	$291	$227	$181	$167	$146	$301	$327	$244
Median Dollars per Week	$253	$252	$271	$253	$207	$155	$147	$133	$275	$292	$211

TABLE VI.3

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY INCOME (DURING RECEIPT OF REGULAR UI BENEFITS) AND FAMILY TYPE

Whites

Gross Weekly Income (Dollars per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	85	176	124	182	8	175	30	168	46	51	1045
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
$ 0 - 50	0.0	0.0	0.0	2.2	0.0	10.3	10.1	11.3	10.9	5.9	5.0
51 - 100	27.1	14.8	4.0	7.1	37.5	62.9	43.3	47.0	23.9	21.6	28.1
101 - 150	14.1	14.8	1.6	8.8	0.0	13.1	30.0	27.4	2.2	7.8	13.3
151 - 200	17.7	23.3	10.5	13.2	12.5	5.7	10.0	4.2	15.2	13.7	12.3
201 - 300	24.7	30.0	46.8	36.3	37.5	7.4	0.0	6.5	23.9	21.6	23.6
301 - 400	12.9	11.9	21.0	22.0	12.5	0.0	3.3	3.6	8.7	19.6	11.5
401+	3.5	5.1	16.1	10.4	0.0	0.6	3.3	0.0	15.2	9.8	6.2
Mean Dollars per Week	$192	$211	$301	$259	$173	$ 98	$117	$107	$227	$225	$191
Median Dollars per Week	$175	$194	$272	$252	$200	$ 82	$ 96	$103	$193	$205	$165

TABLE VI.4

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY INCOME (DURING RECEIPT OF REGULAR UI BENEFITS) AND FAMILY TYPE

Negro and Other Races

Gross Weekly Household Income (Dollars per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	61	67	41	15	113	78	59	70	50	664
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
$ 0 - 50	3.6	4.9	1.5	2.4	0.0	14.2	10.3	13.6	5.7	2.0	6.9
51 - 100	29.1	26.2	7.5	2.4	73.3	69.0	57.7	59.3	17.1	8.0	36.0
101 - 150	22,7	16.4	10.5	17.1	13.3	8.9	16.7	17.0	14.3	12.0	15.1
151 - 200	13.6	18.0	28.4	12.2	6.7	4.4	10.3	6.8	20.0	12.0	13.3
201 - 300	21.8	24.6	35.8	51.2	6.7	1.8	2.6	3.4	21.4	34.0	18.5
301 - 400	5.5	4.9	10.4	9.8	0.0	0.9	2.6	0.0	12.9	16.0	6.0
401+	3.6	4.9	6.0	4.9	0.0	0.9	0.0	0.0	8.6	16.0	4.4
Mean Dollars per Week	$166	$175	$223	$231	$102	$ 83	$102	$ 86	$208	$260	$158
Median Dollars per Week	$138	$157	$206	$231	$ 84	$ 76	$ 84	$ 81	$182	$247	$124

TABLE VI.5

MEAN INCOME, BY TYPE, OF EXHAUSTEE HOUSEHOLDS, BY TYPE, DURING RECEIPT OF REGULAR UI BENEFITS

Whites

Type of Income (Mean $ per Week)	Male Exhaustee, Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Total Income Including UI	$193.0	$210.4	$305.9	$261.0	$172.6	$ 97.9	$114.7	$107.2	$228.4	$234.1	$192.0
Mean Total Income Excluding UI	121.3	143.5	247.8	203.0	99.3	52.2	55.9	51.8	170.0	177.6	130.4
Mean Exhaustee Earnings	9.6	1.6	2.6	3.7	18.8	2.9	.6	2.7	9.8	9.0	4.0
Mean Spouse Earnings	71.9	56.5	192.0	142.8	0.0	0.0	0.0	0.0	6.0	68.2	65.7
Mean Earnings of Others in Household	7.8	18.5	26.1	17.8	18.8	11.0	19.9	12.1	134.9	84.2	24.6
Mean Tranfer Income	26.6	53.8	15.8	31.2	61.5	10.2	21.5	28.0	19.8	11.8	27.3
Mean Other Income	5.3	13.0	11.6	7.4	.3	8.1	13.8	8.9	5.5	4.4	8.9
Mean UI Benefit	72.0	66.9	58.1	58.0	73.3	65.7	58.8	55.4	58.4	56.5	61.6

TABLE VI.6

PERCENT DISTRIBUTION OF EXHAUSTEE HOUSEHOLD INCOME

DURING RECEIPT OF REGULAR UI BENEFITS, BY FAMILY TYPE

Whites

Type of Income	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Exhaustee Earnings	5.0	0.8	0.8	1.4	10.9	3.0	0.1	2.5	4.3	3.8	2.1
Spouse Earnings	37.3	26.8	62.8	54.6	0.0	0.0	0.0	0.0	0.0	29.1	34.2
Earnings of Others in Household	4.0	8.8	8.5	6.8	10.9	11.2	17.5	11.3	59.1	36.0	12.8
Transfer Income	13.8	25.6	5.2	12.0	35.6	10.4	18.9	26.1	8.7	5.0	
Other Income	2.7	6.2	3.8	2.8	0.0	8.3	12.0	8.3	2.4	1.9	4.6
UI	37.3	31.8	19.0	22.2	42.5	67.1	51.4	51.7	25.6	24.1	32.1

TABLE VI.7

MEAN INCOME, BY TYPE, OF EXHAUSTEE HOUSEHOLDS, BY TYPE, DURING RECEIPT OF REGULAR UI BENEFITS

Negro and Other Races

Type of Income (Mean $ per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Total Income Including UI	$168.6	$173.3	$220.8	$230.9	$102.3	$ 83.7	$101.7	$ 86.4	$206.2	$258.4	$158.4
Mean Total Income Excluding UI	98.4	107.4	168.2	179.5	27.1	23.8	40.3	34.3	149.8	203.6	98.5
Mean Exhaustee Earnings	17.6	5.8	0.2	3.9	0.0	4.2	2.0	3.6	1.4	3.2	5.3
Mean Spouse Earnings	55.9	57.4	144.1	138.8	0.0	0.0	0.0	0.0	4.8	64.1	43.6
Mean Earnings of Others in Household	4.4	12.1	7.0	15.0	0.0	8.1	6.1	11.2	125.8	123.8	29.4
Mean Transfer Income	15.3	23.2	14.8	18.0	27.1	7.9	23.3	14.5	13.8	10.3	15.1
Mean Other Income	5.2	2.9	2.0	3.8	0.0	3.6	9.1	5.0	3.9	2.2	4.3
Mean UI Benefit	70.2	65.9	52.6	51.4	75.2	59.9	61.4	52.1	56.4	54.8	59.9

TABLE VI. 8

PERCENT OF DISTRIBUTION OF EXHAUSTEE HOUSEHOLD INCOME
DURING RECEIPT OF REGULAR UI BENEFITS, BY FAMILY TYPE

Negro and Other Races

Type of Income	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Exhaustee Earnings	10.4	3.3	0.0	1.7	0.0	5.0	2.0	4.2	0.7	1.2	3.3
Spouse Earnings	33.2	33.1	65.3	60.1	0.0	0.0	0.0	0.0	2.3	24.8	27.5
Earnings of Others in Household	2.6	7.0	3.2	6.5	0.0	9.7	6.0	13.0	61.0	47.9	18.6
Transfer Income	9.1	16.8	6.7	7.8	26.5	9.4	22.9	16.8	6.7	4.0	10.2
Other Income	3.1	1.7	0.9	1.6	0.0	4.3	8.9	5.8	1.9	0.9	2.7
UI	41.6	38.0	23.8	22.3	73.5	71.6	60.4	60.3	27.4	21.2	37.8

TABLE VI.9

EXHAUSTEE RESPONSES TO UNEMPLOYMENT, BY FAMILY TYPE

(Percentage of Column Total Making Indicated Response[1])

Response	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	214	257	199	229	31	348	107	250	125	116	1876
Percent											
Report Lower Income	93.4%	92.0%	92.9%	92.0%	89.5%	92.6%	95.4%	91.7%	92.2%	87.5%	92.3%
Reduced Savings	76.3	68.2	67.7	65.9	69.5	70.3	73.5	61.9	61.6	58.6	67.6
Borrowed	26.9	20.1	29.2	25.0	25.7	23.3	23.5	19.5	17.1	19.5	23.0
Cut Expenses	89.6	86.1	89.9	89.6	88.2	84.2	92.0	88.5	84.1	82.9	87.3
Cut Housing	10.7	17.0	9.1	14.1	3.2	16.4	14.4	14.7	13.7	15.5	14.0
Cut Food	63.4	54.3	72.8	66.4	49.2	52.1	70.5	57.1	35.7	47.2	61.5
Cut Medical & Dental	2.9	9.1	8.6	12.0	2.3	4.6	10.7	13.2	9.0	13.7	8.7
Cut Clothing	47.6	45.2	64.0	64.0	50.3	47.0	59.0	66.6	45.6	56.2	54.5
Cut Child Care	3.8	1.0	7.8	3.4	0.0	0.0	15.1	2.3	0.0	4.6	3.3
Cut Transportation	25.5	35.2	22.3	28.6	13.4	30.8	18.9	28.2	28.6	24.7	27.8
Cut Recreation	51.4	50.3	51.5	46.5	43.8	52.2	49.1	49.2	56.9	54.1	50.8
Number in Sample	214	257	199	229	31	348	107	250	125	116	1876

[1] See Table VI.10

TABLE VI.10

EXHAUSTEE RESPONSES TO UNEMPLOYMENT, BY

PROPORTION OF AFTER-TAX WAGE REPLACED BY UI

(Percentage of Column Total Making Indicated Response[1])

Response	Proportion of After-Tax Wage Replaced[2] 0-.2	.2-.4	.4-.6	.6-.8	.8-1.0	1.0+	Total Sample
Report Lower Income	100.0 %	95.0 %	96.8 %	94.5 %	87.2 %	83.8 %	92.3 %
Reduced Savings	89.8	72.8	73.2	67.9	60.9	65.9	67.6
Borrowed	29.8	26.5	25.7	22.2	21.1	21.3	23.0
Cut Expenses	100.0	89.1	92.9	89.6	82.8	77.6	87.3
Cut Housing	14.0	15.8	16.2	14.5	11.9	12.7	14.0
Cut Food	76.9	63.4	66.8	60.3	61.6	53.4	61.5
Cut Medical and Dental	7.3	10.1	7.5	6.5	11.2	9.5	8.7
Cut Clothing	60.5	55.5	60.8	59.0	48.1	44.2	54.5
Cut Child Care	3.3	4.7	3.1	3.4	2.9	0.0	3.3
Cut Transportation	34.5	32.6	31.1	25.7	25.3	32.7	27.8
Cut Recreation	64.4	56.3	56.4	53.3	42.5	44.5	50.8
Number in Sample	54	369	785	511	112	45	1876

[1]Adjusted by regression for differences in location, race, age, education, health status, home ownership, family size, family type, UI duration and composition of income.

[2]Any ratio of UI benefit to wages that equals the end point of a category is assigned to the lower category.

TABLE VI.11

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY GROSS WEEKLY INCOME AND FAMILY TYPE, AS OF WAVE II INTERVIEW

Whites

Gross Weekly Income (Dollars per week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	85	176	124	182	8	175	30	168	46	51	1045
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
$ 0 - 50	5.9	7.4	2.4	3.9	12.5	17.7	16.7	17.3	23.9	11.8	10.6
51 - 100	15.3	11.9	3.2	12.6	25.0	29.1	26.7	38.7	19.6	3.9	19.0
101 - 150	18.8	22.7	6.5	11.0	0.0	20.0	20.0	22.0	10.9	11.8	16.6
151 - 200	14.1	18.8	8.1	18.1	12.5	9.1	13.3	7.1	10.9	13.7	12.7
201 - 300	25.9	18.2	34.7	34.1	37.5	12.0	16.7	7.1	13.0	31.4	21.2
301 - 400	12.9	14.2	26.6	12.1	12.5	6.3	3.3	6.0	6.5	9.8	11.7
401+	7.1	6.8	18.5	8.2	0.0	5.7	3.3	1.8	15.2	17.6	8.2
Mean Dollars Per Week	$214	$201	$302	$227	$177	$152	$134	$122	$189	$239	$197
Median Dollars per Week	$185	$171	$286	$213	$200	$108	$117	$ 92	$130	$228	$165

TABLE VI.12

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY GROSS WEEKLY INCOME AND FAMILY TYPE, AS OF THE WAVE II INTERVIEW

Negro and Other Races

Gross Weekly Income (Dollars per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	110	61	67	41	15	113	78	59	70	50	664
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
$ 0 - 50	16.4	13.1	4.5	4.9	26.7	36.3	23.1	47.5	22.9	14.0	21.8
51 - 100	22.7	19.7	13.4	14.6	40.0	32.7	32.1	22.0	20.0	18.0	23.5
101 - 150	18.2	21.3	17.9	14.6	13.3	15.9	24.4	6.8	10.0	20.0	16.7
151 - 200	10.9	21.3	29.9	24.4	20.0	7.1	10.3	13.6	14.3	16.0	15.1
201 - 300	14.5	13.1	25.4	29.3	0.0	4.4	7.7	6.8	20.0	12.0	13.3
301 - 400	11.8	8.2	9.0	9.8	0.0	0.9	1.3	1.7	7.1	16.0	6.6
401+	5.5	3.3	0.0	2.4	0.0	2.7	1.3	1.7	5.7	4.0	3.0
Mean Dollars per Week	$163	$152	$181	$193	$ 82	$ 90	$106	$ 87	$162	$176	$139
Median Dollars per Week	$130	$140	$174	$183	$ 79	$ 71	$ 92	$ 56	$136	$145	$114

TABLE VI.13

MEAN INCOME, BY TYPE, OF EXHAUSTEE HOUSEHOLDS, BY TYPE, AS OF WAVE II INTERVIEW

Whites

Type of Income (Mean $ per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Total Income Including UI	$210.9	$192.1	$291.7	$220.9	$177.3	$143.7	$132.9	$113.4	$185.4	$244.7	$189.7
Mean Total Income Excluding UI	194.9	174.2	275.2	203.6	167.2	120.4	127.2	99.9	169.5	229.4	172.7
Mean Exhaustee Earnings	73.8	29.2	32.3	21.1	92.9	43.9	44.2	23.4	29.4	22.0	33.9
Mean Spouse Earnings	69.6	59.6	192.3	123.1	0.0	3.3	22.6	3.8	6.0	93.0	66.1
Mean Earnings of Others in Household	7.6	15.7	17.9	12.4	17.5	47.8	12.3	30.7	98.7	81.6	29.4
Mean Transfer Income	32.8	57.5	22.5	38.0	56.8	17.0	35.2	32.4	23.3	19.5	33.1
Mean Other Income	11.0	12.2	10.1	8.9	0.0	8.4	12.9	9.6	12.1	13.3	10.2
Mean UI Benefit	16.0	17.9	16.5	17.3	10.1	23.3	5.7	13.5	15.9	15.3	17.0

TABLE VI.14

PERCENT DISTRIBUTION OF EXHAUSTEE HOUSEHOLD INCOME AS OF WAVE II INTERVIEW, BY FAMILY TYPE

Whites

Type of Income	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Exhaustee Earnings	35.0	15.2	11.1	9.6	52.4	30.5	33.3	20.6	15.9	9.0	17.9
Spouse Earnings	33.0	31.0	65.9	55.7	0.0	2.3	17.0	3.4	3.2	38.0	34.8
Earnings of Others in Household	3.6	8.2	6.1	5.6	9.9	33.3	9.3	27.1	52.4	33.3	15.5
Transfer Income	15.6	29.9	7.7	17.2	32.0	11.8	26.5	28.6	13.6	8.0	17.4
Other Income	5.2	6.4	3.5	4.1	0.0	5.8	9.7	8.5	6.5	5.4	5.4
UI	7.6	9.3	5.7	7.8	5.7	16.2	4.3	11.9	8.6	6.3	9.0

TABLE VI.15

MEAN INCOME, BY TYPE, OF EXHAUSTEE HOUSEHOLDS, BY TYPE AS OF WAVE II INTERVIEW

Negro and Other Races

Type of Income (Mean $ per Week)	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Total Income Including UI	$148.4	$140.9	$174.6	$192.3	$ 68.8	$ 82.7	$ 93.3	$ 81.6	$157.6	$170.2	$130.7
Mean Total Income Excluding UI	135.5	131.0	167.5	178.1	57.9	73.1	87.2	75.9	144.8	163.0	121.1
Mean Exhaustee Earnings	44.9	22.8	16.5	20.9	25.8	32.2	12.6	16.4	24.7	17.5	25.3
Mean SPouse Earnings	48.1	47.2	127.1	123.9	0.0	4.0	8.2	2.9	4.8	59.2	40.4
Mean Earnings of Others in Household	7.2	13.9	3.8	8.5	0.0	14.5	13.8	27.4	92.9	61.9	24.5
Mean Transfer Income	25.9	39.3	18.2	19.8	29.9	15.5	40.4	21.9	15.1	20.6	23.5
Mean Other Income	9.3	7.9	4.9	5.1	2.3	6.9	12.2	7.3	7.2	3.8	7.4
Mean UI Benefit	12.9	9.9	7.1	14.2	10.9	9.6	6.1	5.7	12.8	7.2	9.6

TABLE VI.16

PERCENT DISTRIBUTION OF HOUSEHOLD INCOME, AS OF WAVE II INTERVIEW, BY FAMILY TYPE

Negro and Other Races

Type of Income	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Exhaustee Earnings	30.3	16.2	9.5	10.9	37.5	38.9	13.5	20.1	15.7	10.3	19.4
Spouse Earnings	32.4	33.5	73.9	64.4	0.0	4.8	8.8	3.6	3.0	34.8	30.9
Earnings of Others in Household	4.9	9.9	2.2	4.4	0.0	17.5	14.8	33.6	58.9	36.4	18.7
Transfer Income	17.5	27.9	7.6	10.3	43.5	18.7	43.3	26.8	9.6	12.1	18.0
Other Income	6.3	5.6	2.8	2.7	3.3	8.3	13.1	8.9	4.6	2.2	5.7
UI	8.7	7.0	4.1	7.4	15.8	11.6	6.5	7.0	8.1	4.2	7.3

TABLE VI.17

CHANGES IN MEAN ASSETS, DEBTS, AND NET WORTH OF EXHAUSTEE HOUSEHOLDS, IN DOLLARS, BETWEEN WAVE I AND WAVE II INTERVIEWS, BY FAMILY TYPE

Whites

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Assets											
Wave II	$ 913	$7594	$1786	$3938	$ 125	$3151	$ 268	$2646	$2777	$2795	$3356
Wave I	1795	8484	2674	5653	495	1709	181	2384	2130	3287	3828
Change	-882	-890	-888	-1715	-370	+1442	+87	+282	+647	-492	-472
Mean Debts											
Wave II	2174	836	2964	1004	343	1148	693	395	1062	1776	1271
Wave I	1778	932	2612	1092	2110	864	1026	376	969	1795	1178
Change	+396	-96	-352	-88	-1767	+284	-333	+19	93	-19	+93
Mean Net Worth											
Wave II	-1261	6758	-1178	2934	-218	2003	-425	2251	1715	1019	208
Wave I	17	7552	62	4561	-1615	845	-845	2008	1161	1492	265
Change	-1278	-794	-1240	-1627	+1397	+1158	+420	+243	+554	473	-56

TABLE VI.18

CHANGES IN MEAN ASSETS, DEBTS, AND NET WORTH OF EXHAUSTEE HOUSEHOLDS, IN DOLLARS, BETWEEN WAVE I AND WAVE II INTERVIEWS, BY FAMILY TYPE

Negro and Other Races

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Assets											
Wave II	$ 146	$1471	$ 74	$ 272	$ 53	$ 96	$ 29	$ 85	$ 62	$ 207	$ 239
Wave I	1665	2143	1290	570	84	499	51	606	564	567	868
Change	-1519	-671	-1216	-298	-31	-403	-22	-521	-502	-360	-629
Mean Debts											
Wave II	2022	918	2413	1681	468	787	803	463	824	1286	1244
Wave I	1781	1004	2310	1903	738	712	916	549	1174	1681	1283
Change	+241	-86	+103	-222	-270	+75	-113	-86	-350	-395	-39
Mean Net Worth											
Wave II	-1876	553	-2339	-1409	-415	-691	-774	-378	-762	-1079	-1005
Wave I	-116	1138	-1020	-1333	-654	-213	-865	57	-610	-1114	-415
Change	-1760	-585	-1319	+76	+239	-478	+91	-435	-152	+35	-590

TABLE VI.19

EXHAUSTEE RESPONSES TO UNEMPLOYMENT, BY FAMILY TYPE

(Percentage of Column Total Making Indicated Response[1])

Whites

Response	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Report Lower Income	46.5%	61.2%	67.8%	64.3%	34.5%	59.2%	52.2%	58.5%	65.5%	73.4%	61.0%
Reduced Savings	38.5	47.0	39.6	39.9	18.5	44.3	27.4	48.5	46.5	40.1	42.8
Borrowed	12.1	16.1	15.0	12.0	14.6	19.3	20.0	16.3	10.2	11.4	15.1
Cut Expenses	44.3	57.7	61.0	62.4	18.0	49.1	52.5	56.8	55.5	61.0	55.9
Cut Housing	1.9	6.3	4.4	3.3	14.7	6.9	2.4	5.3	2.3	9.2	5.0
Cut Utilities	11.6	12.2	14.5	18.3	15.8	9.5	9.6	11.5	6.1	9.7	12.5
Cut Food	32.4	42.2	52.3	48.3	3.1	30.8	45.9	39.4	29.8	41.4	40.1
Cut Medical & Dental	11.7	6.6	8.5	3.6	3.8	2.7	8.4	5.5	2.1	12.9	6.1
Cut Clothing	17.6	26.0	24.9	37.9	2.1	20.7	27.6	36.2	28.5	42.0	28.9
Cut Child Care	0.0	0.4	2.1	0.7	0.0	0.7	0.0	0.3	0.4	0.1	0.5
Cut Transportation	18.7	35.7	10.2	25.7	0.0	19.1	8.0	24.2	16.3	23.0	22.4
Cut Recreation	35.6	43.8	35.2	39.4	11.0	30.4	26.2	33.9	32.9	45.0	36.4
Family Member Went to Work	13.9	13.0	15.8	14.1	17.3	4.2	2.6	6.4	2.0	8.2	10.0
Number in Sample	84	173	124	184	7	172	31	169	44	52	1040

[1]See Table VI.10.

TABLE VI.20

EXHAUSTEE RESPONSES TO UNEMPLOYMENT, BY FAMILY TYPE

(Percentage of Column Total Making Indicated Response[1])

Negro and Other Races

Response	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Report Lower Income	63.0%	54.7%	70.6%	60.1%	85.8%	76.4%	66.6%	75.9%	74.3%	61.3%	68.2%
Reduced Savings	38.3	37.2	43.9	36.6	43.0	44.1	45.8	51.6	46.5	38.3	42.8
Borrowed	24.2	23.2	16.9	11.1	31.2	33.6	33.4	33.4	28.0	7.2	25.3
Cut Expenses	61.7	54.0	67.3	56.1	76.9	70.5	64.8	69.1	70.0	57.4	64.7
Cut Housing	3.9	3.1	2.1	0.4	12.0	12.3	5.9	4.5	6.2	5.8	5.7
Cut Utilities	13.1	10.0	25.8	7.4	12.5	21.3	18.6	8.7	10.8	12.2	50.3
Cut Food	48.8	44.3	60.1	42.5	37.3	55.8	49.2	57.5	43.9	47.3	9.3
Cut Medical & Dental	8.4	5.1	14.4	4.9	7.8	14.3	9.8	14.0	1.7	5.7	44.4
Cut Clothing	41.9	36.3	36.3	42.5	43.3	48.7	49.7	57.4	49.3	33.3	2.3
Cut Child Care	2.3	1.4	5.6	2.9	0.0	1.7	3.7	0.9	0.0	5.0	21.1
Cut Transportation	23.5	17.3	17.4	17.6	18.2	27.0	13.7	19.9	28.1	19.8	38.1
Cut Recreation	45.9	32.6	40.3	37.7	30.5	46.8	29.1	42.9	30.7	27.0	7.7
Family Member Went to Work	13.7	11.2	8.5	15.2	2.5	3.4	5.9	3.5	6.0	5.1	648
Number in Sample	104	59	68	41	13	109	76	59	70	49	648

[1] See Table VI.10,

TABLE VI.21

EXHAUSTEE RESPONSES TO UI EXHAUSTION, BY

RATIO OF WAVE I INCOME TO WAVE II INCOME

(Percentage of Column Total Making Indicated Response[1])

Whites

Response	Ratio of Wave II Income To Wave I Income							Total Sample
	0-.25	.25-.50	.50-.75	.75-1.00	1.00-1.25	1.25-1.50	1.50+	
Report Lower Income	71.6 %	76.3 %	67.1 %	64.3 %	62.0 %	44.9 %	46.1 %	61.0 %
Reduced Savings	56.9	52.2	43.0	49.2	44.5	28.5	29.2	42.9
Borrowed	19.0	20.4	15.0	19.4	16.4	7.5	8.6	15.1
Cut Expenses	62.3	66.8	63.1	60.6	58.8	39.9	41.2	55.9
Cut Housing	6.4	4.4	5.1	5.8	3.9	5.7	4.5	5.0
Cut Utilities	14.2	14.6	16.5	13.1	13.8	5.3	8.4	12.5
Cut Food	46.2	50.3	46.6	44.9	40.7	30.4	28.9	40.7
Cut Medical & Dental	8.9	10.4	6.3	7.5	4.8	2.5	3.5	6.1
Cut Clothing	33.5	36.7	30.8	35.1	27.8	16.6	20.8	28.9
Cut Child Care	0.5	0.1	0.7	0.4	0.0	0.8	1.0	0.5
Cut Transportation	27.5	30.6	19.1	23.6	26.0	21.0	15.5	22.4
Cut Recreation	38.5	37.1	44.7	40.7	43.2	23.5	23.8	36.4
Family Member Went to Work	5.6	10.8	8.9	12.0	8.6	10.5	12.2	10.1
Number in Sample	105	95	171	207	167	72	223	1040

[1] See Table VI.10.

TABLE VI.22

EXHAUSTEE RESPONSES TO UI EXHAUSTION, BY

RATIO OF WAVE I INCOME TO WAVE II INCOME

(Percentage of Column Total Making Indicated Response[1])

Response	Ratio of Wave II Income to Wave I Income							Total Sample
	0-.25	.25-.50	.50-.75	.75-1.00	1.00-1.25	1.25-1.50	1.50+	
Report Lower Income	83.3 %	76.0 %	73.4 %	68.6 %	55.0 %	57.2 %	52.6 %	68.2 %
Reduced Savings	56.5	51.6	45.4	42.0	34.5	32.1	29.0	42.8
Borrowed	31.3	24.7	28.5	32.7	17.5	19.0	14.6	25.3
Cut Expenses	80.1	74.1	71.0	63.0	52.5	56.5	47.4	64.7
Cut Housing	12.8	2.6	7.3	4.0	2.8	8.5	0.6	5.7
Cut Utilities	25.2	13.6	13.3	15.0	13.6	2.1	11.4	15.1
Cut Food	62.4	55.1	54.0	52.3	40.9	51.9	33.7	50.3
Cut Medical & Dental	11.1	9.6	9.1	12.2	1.4	14.7	6.8	9.3
Cut Clothing	55.4	53.3	47.6	43.6	36.1	40.9	31.1	44.4
Cut Child Care	3.7	0.4	4.1	0.2	0.0	18.7	0.0	2.3
Cut Transportation	24.0	26.8	26.9	16.5	21.9	20.4	14.4	21.1
Cut Recreation	46.5	53.5	38.9	35.0	35.0	34.5	26.3	38.1
Family Member Went to Work	5.0	4.1	5.8	7.6	10.5	7.5	13.3	7.7
Number in Sample	131	63	115	121	60	35	123	648

[1] See Table VI.10.

TABLE VI.23

RELATIONSHIP BETWEEN SIZE OF LIQUID ASSET HOLDINGS

AND FAMILY RESPONSES TO UI EXHAUSTION

(Percentage Making Indicated Response[1])

Response	Liquid Asset Holdings				Total Sample
	$0	$1000	$2000	$5000	
Borrowed**	20.1%	19.7%	19.4%	18.3%	19.4%
Cut Expenses*	59.9	59.6	59.4	58.6	59.4
Cut Housing	5.2	5.3	5.3	5.4	5.3
Cut Utilities	13.9	13.7	13.6	12.9	13.6
Cut Food***	45.8	45.2	44.6	42.9	44.7
Cut Medical & Dental*	7.9	7.7	7.5	6.9	7.6
Cut Clothing	35.4	35.2	35.0	34.0	35.0
Cut Child Care	1.3	1.3	1.3	1.3	1.3
Cut Transportation	21.8	22.0	22.2	22.7	22.1
Cut Recreation	37.2	37.4	37.6	38.1	37.5
Added a Worker*	9.8	9.6	9.4	8.9	9.5
N=1555					

[1] Adjusted by regression for differences in location, age, education, health status, home ownership, family size and composition, income change since exhaustion, and other components of net worth.

*Overall effect of liquid assets statistically significant at .10 level.

**Overall effect of liquid assets statistically significant at .05 level.

***Overall effect of liquid assets statistically significant at .01 level.

TABLE VI.24

MEAN WEEKLY FOOD EXPENDITURES OF EXHAUSTEES , IN DOLLARS, BY FAMILY TYPE AND RACE

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Whites											
Wave I	$58	$41	$59	$43	$23	$30	$49	$33	$46	$55	$43
Wave II	55	40	54	42	34	25	48	24	40	52	39
Negro and Other Races											
Wave I	53	44	56	44	40	32	42	30	56	48	44
Wave II	50	38	53	39	51	26	43	30	45	46	41

TABLE VI.25

MEAN MONTHLY RENT OF EXHAUSTEES, IN DOLLARS, BY FAMILY TYPE AND RACE

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Whites											
Wave I	$121	$129	$131	$134	$117	$ 98	$108	$ 98	$ 93	$123	$112
Wave II	106	131	134	125	107	100	109	103	96	124	109
Negro and Other Races											
Wave I	119	128	120	121	123	102	112	100	95	127	111
Wave II	118	116	127	125	104	96	107	105	90	120	109

TABLE VI.26

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS IN SELECTED TRAINING AND EDUCATIONAL PROGRAMS, BY FAMILY TYPE

Whites

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Percentage in Job Training at											
Wave I	2.3%	3.5%	3.4%	2.2%	12.5%	3.6%	3.5%	1.9%	2.3%	4.0%	3.0%
Wave II	3.5	4.7	0.9	5.6	0.0	4.7	3.5	5.6	2.3	2.0	4.1
Percentage in Educational Program at											
Wave I	15.1	5.8	1.7	6.7	12.5	12.4	5.9	12.4	14.0	2.0	8.7
Wave II	9.3	8.1	1.7	2.8	12.5	13.0	3.5	5.6	7.0	4.0	6.6
Number in Sample	85	176	124	182	8	175	30	168	46	51	1045

TABLE VI.27

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS IN SELECTED TRAINING AND EDUCATIONAL PROGRAMS, BY FAMILY TYPE

Negro and Other Races

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Percentage in Job Training at											
Wave I	5.0%	3.3%	2.8%	7.0%	7.7%	5.3%	5.1%	3.3%	4.2%	6.3%	4.7%
Wave II	5.9	0.0	7.0	2.3	0.0	2.6	5.1	1.7	2.8	6.3	3.8
Percentage in Educational Program at											
Wave I	5.9	1.7	7.0	0.0	23.1	6.1	7.7	3.3	9.2	6.3	6.2
Wave II	5.0	1.7	5.6	0.0	7.7	6.1	6.4	0.0	6.9	12.5	5.2
Number in Sample	110	61	67	41	15	113	78	59	70	50	664

PART VII

ELIGIBILITY FOR AND RECEIPT OF

OTHER TRANSFER BENEFITS

To what extent do UI exhaustees become eligible for and receive transfer payments from other programs? The answer to this question has important implications for the question of UI benefit extensions. The case for extended benefits rests partly on the assumption that present transfer programs will not provide adequate support for families who exhaust their UI benefits. If this assumption is incorrect, then the case for UI benefit extensions is correspondingly weakened, especially since, as shown in Part III of this report, UI is inefficient as a means of reducing poverty.

The question of UI exhaustees' actual receipt of benefits from other transfer programs is considered in Section A of this part. We examine data showing actual receipt of benefits from the major means-tested programs at Wave I and at Wave II. In addition to our interest in the percentage of recipients receiving benefits from these programs, we are also interested in any changes in participation in these programs after exhaustion of UI benefits. The hypothesis given consideration here is that exhaustees will increase their demand for benefits from these programs in response to the loss of UI benefits. This section also examines receipt of benefits from the major non-means-tested programs.

Section B considers whether the percentage of exhaustees receiving benefits from means-tested programs during receipt of UI would change significantly if all who were eligible participated fully in these programs. While our sample does not permit us to investigate this issue with respect to regular claimants, it is still useful to examine it with respect to exhaustees. To make this analysis, we impute eligibility for and benefits from the three major income maintenance programs--AFDC and AFDC-U, SSI and Food Stamps.

Section C examines the extent to which UI exhaustees are eligible for transfer programs following exhaustion of UI benefits and the impact of these programs on exhaustee income distribution. The distributional impact of a universal negative income tax program is also examined. Finally, eligibility four months after exhaustion is calculated to determine the extent to which eligibility changes over time. However, the results of this last exercise must be accepted only tentatively, since we must assume away any behavioral response to the December 1974 UI benefit extensions.

In Section D, we compute participation rates in AFDC and Food Stamps at the time of the Wave II interview and examine the question of timing of receipt of benefits from the major means-tested programs

in relation to UI exhaustion. These issues are relevant to the hypothesis that people consider welfare a last resort and wait some time after they are eligible before applying. We would expect this wait to be shorter for Food Stamps than for welfare, since there may be less stigma associated with Food Stamps.

Section E discusses the relationship between UI and AFDC-U. The Supreme Court ruled in June, 1975[1] that families who are eligible for both UI and AFDC-U can choose which program they want to participate in. Previously, a family which was eligible for UI could not receive payments under AFDC-U. There has been speculation that states with an AFDC-U program may experience large increases in their caseloads because of this decision. If this is the case, even though total expenditures for transfer payments would probably not rise substantially, the difference in the ways in which AFDC-U and UI are financed would mean that AFDC-U states will experience a large increase in the demand on their general revenues. Although our data base contains only UI exhaustees, whereas all claimants are affected by the decision, it is still useful to examine the extent of AFDC-U eligibility among our sample.

Finally, two general points about the analysis found in this part need to be mentioned. First, much of the analysis depends on our ability to estimate eligibility for and benefits from various means-tested programs. The data collected in the survey permit us to take into account all the major components of income, work related expenses, and asset holdings. Items that were judged to have a relatively small impact in determining the total number of eligibles, or which were deemed to be less relevant to the exhaustee population, were not collected, so as to keep the survey to a manageable length. For example, we did not collect data on either disability or blindness for the determination of SSI eligibility. Since the definition of disability for SSI is quite strict, it is unlikely that anyone with a labor force attachment, such as exhaustees, would be considered disabled within the SSI meaning. In the case of blindness, the incidence is so low that it was felt it could be omitted without affecting the results. Similarly, we did not collect data on medical expenses to determine the amount of the Food Stamp medical expense deduction. This too should not seriously affect the results. Ignoring these items does mean, however, that our estimates of eligibility will slightly understate the actual situation.

The second general point concerns the extent to which the transfer programs in our four sites, particularly AFDC, are comparable with the programs in other parts of the country. Two of our sites, Chicago and Seattle, have AFDC benefits that are above the median and the other two have benefits below the median. Ranking our states by the largest amount paid to an AFDC family of four in July, 1974, Washington is twelfth from the top; Illinois, twenty-third; Maryland, thirty-third; and Georgia, forty-third. Other program parameters are also different at different sites: Illinois and Maryland include 18- to 20-year olds in school in determining family size, while Georgia and Washington stop at age 17. Three of the sites--all but Georgia--have an AFDC-U program. Similar diversity is found for the state SSI supplements. We

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[1] The decision was made in the case of Phibrook v. Glodgett.

have reported most of the results on program eligibility and participation by site as well as by family type, so as to permit comparisons with other states that would not be possible if only aggregate data were presented.

A discussion of the data pertaining to each of these topics now follows.

Results

A. Receipt of Transfers

This section reports receipt of benefits from the means-tested and non-means tested programs at Wave I and Wave II. The data are found in Tables VII.1 - VII.6, the first three tables illustrating Wave I and the second three, Wave II. As can be seen, receipt of means-tested transfers is in general quite low and is somewhat larger for races other than white than it is for whites. This difference holds after controlling for family type. The only program that provides benefits to more than a small percentage of the whole exhaustee sample is Food Stamps. Furthermore, while receipt does rise between the two interviews, as hypothesized, the rise is substantial only in the case of Food Stamps, 2.5 times between the two interviews, from 6 to 15 percent--a significant difference at the 5 percent level. We can conclude therefore that the lost UI benefits are not replaced by the existing means-tested transfer system. Whether this is a result of low participation rates by exhaustees or of low eligibility is considered below.

Next, we consider in some detail the various categories of public assistance and their receipt by family type and race. Within some cells the incidence of receipt is quite a bit higher than in the overall sample. Four points stand out. First, the categorical nature of AFDC is clearly evident if we look at the distribution of recipients by family type. For example, at Wave II, 29 percent of white female exhaustees with children and no spouse present and 43 percent of Negro and other races in the same category received AFDC; whereas a low percentage of the total sample receive AFDC or AFDC-U (4.5 percent) even at Wave II. Second, receipt of Food Stamps is quite high in these same cells--29 percent of whites and 61 percent of other racial groups at Wave II. Third, some categories of whites and significant numbers of Negro and other races live in subsidized housing. Fourth, General Assistance seems to help single males and females (exhaustees with no spouse and no children and non-heads) in Negro and other racial groups. This is particularly true for the Chicago sample, reflecting the fact that Chicago has a fairly generous GA program.

Finally, two sets of non-means-tested programs provide benefits to substantial numbers of exhaustees at both waves. These are Social Security and Railroad Retirement, and private, civil service, military and other pensions. A substantially larger percentage of whites than of Negros or other races receives these pensions, a difference which holds

when we control for family types. This difference is probably due to the differing age distributions of the two samples (13 percent of the whites are age 65 or over versus 5 percent of races other than white).

B. Eligibility and Benefits for Means-Tested Programs During Receipt of UI Benefits

In this section we examine the extent to which exhaustees are eligible for present means-tested programs while receiving UI. There has been some concern lately about such multiple-program participation and whether it could mean that in some cases families could receive substantial incomes by collecting benefits from several programs. However, this possibility is not likely to occur for the programs we are looking at, since each one, taken in turn, taxes the benefits from the others. AFDC benefits are reduced by the amount of UI received, and Food Stamp benefits are partially reduced by the amount of AFDC and UI received.

In order to examine this issue and others discussed in later sections, we imputed eligibility and benefits for the three major means-tested programs. This imputation focuses on filing units containing the exhaustee. Any possible filing units not containing the exhaustee are ignored, except for the case where the exhaustee's spouse is eligible for SSI but the exhaustee is not; in such a case eligibility and benefits are imputed.

The first step in the imputation is to determine, if applicable, whether the exhaustee lives in a filing unit that is categorically eligible for each program. (For example, for AFDC, children--as defined by each state--must be present and they must be deprived of the support of one parent, either through absence or incapacity or unemployment (AFDC-U). Note that, since Georgia does not have an AFDC-U program, no one in the Atlanta site is eligible for AFDC-U. For SSI, categorical eligibility requires the exhaustee or the exhaustee's spouse to be age 65 or over.) The next step in the imputation is to determine the income of the filing unit (as each are defined by each program) adjusted for any disregards and deductions. Lastly, a benefit is computed using the appropriate benefit calculation given the family size and state. A further set of calculations is made in a later section, using an asset screen to determine eligibility. The analysis in this section uses only the income test.

Tables VII.7 - VII.9 report eligibility during receipt of UI.[1] The only major distinctions to note are that few families are eligible for AFDC or SSI (two percent and one percent, respectively), but that a

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[1] Note that at the time of the study, receipt of UI meant that one could not be eligible for AFDC-U. The relationship between the two programs is discussed in more detail in Section E.

substantial number (23 percent) could receive Food Stamps. This figure varies by race--15 percent for whites and 35 percent for Negro and other races. If these benefits were fully utilized, virtually no families would have household incomes below 50 percent of the poverty line (Tables VII.10 and VII.11), and 8 percent of white families and 18 percent of non-white families would have incomes below the poverty line. On the other hand, given actual rates of participation in transfers, 10 percent of whites and 22 percent of all other races have incomes below the poverty line (see Tables VII.4, 5 and 6). Thus, we find that full utilization of transfers during UI would make only a modest difference to the percentage of the sample with incomes below the poverty line.

C. Eligibility and Benefits for Means-Tested Programs After Exhaustion

This section examines the extent to which exhaustees are eligible for benefits from AFDC and AFDC-U, SSI, and Food Stamps and the effect of these benefits on the exhaustee income distribution. The main question is: do present transfer programs replace UI for those exhaustees with low family income? If the answer is yes, one of the main arguments for UI benefit extensions is undermined. This question is also examined assuming the existence of a universal negative income tax program.

The estimates in this and other sections are reported by family type and race and by sex and site. The number of exhaustees falling in some of these cells are rather small. Consequently, the analysis focuses on the percentage of eligibles for the whole sample and for some major sub-divisions. For these, the estimates are quite accurate. For example, confidence limits for Food Stamp eligibility at the 95 percent level are $\pm$ 2.3 percent and for AFDC eligibility, $\pm$ 1.3 percent.

Tables VII.12, 13 and 14 report eligibility for the three programs at the time of exhaustion of regular UI benefits.[1] For AFDC and AFDC-U combined we find that approximately 19 percent of exhaustees are categorically eligible. The breakdown by race is 12 percent for whites and 31 percent for Negro and other races. For SSI, the overall number is 12 percent--16 percent for whites and 7 percent for Negro and other races. Since there are no categorical eligibility requirements for Food Stamps that apply to this sample, all exhaustees, depending on income and assets, are potentially eligible for Food Stamps. For the categorical programs, however, the coverage is much less complete: only 30 percent of the sample meet the categorical requirements for either AFDC, AFDC-U or SSI.

[1]All of the analysis in this section is done using the sample that completed both Wave I and Wave II interviews. The figures for eligibility for the sample that only completed the first wave are virtually identical.

Tables VII.12, 13 and 14 also report the effect on eligibility of applying an income test, an asset test and a combination of the two. The income test reduces eligibility for AFDC and AFDC-U to 14.4 percent of the total sample; to 4.2 percent for SSI; and to 56.2 percent for Food Stamps. The asset test further reduces eligibility for each program by a few percentage points. Note that the asset test alone has little impact on AFDC but a rather large impact on SSI eligibility, reflecting the greater asset holdings of older people relative to younger people with children.

The analysis for the remainder of this part will be conducted using only the income test, although the effect of the asset test is sometimes reported. This is done for two reasons. First, it is our belief that in practice the asset test is one of the least stringently enforced components of these programs. Second, agreements can be made to reduce through expenditure existing assets and to receive benefits in the interim.

Given the above assumption (i.e., focusing only on the income test) and the fact that AFDC and SSI eligibility automatically implies Food Stamp eligibility, we find that 56 percent of the sample is eligible for one or more programs; 19 percent is eligibile for AFDC or SSI together with Food Stamps; and 37 percent is eligible for only Food Stamps. Looking at only the cash programs and comparing the 30 percent categorically eligible with the 19 percent income eligible, we can conclude that although the income test cuts eligibility by one-third, the main factor limiting eligibility is the categorical nature of the cash programs. This can easily be seen by looking at the distribution of eligibles by family type; AFDC is mostly restricted to single-headed families, and AFDC-U to those where the father is the exhaustee, since the household is then likely to meet the unemployment test for AFDC-U. The SSI eligibles are concentrated in family types with no children.

Tables VII.15, 16 and 17 report eligibility four months after exhaustion. The calculations for eligibility do not take account of any behavioral response to the extension of benefits. Announcement of these extensions took place one to two months before the Wave II interviews and in some cases the extension had not gone into effect. To the extent however, that the benefit extensions had work disincentive effects, our estimates of eligibility will be biased upwards. Given the above caveat, we find that for each program, income eligibility dropped between the two interviews, reflecting the fact that some exhaustees became reemployed. The drops were 15 percent for AFDC, 19 percent for SSI, 21 percent for Food Stamps and 29 percent for AFDC-U. These are significant at the 5 percent level for AFDC-U and Food Stamps.

As we have seen, only 19 percent of the exhaustees are eligible for both the categorical programs and for Food Stamps. The remaining ones with low incomes are eligible only for Food Stamps. However, depending on the relative incomes of these two groups, benefits might still be concentrated on those exhaustees with the lowest family incomes.

Therefore, we might still be able to conclude that extensions are not necessary to maintain incomes of exhaustees at some minimal level. To investigate this we have imputed benefits from the transfer programs assuming full utilization and then looked at the income distribution for the exhaustees relative to the poverty line. The results of this exercise are reported in Tables VII.18 and 19: 23 percent of the white and 24 percent of the exhaustees in other racial groups have incomes below 50 percent of the poverty line. The corresponding figures, when income is compared to 100 percent of the poverty line, are 35 percent and 47 percent. Full utilization of transfer payments helps somewhat, since without these benefits the loss of UI means that 31 percent of whites and 43 percent of Negro and other races have incomes below 50 percent of the poverty line (see Tables III.1, 2 and 3) at present utilization rates for AFDC, SSI and Food Stamps. An examination of the income distribution by family type clearly shows that the reason why present transfers do not do much to help exhaustees is that most of them do not fall in the eligible categories. Note that large percentages of exhaustees with no spouse and no children (these are primarily single individuals) have incomes that fall below 50 percent of the poverty line. Those that are helped by the transfer programs are moved from the 0-50 percent of poverty category to the 50-100 percent category. Comparing this income distribution with the situation found previously, when the exhaustees were receiving UI benefits (assuming full utilization of transfers for comparison purposes), we find that virtually none of the sample would have had incomes below 50 percent of the poverty line (see Tables VII.10 and 11). Therefore, we can conclude that the present set of means-tested transfer programs does not fill the gap left by the exhaustion of UI benefits even for those with low family incomes. This result derives mostly from the categorical nature of the major cash programs.

We may now ask whether this gap could be filled by a universal negative income tax program. In order to answer this question, benefits from an NIT program are imputed, the resulting income distribution is reproduced in Tables VII.20 and 21. We have chosen an NIT with a $4,000 annual guarantee for a family of four and a fifty percent tax rate on all income. The benefits are family size conditioned up to family size ten by setting the guarantee equal to 76 percent[1] of the corresponding poverty line. Since the $4,000 guarantee does not completely dominate benefits from existing programs in all of our sites, we have made the further assumption that if the existing system would pay higher benefits to a family, they would continue to receive those higher benefits. In effect, this assumes that states supplement the NIT benefit to maintain former benefit levels.[2]

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[1] This is the percent of poverty that the $4,000 guarantee represents.

[2] The SSI program contains a similar feature.

Tables VII.20 and 21 report the results of this exercise. They show that the removal of the categorical restrictions of the present system spreads benefits more evenly across family types. No families have incomes below 50 percent of the poverty line since the guarantees were set at approximately 75 percent of poverty. This compares favorably with the data presented on the current means-tested transfer system. However, almost the same percentage remains below the poverty line, implying that this NIT only moves families from below the 50 percent line to between 50 and 100 percent of poverty. As compared with UI benefits plus full utilization of transfers (Tables VII.10 and 11), this NIT leaves relatively many still below the poverty line. This occurs because UI benefits are larger than the NIT guarantees for small family sizes. The dominance of UI also extends to large families with income because the NIT benefit is means-tested whereas UI benefits are not. Consequently, we cannot conclude that an NIT totally eliminates the need for UI benefit extensions in reducing poverty among exhaustees.

D. Participation Rates at Wave II and Timing of Receipt of Transfer Payments

To estimate participation rates in the various means-tested programs, we now compare families actually receiving transfers with those who are merely eligible. These rates are important as indicators of the extent to which exhaustees use the existing transfer system to replace exhausted UI benefits. In addition, hypotheses about the behavior of exhaustees with regard to participation are explored, along with the timing of receipt of benefits from these programs.

Participation rates have been estimated by imputing eligibility at Wave II, counting extended UI benefits as income if received, and comparing eligibles with recipients. There are two problems associated with this procedure. First, the extension of UI benefits occurred for some recipients just prior to Wave II. It is possible that we would find these recipients ineligible for a given program because of the income their new UI benefit represents, yet they could have received welfare benefits in the prior month. Second, since we have chosen to calculate eligibility only for the exhaustee and his or her immediate family, we do not count cases where another family member is eligible and participates. This is particularly a problem for the SSI program, since an older individual may live with the exhaustee and collect SSI. For this reason we have not computed participation rates for SSI but have concentrated on AFDC and Food Stamps.

Tables VII.22 and VII.23 report the calculated participation rates. For both AFDC and Food Stamps, the average for the sample of eligibles is about 30 percent, being slightly lower for whites and higher for Negro and other races. Variations by family type show that the major AFDC categories have higher participation rates for Food Stamps than do the other categories.

These participation rates for Food Stamps are similar to those computed using the CPS to estimate eligibility. However, the AFDC rates are somewhat lower. The overall national estimate for Food Stamps is 23 percent, with rates ranging from 57 percent for public assistance eligibles under age 65, to 10 percent for non-public assistance eligibles over age 65. The AFDC rates are approximately 90 percent for AFDC regular and 35 percent for AFDC-U. When weighted for our sample, this averages about 70 percent.[1]

There are two possible explanations for the fact that the AFDC participation rates for exhaustees are lower than average. The first concerns exhaustee behavior; the second concerns institutional aspects of the welfare system. First, it has been suggested that families view welfare as a last resort and consequently do not apply for it until they have exhausted all other alternatives. We would expect, then, that the exhaustee families, having only recently suffered a loss of income, would not have very high participation rates in welfare. Further, we might expect this effect to be less strong for Food Stamps, since Food Stamps, being a universal program, may be more acceptable than welfare in the eyes of the public. This view is supported by the fact that our Food Stamp participation rates are similar to other estimates. The second hypothesis is that the low participation rates merely reflect the fact that, although many in the sample had applied for assistance, it takes some time to have applications processed and they may be awaiting a decision on eligibility. This possibility can be evaluated by examining the responses to the question asking people who did not receive welfare why they hadn't applied. Some said that they had applied but had not yet heard; but this number is too small to raise by itself the participation rates. A second factor that bears on this question is the timing of the receipt of the first benefit. Data on th is reported in Table VII.24 which shows that receipt of both AFDC and Food Stamps began at a fairly uniform rate over the first three months between the two interviews. The drop in the fourth month results partly from the fact that a whole month's data is not available for respondents interviewed in February. Therefore, we must conclude that the timing of starting receipt was fairly uniform. This finding does not permit us effectively to discriminate between the behavioral and the institutional explanations of low AFDC participation rates.

E. AFDC-U and UI

The final topic concerning transfer programs to be examined here is the impact of the Supreme Court decision allowing a choice of programs

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[1] Food Stamp participation rates are contained in a report prepared by Harold Beebout for the Food and Nutrition Service entitled, "National Participation and Cost Impacts of Proposed Changes in the Food Stamp Program." The AFDC participation estimates can be found in Barbara Boland, "Participation in the Aid to Families with Dependent Children Program," Subcommittee on Fiscal Policy of the Joint Economic Committee, Studies in Public Welfare, Paper No. 12, Part I, November 4, 1973.

by families who are eligible for both AFDC-U and UI. Although this decision affects all UI claimants, investigation of its impact on UI exhaustees is still a useful exercise since the exhaustee data is considerably richer than available data on claimants. This investigation proceeds, as did our investigation of eligibility, by calculating whether or not the exhaustees were eligible for AFDC-U while receiving UI, and if they were, whether or not the AFDC benefit would be larger than the UI benefit. The numbers are basically the same as those shown in previous tables, with the exception that we have assumed that Georgia has an AFDC-U program (even though it does not), to show the effect of introducing such a program.

The results are presented in Table VII.25. Few exhaustees (12 percent) are categorically eligible, and of these, approximately 56 precent are eligible by reason of income to receive an AFDC-U benefit. Comparing the AFDC-U benefit with the UI benefit, we find that only 1.6 percent of the total sample would be better off under AFDC-U. This percentage varies from 0.5 in Atlanta to 4.3 in Chicago.

That AFDC-U makes only small percentages better off appears to be due to the fact that few exhaustees are categorically eligible and because UI benefits dominate AFDC benefits for most families who are eligible. If we compare, by family size, the amount paid to families with no income under AFDC with the average UI benefit of $72 a week for the male exhaustee--spouse present--child under 16 families, we find that UI dominates AFDC up to family size four in Illinois and Washington, seven in Maryland, and all family sizes in Georgia. In addition, given that (unlike UI benefits) the AFDC benefit is reduced by other income received by the family, the dominance by UI extends to even higher family sizes for families with income from other sources. Therefore, the families who are better off under AFDC-U will have larger family sizes and be located in states with relatively generous AFDC benefits. One final point should be mentioned. Since all claimants are affected by the Supreme Court decision, and since our sample contains only exhaustees, our findings about the impact of the decision may need to be modified. Since we found that the exhaustee population contains more older people and more females than claimants in general, our estimates of the percentage categorically eligible probably understate the number categorically eligible in the population of UI claimants. However, since few of the categorically eligible are better off anyway, these differences between the two samples may make little difference. A more serious possible divergence is that exhaustees may have, on average, smaller family sizes than claimants (given the finding that a larger proportion of exhaustees than of claimants are over age 65). If this is true, then claimants who are categorically eligible for AFDC-U would be more likely to have AFDC-U benefits that dominated UI benefits than do exhaustees. Unfortunately, since we have no current data on family sizes for claimants, we are left with the caveat that, since our data is for exhaustees, we do not really know how applicable our findings are for claimants in general.

One final observation about AFDC-U should be made. Although only a small percentage of the UI exhaustee sample seems to be both eligible for and better off under the AFDC-U program, this small pecentage, if applied to the claimant population generally, could have a major impact on AFDC-U caseloads since that program is currently quite small.

Conclusions

In this part, we have examined the relationship between UI and the existing transfer system, with particular emphasis on whether or not existing transfer programs are effective in maintaining exhaustee income above the poverty line. This is important if we are to determine whether UI benefit extensions are necessary as part of an overall anti-poverty strategy.

Our findings are that few exhaustees received public assistance or Food Stamps during receipt of UI and that, although this receipt rose after exhaustion of UI benefits, the only program from which any significant number of exhaustees received benefits at Wave II was Food Stamps. For this program, receipt increased from 6 percent to 15 percent. The overall low levels of receipt are due both to low rates of eligibility for the cash transfer programs (AFDC and SSI) and to low participation rates by the eligibles. Only 19 percent of the exhaustees were eligible for either AFDC or SSI at exhaustion, because of the categorical nature of these programs. Fifty-six percent, however, were eligible for Food Stamps during the same time period. In both programs, participation rates for those eligible were approximately 30 percent.

. The anti-poverty effect of the means-tested benefits is concentrated on particular types of exhaustees (those categorically eligible), leaving substantial numbers with incomes below 50 percent of poverty. These findings would be modified if a universal NIT was available. However, NIT benefits in the policy relevant range (a $4,000 guarantee per year) would still leave more exhaustees with incomes below the poverty line than there were when they received UI.

Finally, in our investigation of the relationship between AFDC-U and UI, in which we used UI exhaustees to represent claimants, we found that few exhaustees would have been eligible for AFDC-U and an even smaller number would have received larger benefits (1.6 percent). However, even this small number, if applied to the claimant population, could have a major impact on AFDC-U caseloads since that program is currently quite small, relative to UI.

TABLE VII.1

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS RECEIVING TRANSFER PAYMENTS AT TIME OF BENEFIT EXHAUSTION

(By Family Type)

Whites

Type of Benefit	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
UI for Other Family Members	2.3%	2.8%	4.8%	0.5%	0.0%	0.0%	0.0%	0.6%	2.1%	1.9%	1.6%
Supplemental Unemployment Benefits (SUB)	9.0	1.7	2.4	1.1	12.5	1.1	3.2	0.0	2.1	1.9	2.1
Social Security and Railroad Retirement	2.3	42.2	4.8	25.7	12.5	10.2	16.1	32.8	23.4	19.2	21.8
Veterans' Benefits and GI Bill	7.9	2.8	6.4	3.7	12.5	4.0	0.0	4.1	4.3	0.0	4.1
Other Social Security and Veterans' Benefits	0.0	0.6	0.0	1.6	0.0	0.0	0.0	1.2	2.1	0.0	0.7
Private, Civil Service, Military and Other Pensions	3.4	25.6	5.6	20.3	12.5	4.0	3.2	15.8	2.1	11.5	12.8
Workmen's Compensation	1.1	2.2	1.6	1.1	0.0	0.6	0.0	0.0	0.0	0.0	0.9
AFDC and AFDC-U	4.5	1.1	2.4	0.5	0.0	0.6	12.9	1.8	4.3	0.0	1.9
General Assistance	0.0	0.0	0.9	0.0	0.0	0.6	0.0	0.6	0.0	0.0	0.3
Other Public Assistance	2.3	0.6	0.0	0.5	0.0	0.0	0.0	0.0	2.1	1.9	0.6
Food Stamps	11.3	0.6	4.0	0.0	12.5	2.3	16.1	3.5	6.4	1.9	3.4
Subsidized Housing	3.4	0.6	0.8	1.1	0.0	0.6	9.7	1.8	0.0	1.9	1.4
Number in Sample	89	180	125	187	8	177	31	171	47	52	1067

TABLE VII.2

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS RECEIVING TRANSFER PAYMENTS AT TIME OF BENEFIT EXHAUSTION

(By Family Type)

Negro and Other Races

Type of Benefit	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
UI for Other Family Members	1.8%	1.5%	2.8%	0.0%	0.0%	0.0%	2.5%	0.0%	2.7%	0.0%	1.3%
Supplemental UnemPloyment Benefits (SUB)	1.8	0.0	1.4	0.0	6.7	0.9	1.3	0.0	4.1	2.0	1.5
Social Security and Railroad Retirement	3.6	19.7	4.2	18.2	13.3	9.4	7.6	19.7	11.0	13.7	10.7
Veterans' Benefits and GI Bill	5.4	7.6	4.2	0.0	0.0	3.4	1.3	1.6	1.4	0.0	3.0
Other Social Security and Veterans' Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	1.4	0.0	0.4
Private, Civil Service, Military and Other Pensions	0.9	15.1	0.0	6.8	0.0	1.7	1.3	1.6	2.7	0.0	2.9
Workmen's Compensation	6.3	4.6	8.3	4.6	6.7	0.9	3.8	3.3	2.7	2.0	4.1
AFDC and AFDC-U	1.8	1.5	5.6	2.3	6.7	2.6	12.7	4.9	1.4	5.9	4.2
General Assistance	0.9	0.0	2.8	0.0	6.7	1.7	12.7	0.0	1.4	5.9	2.9
Other Public Assistance	0.9	0.0	0.0	0.0	0.0	0.0	1.3	0.0	2.7	3.9	0.9
Food Stamps	12.5	1.5	11.1	9.1	13.3	3.4	27.9	13.1	12.3	5.9	10.9
Subsidized Housing	16.5	7.6	4.2	4.6	13.3	8.7	19.2	6.7	9.6	3.4	10.0
Number in Sample	112	66	72	44	15	117	79	61	73	51	690

TABLE VII.3

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS RECEIVING

TRANSFER PAYMENTS AT TIME OF BENEFIT EXHAUSTION

(By Sex and Site)

Type of Benefit	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
UI for Other Family Members	0.5%	0.9%	0.9%	0.5%	1.7%	1.9%	2.6%	2.7%	1.5%
Supplemental Unemployment Benefits (SUB)	9.1	2.3	1.4	1.8	0.4	0.5	0.0	0.0	1.8
Social Security and Railroad Retirement	14.1	17.4	16.2	15.6	15.3	17.9	20.3	22.6	17.5
Veterans' Benefits and GI Bill	6.1	4.1	3.2	2.7	1.7	1.9	6.5	3.5	3.7
Other Social Security and Veterans' Benefits	1.0	0.5	0.0	0.9	0.0	1.5	0.4	0.4	0.6
Private, Civil Service, Military and Other Pensions	12.6	7.8	6.8	9.4	3.8	5.8	10.8	15.0	9.0
Workmen's Compensation	5.6	5.0	0.0	0.5	3.0	2.4	0.9	0.4	2.2
AFDC and AFDC-U	0.6	2.7	1.4	5.8	4.3	5.3	1.3	0.9	2.8
General Assistance	2.0	6.4	0.5	0.0	0.4	1.5	0.0	0.0	1.3
Other Public Assistance	0.5	0.5	0.5	1.3	1.3	0.5	0.9	0.0	0.7
Food Stamps	5.0	4.6	6.3	8.5	7.2	12.1	3.5	3.5	6.3
Subsidized Housing	8.2	10.6	5.9	1.4	6.9	3.4	0.9	1.3	4.7
Number in Sample	196	218	222	224	235	207	234	227	1763

TABLE VII.4

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS RECEIVING TRANSFER PAYMENTS AT TIME OF WAVE II INTERVIEW

(By Family Type)

Whites

Type of Transfer Payment	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
UI for Other Family Members	1.1%	3.3%	7.3%	5.1%	0.0%	1.3%	0.0%	1.3%	2.9%	6.8%	3.4%
Supplemental Unemployment Benefits (SUB)	5.6	1.6	2.2	1.5	0.0	1.3	0.0	0.6	4.3	2.3	2.0
Social Security and Railroad Retirement	3.3	46.1	3.6	24.9	33.3	10.8	22.6	42.6	18.6	31.8	24.3
Veterans' Benefits and GI Bill	5.6	4.4	4.4	5.1	16.7	5.1	3.2	3.2	7.1	4.6	4.8
Other Social Security and Veterans' Benefits	0.0	0.6	0.0	1.0	0.0	0.6	0.0	0.6	2.9	2.3	0.8
Private, Civil Service, Military and Other Pensions	2.2	23.9	6.5	21.8	16.7	5.7	3.2	17.8	10.0	9.1	13.7
Workmen's Compensation	0.0	0.0	2.9	2.5	0.0	0.6	0.0	0.6	0.0	0.0	1.0
AFDC and AFDC-U	8.9	0.0	2.2	0.0	16.7	0.0	29.0	0.6	1.4	2.3	2.2
SSI	0.0	0.6	0.7	0.0	0.0	1.9	3.2	1.9	0.0	2.3	0.9
General Assistance	6.7	0.0	0.7	0.0	0.0	2.5	3.2	3.8	4.3	0.0	2.0
Other Public Assistance	0.0	0.6	0.7	0.0	0.0	0.6	3.2	0.0	2.9	0.0	0.6
Food Stamps	20.0	5.6	5.8	4.1	16.7	13.9	29.0	8.3	7.1	6.8	9.1
Subsidized Housing	6.7	0.6	0.7	1.0	0.0	2.6	9.7	2.6	1.4	0.0	2.1
Number in Sample	90	180	138	197	6	158	31	157	70	44	1071

TABLE VII.5

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS RECEIVING TRANSFER PAYMENTS AT TIME OF WAVE II INTERVIEW

(By Family Type)

Negro and Other Races

Type of Benefit	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
UI for Other Family Members	3.8%	7.1%	5.7%	7.8%	0.0%	0.9%	0.0%	1.6%	8.0%	10.5%	4.5%
Supplemental Unemployment Benefits (SUB)	4.8	4.3	1.1	2.0	0.0	1.8	2.6	0.0	0.0	0.0	2.0
Social Security and Railroad Retirement	2.9	27.1	1.1	13.7	11.1	6.3	3.9	17.1	8.8	10.5	9.1
Veterans' Benefits and GI Bill	7.6	2.9	3.4	2.0	0.0	2.7	0.0	1.6	7.5	0.0	3.5
Other Social Security and Veterans' Benefits	1.0	0.0	0.0	0.0	11.1	0.0	0.0	1.6	0.0	0.0	0.4
Private, Civil Service, Military and Other Pensions	1.9	11.4	0.0	5.9	0.0	2.7	0.0	3.2	2.5	0.0	2.9
Workmen's Compensation	0.0	1.4	0.0	2.0	0.0	0.9	0.0	0.0	1.2	0.0	0.6
AFDC and AFDC-U	5.7	0.0	1.1	0.0	44.4	0.0	42.9	1.6	7.5	13.2	8.1
SSI	0.0	1.4	0.0	0.0	0.0	0.9	0.0	0.0	2.5	5.3	0.9
General Assistance	4.8	5.7	1.1	3.9	0.0	11.7	7.8	14.5	10.0	13.2	7.7
Other Public Assistance	0.0	0.0	1.1	0.0	0.0	0.0	1.3	1.6	1.3	0.0	0.6
Food Stamps	22.9	11.4	13.6	13.7	55.6	15.3	61.0	30.7	25.0	10.5	23.6
Subsidized Housing	9.8	7.1	5.8	5.9	25.0	9.0	21.0	11.3	10.1	2.7	9.8
Number in Sample	105	70	88	51	9	111	77	62	80	38	691

TABLE VII.6

PERCENTAGE OF EXHAUSTEES RECEIVING TRANSFER

PAYMENTS AT TIME OF WAVE II INTERVIEW

(By Sex and Site)

Type of Benefit	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
UI for Other Family Members	2.0%	5.0%	3.6%	4.0%	2.1%	2.4%	4.3%	6.6%	3.8%
Supplemental Unemployment Benefits (SUB)	5.1	1.8	4.1	2.7	1.3	0.0	0.4	0.9	2.0
Social Security and Railroad Retirement	13.1	16.4	18.0	19.6	17.5	15.9	21.6	23.5	18.3
Veterans' Benefits and GI Bill	8.6	3.2	3.2	2.7	2.1	1.9	7.8	4.8	4.3
Other Social Security and Veterans' Benefits	0.5	1.4	0.5	0.5	0.9	0.5	0.9	0.0	0.6
Private, Civil Service, Military and Other Pensions	11.0	9.1	6.3	8.5	4.7	3.9	12.9	19.0	9.5
Workmen's Compensation	1.0	0.9	0.9	2.2	0.0	0.5	0.0	1.3	0.9
AFDC and AFDC-U	1.0	9.6	3.2	5.8	4.3	8.2	3.0	1.3	4.5
SSI	1.0	1.4	0.9	0.9	0.4	0.5	1.3	0.9	0.9
General Assistance	2.0	2.7	5.4	4.5	9.8	6.3	1.7	1.3	4.3
Other Public Assistance	0.0	0.9	1.8	1.3	0.4	0.0	0.0	0.0	0.6
Food Stamps	16.2	20.1	13.1	13.4	13.2	18.4	15.5	9.3	14.8
Subsidized Housing	6.7	10.1	9.1	4.5	3.0	3.4	3.0	1.8	5.1
Number in Sample	196	218	222	224	235	207	234	227	1763

TABLE VII.7

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS TESTED TRANSFER PROGRAMS DURING RECEIPT OF UI BENEFITS

(By Family Type)

Whites

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
AFDC Regular											
Categorial Eligibility	9.2%	0.0%	2.4%	1.6%	100.0%	0.0%	100.0%	1.2%	2.1%	3.9%	5.4%
Income Eligibility	3.4	0.0	0.0	0.5	0.0	0.0	12.9	0.0	0.0	0.0	0.8
SSI											
Categorial Eligibility	0.0	37.4	0.8	22.5	0.0	6.8	3.2	21.6	2.1	11.5	5.7
Income Eligibility	0.0	0.0	0.0	1.1	0.0	0.0	0.0	1.2	0.0	1.9	0.5
Food Stamps	39.1	5.6	7.2	6.4	25.0	15.3	61.3	16.4	19.2	23.1	15.2
Number in Sample	87	179	125	187	8	176	31	171	47	52	1063

TABLE VII.8

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS TESTED TRANSFER PROGRAMS DURING RECEIPT OF UI BENEFITS

(By Family Type)

Negro and Other Races

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
AFDC Regular											
Categorial Eligibility	12.5%	1.5%	4.2%	2.3%	100.0%	0.9%	100.0%	13.1%	9.2%	29.4%	20.7%
Income Eligibility	1.8	0.0	1.4	0.0	13.3	0.0	16.5	1.6	2.7	2.0	3.2
SSI											
Categorial Eligibility	0.9	25.8	0.0	13.6	0.0	6.8	0.0	14.8	1.4	3.9	6.5
Income Eligibility	0.0	0.0	0.0	0.0	0.0	1.7	0.0	6.6	0.0	0.0	0.9
Food Stamps	55.4	21.2	20.8	6.8	66.7	25.6	74.7	42.6	20.6	17.7	35.1
Number in Sample	112	66	72	44	15	117	79	61	73	51	690

TABLE VII.9

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS-TESTED TRANSFER PROGRAMS DURING RECEIPT OF UI BENEFITS

(By Sex and Site)

Program	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
AFDC Regular									
Categorial Eligibility	7.7%	18.7%	4.5%	17.4%	9.0%	25.1%	3.5%	6.6%	11.4%
Income Eligibility	1.0	0.5	0.9	2.7	2.1	5.8	0.0	0.9	1.7
SSI									
Categorial Eligibility	9.7	6.9	13.1	10.3	12.8	15.0	12.9	15.5	12.1
Income Eligibility	0.0	0.0	0.0	0.9	0.9	2.9	0.0	0.4	0.6
Food Stamps	26.0	21.1	22.2	19.2	34.6	36.2	13.8	12.4	23.0
Number in Sample	196	218	221	224	234	207	232	226	1758

TABLE VII.10

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND SIZE OF INCOME RELATIVE TO POVERTY THRESHOLD DURING RECEIPT OF UI BENEFITS

(Income Includes Imputed Transfer Payments)

Whites

Ratio of Income To Poverty Line [1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	179	125	184	8	176	30	171	47	52	1059
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.5 - 1.0	18.4	1.7	4.0	1.6	0.0	12.5	23.3	9.4	12.8	15.4	8.1
1.0 - 1.5	20.7	12.9	4.8	7.6	37.5	36.4	50.0	31.6	I7.0	13.5	20.0
I.5 - 2.0	18.4	11.7	10.4	8.2	12.5	24.4	I6.7	17.5	10.6	3.9	I4.3
2.0 - 3.0	25.3	22.9	39.2	16.9	12.5	14.8	10.0	27.5	19.2	25.0	22.9
3.0 - 4.0	11.5	27.4	23.2	23.9	37.5	8.5	0.0	8.2	21.3	25.0	17.7
4.0+	5.8	23.5	18.4	41.9	0.0	3.4	0.0	5.9	19.2	17.3	17.1

[1] If the ratio of its income to the poverty threshold equalled the end point of a range, a household was assigned to the lower category.

TABLE VII.11

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND SIZE OF INCOME RELATIVE TO POVERTY THRESHOLD

DURING RECEIPT OF UI BENEFITS.

(Income Includes Imputed Transfer Payments)

Negro and Other Races

Ratio of Income To Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	111	64	67	42	15	117	79	60	70	51	676
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0	0.2
0.5 - 1.0	32.4	4.7	11.9	2.4	46.7	12.8	36.7	15.0	14.3	7.8	18.1
1.0 - 1.5	29.7	29.7	19.4	7.1	46.7	56.4	48.1	48.3	15.7	13.7	33.4
1.5 - 2.0	9.9	10.9	22.4	9.5	6.7	16.2	7.6	21.7	8.6	15.7	13.3
2.0 - 3.0	15.3	28.1	25.4	21.4	0.0	8.6	6.3	6.7	37.1	25.5	17.6
3.0 - 4.0	9.0	12.5	11.9	42.9	0.0	4.3	1.3	3.3	17.1	27.5	11.5
4.0+	3.6	14.1	9.0	16.7	0.0	1.7	0.0	3.3	7.1	9.8	5.9

[1] See Table III.10.

TABLE VII.12

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR

MEANS-TESTED TRANSFER PROGRAMS AT TIME OF UI BENEFIT EXHAUSTION

(By Family Type)

Whites

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
AFDC Regular											
Categorical Eligibility	9.2%	0.0%	2.4%	1.6%	100.0%	0.0%	100.0%	1.2%	2.1%	3.9%	5.4%
Asset Eligibility	8.1	0.0	0.8	0.8	75.0	0.0	93.6	0.6	2.1	1.9	4.3
Income Eligibility	8.0	0.0	1.6	0.5	50.0	0.0	74.2	0.0	2.1	3.8	3.8
Asset and Income Eligibility	6.9	0.0	0.0	0.0	50.0	0.0	71.0	0.0	2.1	1.9	3.2
AFDC-U											
Categorical Eligibility	62.1	3.4	4.0	0.0	0.0	0.0	0.0	0.0	2.1	1.9	6.3
Asset Eligibility	40.2	2.2	4.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0	4.2
Income Eligibility	29.9	2.2	1.6	0.0	0.0	0.0	0.0	0.0	2.1	1.9	3.2
Asset and Income Eligibility	23.0	1.7	1.6	0.0	0.0	0.0	0.0	0.0	2.1	0.0	2.4

TABLE VII.12 (Cont'd.)

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
SSI											
Categorical Eligibility	0.0%	37.4%	0.8%	22.5%	0.0%	6.8%	3.2%	21.6%	2.1%	11.5%	15.7%
Asset Eligibility	0.0	12.9	0.0	10.2	0.0	2.3	3.2	12.9	0.0	7.7	6.8
Income Eligibility	0.0	4.5	0.0	7.5	0.0	3.4	0.0	11.1	0.0	1.9	4.5
Asset and Income Eligibility	0.0	2.2	0.0	4.8	0.0	1.7	0.0	7.6	0.0	1.9	2.8
FOOD STAMPS											
Asset Eligibility	78.2	51.4	72.8	51.9	87.5	81.3	96.8	71.4	83.0	65.4	67.8
Income Eligibility	65.5	33.0	17.6	20.3	62.5	81.3	87.1	68.4	51.1	38.5	47.9
Asset and Income Eligibility	57.5	19.6	13.6	13.9	62.5	69.9	87.1	53.8	46.8	28.9	38.6
Number in Sample	87	179	125	187	8	176	31	171	47	52	1063

TABLE VII.13

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR

MEANS-TESTED TRANSFER PROGRAMS AT TIME OF UI BENEFIT EXHAUSTION

(By Family Type)

Negro and Other Races

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
AFDC Regular											
Categorical Eligibility	12.5%	1.5%	4.2%	2.3%	100.0%	0.9%	100.0%	13.1%	8.2%	29.4%	20.7%
Asset Eligibility	11.6	1.5	2.8	2.3	86.7	0.9	96.2	13.1	6.9	17.7	18.6
Income Eligibility	11.6	1.5	2.8	2.3	86.7	0.9	87.3	11.5	6.8	21.6	17.8
Asset and Income Eligibility	10.7	1.5	1.4	2.3	73.3	0.9	83.5	11.5	6.8	11.8	16.0
AFDC-U											
Categorical Eligibility	54.5	7.6	9.7	0.0	0.0	0.0	0.0	0.0	1.4	0.0	10.7
Asset Eligibility	45.5	6.1	8.3	0.0	0.0	0.0	0.0	0.0	1.4	0.0	9.0
Income Eligibility	40.2	4.5	8.3	0.0	0.0	0.0	0.0	0.0	1.4	0.0	7.9
Asset and Income Eligibility	35.7	4.5	6.9	0.0	0.0	0.0	0.0	0.0	1.4	0.0	7.1

TABLE VII.13 (Cont'd.)

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
SSI											
Categorical Eligibility	0.9%	25.8%	0.0%	13.6%	0.0%	6.8%	0.0%	14.8%	1.4%	3.9%	6.5%
Asset Eligibility	0.9	15.2	0.0	11.4	0.0	6.0	0.0	13.1	1.4	3.9	4.9
Income Eligibility	0.9	9.1	0.0	4.6	0.0	5.1	0.0	13.1	1.4	3.9	3.8
Asset and Income Eligibility	0.9	7.6	0.0	4.6	0.0	5.1	0.0	13.1	1.4	3.9	3.6
FOOD STAMPS											
Asset Eligibility	86.6	84.9	94.4	88.6	100.0	94.9	100.0	95.1	87.7	88.2	91.3
Income Eligibility	77.0	57.6	48.6	22.7	100.0	86.3	93.7	90.2	50.7	49.0	68.8
Asset and Income Eligibility	68.8	57.6	47.2	20.5	100.0	83.8	93.7	88.5	46.6	43.1	65.8
Number in Sample	112	66	72	44	15	117	79	61	73	51	690

TABLE VII.14

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS-TESTED TRANSFER PROGRAMS

AT TIME OF UI BENEFIT EXHAUSTION

(By Sex and Site)

	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
AFDC Regular									
Categorical Eligibility	7.7%	18.7%	4.5%	17.4%	9.0%	25.1%	3.5%	6.6%	11.4%
Asset Eligibility	6.6	17.4	4.5	15.6	8.1	21.7	2.2	4.4	10.0
Income Eligibility	5.6	12.8	4.1	13.4	8.5	23.7	2.2	4.9	9.3
Asset and Income Eligibility	5.1	11.9	4.1	12.5	7.7	20.3	1.7	3.5	7.1
AFDC-U									
Categorical Eligibility	n.a.	n.a.	19.0	0.9	25.6	1.9	11.2	3.1	8.0
Asset Eligibility	n.a.	n.a.	14.9	0.9	20.1	1.9	6.9	2.2	6.1
Income Eligibility	n.a.	n.a.	10.0	0.9	19.7	1.9	5.2	1.3	5.1
Asset and Income Eligibility	n.a.	n.a.	9.0	0.9	15.4	1.9	5.2	0.4	4.3
SSI									
Categorical Eligibility	9.7	6.9	13.1	10.3	12.8	15.0	12.9	15.5	12.1
Asset Eligibility	2.6	3.2	7.7	5.8	6.8	11.1	3.5	8.0	6.1
Income Eligibility	1.0	0.9	3.6	4.0	4.7	7.3	3.0	8.9	4.2
Asset and Income Eligibility	0.5	0.9	3.6	2.7	3.4	6.3	1.3	6.2	3.1
FOOD STAMPS									
Asset Eligibility	77.0	80.8	81.9	72.3	86.3	87.4	68.1	63.3	77.0
Income Eligibility	57.7	40.2	61.5	43.8	73.5	63.3	62.1	46.9	56.2
Asset and Income Eligibility	51.5	37.9	57.5	38.4	65.4	58.0	50.0	35.8	49.3
Number in Sample	196	218	221	224	234	207	232	226	1758

Note: n.a. = not applicable

TABLE VII.15

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS-TESTED TRANSFER PROGRAMS FOUR MONTHS AFTER EXHAUSTION OF UI BENEFITS

(By Family Type)

Whites

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
AFDC Regular											
Categorical Eligibility	13.8%	0.6%	2.2%	1.0%	100.0%	0.0%	100.0%	1.9%	4.3%	4.6%	5.9%
Income Eligibility	8.0	0.6	0.7	0.0	16.6	0.0	45.2	0.0	4.3	0.0	2.5
AFDC-U											
Categorical Eligibility	34.5	2.8	5.8	1.5	0.0	0.0	0.0	0.0	0.0	0.0	4.3
Income Eligibility	19.5	1.7	2.9	0.5	0.0	0.0	0.0	0.0	0.0	0.0	2.3
SSI											
Categorical Eligibility	0.0	38.0	0.7	21.3	0.0	8.2	3.2	23.6	0.0	11.4	15.7
Income Eligibility	0.0	3.9	0.0	4.6	0.0	3.2	0.0	10.8	0.0	4.6	3.8
Food Stamps	50.6	22.9	17.4	17.3	33.3	56.3	67.7	52.2	38.6	34.1	35.5
Number in Sample	87	179	138	197	6	158	31	157	70	44	1067

TABLE VII.16

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS-TESTED TRANFER PROGRAMS FOUR MONTHS AFTER EXHAUSTION OF UI BENEFITS

(By Family Type)

Negro and Other Races

Program	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
AFDC Regular											
Categorical Eligibility	19.1%	2.9%	4.6%	2.0%	100.0%	1.8%	100.0%	11.3%	10.0%	42.1%	21.1%
Income Eligibility	13.3	1.4	3.4	0.0	88.9	1.8	81.8	6.5	7.5	28.9	16.2
AFDC-U											
Categorical Eligibility	41.9	5.7	11.4	0.0	0.0	0.0	0.0	0.0	1.3	5.3	8.8
Income Eligibility	27.6	2.9	5.7	0.0	0.0	0.0	0.0	0.0	1.3	2.6	5.5
SSI											
Categorical Eligibility	1.9	24.3	0.0	13.7	0.0	5.4	0.0	16.1	2.5	2.6	6.5
Income Eligibility	0.0	5.7	0.0	5.9	0.0	2.7	0.0	12.9	1.3	2.6	2.9
Food Stamps	62.9	34.3	38.6	23.5	88.9	69.4	90.9	64.5	48.8	71.1	57.5
Number in Sample	105	70	88	51	9	111	77	62	80	38	691

TABLE VII.17

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE FOR MEANS-TESTED TRANFER PROGRAM

FOUR MONTHS AFTER EXHAUSTION OF UI BENEFITS

(By Sex and Site)

STATUS	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
AFDC Regular									
Categorical Eligibility	7.7%	19.6%	6.8%	17.4%	10.3%	25.1%	3.9%	5.3%	11.9%
Income Eligibility	4.6	12.3	3.6	9.8	8.5	19.3	2.6	3.1	7.9
AFDC-U									
Categorical Eligibility	n.a.	n.a.	11.3	3.1	17.1	3.4	7.8	4.4	6.1
Income Eligibility	n.a.	n.a.	5.4	0.9	13.2	1.9	4.7	1.3	3.6
SSI									
Categorical Eligibility	9.7	6.9	13.1	10.3	12.8	15.0	12.9	15.5	12.1
Income Eligibility	1.0	1.8	3.2	3.6	3.9	7.7	0.9	5.3	3.4
Food Stamps	47.5	42.0	42.5	36.2	57.7	58.5	41.8	28.3	44.2
Number in Sample	196	218	221	224	234	207	232	226	1758

Note: n.a. = not applicable

TABLE VII.18

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND SIZE OF INCOME RELATIVE TO POVERTY THRESHOLD

AT TIME OF EXHAUSTION OF UI BENEFITS

(Income Includes Imputed Transfer Payments)

Whites

Ratio of Income To Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	179	125	184	8	176	30	171	47	52	1059
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	4.6	8.9	1.6	4.4	0.0	67.6	0.0	39.2	27.7	17.3	22.6
0.5 - 1.0	33.3	7.3	5.6	3.8	37.5	8.0	66.7	15.8	6.4	11.5	12.2
1.0 - 1.5	23.0	18.4	8.8	13.6	12.5	6.8	23.3	15.8	8.5	9.6	13.7
1.5 - 2.0	17.2	16.2	29.6	9.2	0.0	7.4	3.3	15.2	12.8	7.7	14.0
2.0 - 3.0	14.9	22.9	28.8	22.8	50.0	7.4	6.7	8.8	19.2	26.9	17.8
3.0 - 4.0	3.5	15.6	14.4	28.8	0.0	1.1	0.0	2.9	14.9	13.5	11.6
4.0+	3.5	10.6	11.2	17.4	0.0	1.7	0.0	2.3	10.6	13.5	8.2

[1] See Table VII.10.

Table VII.19

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND SIZE OF INCOME RELATIVE TO POVERTY THRESHOLD

AT TIME OF EXHAUSTION OF UI BENEFITS

(Income Includes Imputed Transfer Payments)

Negro and Other Races

Ratio of Income to Poverty Line [1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	111	64	67	42	15	117	79	60	72	51	679
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	6.3	20.3	1.5	2.4	6.7	72.7	6.3	45.0	25.0	2.0	23.5
0.5 - 1.0	48.7	12.5	13.4	4.8	80.0	6.0	55.7	16.7	8.3	11.8	23.3
1.0 - 1.5	20.7	21.9	29.9	16.7	13.3	12.0	34.2	25.0	9.7	21.6	20.7
1.5 - 2.0	7.2	17.2	28.4	16.7	0.0	3.4	2.5	6.7	19.4	11.8	11.1
2.0 - 3.0	12.6	14.1	14.9	26.2	0.0	3.4	1.3	5.0	26.4	41.2	13.6
3.0 - 4.0	1.8	7.8	10.5	19.1	0.0	1.7	0.0	0.0	6.9	3.9	4.6
4.0+	2.7	6.3	1.5	14.3	0.0	0.9	0.0	1.7	4.2	7.8	3.4

[1] See Table VII.10

TABLE VII.20

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND SIZE OF INCOME RELATIVE TO POVERTY THRESHOLD

AT TIME OF EXHAUSTION OF UI BENEFITS

(Income Includes Benefits From a Universal NIT)

Whites

Ratio of Income to Poverty Line[1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	87	179	125	184	8	176	30	171	47	52	1059
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.5 - 1.0	35.6	12.9	4.8	7.1	37.5	71.0	64.5	43.3	29.8	25.0	30.4
1.0 - 1.5	26.4	20.1	12.8	14.1	12.5	10.8	29.0	26.3	14.9	11.5	17.7
1.5 - 2.0	17.2	17.9	28.8	10.3	12.5	8.0	0.0	17.0	10.6	9.6	14.7
2.0 - 3.0	13.8	22.9	28.0	22.8	37.5	7.4	6.5	8.2	19.2	26.9	17.5
3.0 - 4.0	3.5	15.6	14.4	28.3	0.0	1.1	0.0	2.9	14.9	13.5	11.5
4.0+	3.5	10.6	11.2	17.4	0.0	1.7	0.0	2.3	10.6	13.5	8.2

[1] See Table VII.10

TABLE VII.21

DISTRIBUTION OF EXHAUSTEE HOUSEHOLDS BY FAMILY TYPE AND SIZE OF INCOME RELATIVE TO POVERTY THRESHOLD

AT TIME OF EXHAUSTION OF UI BENEFITS

(Income Includes Benefits From a Universal NIT)

Negro and Other Races

Ratio of Income To Poverty Line [1]	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Total: Number in Sample	111	64	67	42	15	117	79	60	72	51	678
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0.0 - 0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.5 - 1.0	46.9	29.7	14.9	4.8	80.0	77.8	77.2	55.0	29.2	7.8	45.0
1.0 - 1.5	29.7	23.4	29.9	19.1	20.0	12.0	16.5	35.0	16.7	29.4	22.7
1.5 - 2.0	7.2	18.8	28.4	16.7	0.0	4.3	5.1	5.0	16.7	11.8	11.2
2.0 - 3.0	11.7	14.1	14.9	26.2	0.0	4.3	1.3	3.3	27.8	39.2	13.4
3.0 - 4.0	1.8	7.8	10.5	19.1	0.0	0.9	0.0	0.0	5.6	3.9	4.3
4.0+	2.7	6.3	1.5	14.3	0.0	0.9	0.0	1.7	4.2	7.8	3.4

[1] See Table VII.10

TABLE VII.22

PERCENTAGE OF INCOME-ELIGIBLE EXHAUSTEE HOUSEHOLDS PARTICIPATING IN MEANS-TESTED TRANSFER PROGRAMS

FOUR MONTHS AFTER EXHAUSTION OF UI BENEFITS

(By Family Type)

	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
White											
AFDC and AFDC-U	26.3%	0.0%	0.0%	0.0%	0.0%	0.0%	30.8%	0.0%	33.3%	0.0%	24.4%
Food Stamps	30.0	6.1	17.7	15.2	50.0	18.9	40.0	9.5	18.2	8.3	17.6
Negro and Other Races											
AFDC and AFDC-U	17.6	0.0	0.0	0.0	50.0	0.0	51.7	33.3	0.0	27.2	33.1
Food Stamps	30.1	28.6	28.1	45.5	62.5	16.9	66.2	36.1	36.1	11.5	35.5

TABLE VII.23

PERCENTAGE OF INCOME-ELIGIBLE EXHAUSTEE HOUSEHOLDS

PARTICIPATING IN MEANS-TESTED TRANSFER PROGRAMS

FOUR MONTHS AFTER EXHAUSTION OF UI BENEFITS

(By Sex and Site)

	ATLANTA		BALTIMORE		CHICAGO		SEATTLE		TOTAL SAMPLE
	Male	Female	Male	Female	Male	Female	Male	Female	
AFDC and AFDC - U	16.7%	52.4%	35.3%	36.4%	11.1%	38.6%	36.4%	25.0%	31.0%
Food Stamps	24.1	40.2	28.0	34.3	18.8	27.3	31.2	21.7	27.6

TABLE VII.24

DISTRIBUTION OF EXHAUSTEES RECEIVING PUBLIC ASSISTANCE AND FOOD STAMPS AT TIME OF WAVE II INTERVIEW (AND NOT AT TIME OF WAVE I), BY DATE OF RECEIPT OF FIRST PAYMENT

	Public Assistance	Food Stamps
November 74	35.8	26.2
December 74	24.2	31.4
January 75	29.2	29.8
February 75	10.8	12.6
Number in Sample	120	191

TABLE VII.25

PERCENTAGE OF EXHAUSTEE HOUSEHOLDS ELIGIBLE

FOR AFDC-U AND PERCENTAGE RECEIVING AN AFDC-U

BENEFIT GREATER THAN THEIR UI BENEFIT

(By Site)

	ATLANTA[1]	BALTIMORE	CHICAGO	SEATTLE	TOTAL SAMPLE
Categorical Eligibility	14.9%	9.9%	14.5%	7.2%	11.5%
Income Eligibility	6.3	5.4	6.8	3.3	6.5
UI Recipient Receiving an AFDC-U Benefit Greater Than Their UI Benefit	0.5	1.1	4.3	0.7	1.6
Number in Sample	414	445	441	458	1758

[1]Atlanta is included in this table for comparison purposes although Georgia does not have an AFDC-U Program.

APPENDIX A

STATISTICAL METHODOLOGY

This appendix provides a formal discussion of methodological aspects of the exhaustee study. The appendix is divided into three sections. The first reviews the sample design of the survey and offers a detailed analysis of site selection criteria. Section 2 analyzes the question of potential non-response bias in the survey. Finally, Section 3 outlines some of the statistical conventions and techniques used in the report.

1. Sample Design

This study was designed to test various hypotheses about the behavior of UI recipients who exhausted their benefits. To achieve this aim, data were collected at two time periods--immediately following exhaustion and four months later. The first interview provided baseline data on the exhaustees and their families, including data on the pre-UI job, current income, consumption adjustments to loss of employment, and the labor force behavior of exhaustees at the time of UI benefit exhaustion. The second interview provided data on adjustments made by the exhaustees to the loss of UI benefits, focusing mainly on labor force and consumption adjustments, and on exhaustees' use of transfer payments. At the time this design was conceived it was not expected that UI benefits would be extended beyond the durations in force at Wave I. In fact, benefits were extended again between the two interviews, which complicates interpretation of the results. However, since the exhaustees had at least two months without extended UI benefits available, the new extensions may not have affected behavior very much. At any rate, in most cases we can identify the direction of any bias resulting from the extensions.

Given the above design, budgetary considerations dictated a sample size of about 2,000 exhaustees. It was decided to interview these exhaustees in four sites. That number was chosen both to permit some degree of generalizability and to provide large enough sample sizes in each site so that within-site estimates could be made with some degree of accuracy. Assuming that 500 exhaustees were interviewed per site on the Wave I interview, it was expected that approximately 15 percent would not complete the Wave II interview, thereby leaving a final longitudinal sample size of 425 per site. This number was thought to be large enough to provide accurate estimates of exhaustees' attributes. For example, one of the most important variables used in this study is family income. Given our expected sample sizes and the fact that family income has a coefficient of variation of approximately .5, our estimates of this variable would be accurate to within $\pm$ 5 percent of the mean value in a site at the 95 percent confidence level. For variables expressed as a proportion, the accuracy of our estimates would also be within $\pm$ 5 percent at the 95 percent confidence level.

In considering selection of sites, several criteria were examined. These included:

Geography: The sites chosen should provide a broad cross-section of the United States from a geographical point of view.

UI Characteristics: The states should have different UI policies with respect to eligibility and duration of benefits, and should include one site with extended benefits and one with uniform duration.

Welfare Benefits: Welfare benefits should vary from relatively high to relatively low levels.

Industry Mix: The sites should display a broad mix of industries overall.

Demographic Characteristics: The racial composition of the labor force should vary widely among sites, with one predominantly white site and one composed predominantly of Negro and other races.

Unemployment: The sites should embrace a variety of unemployment levels, and one site should have chronic unemployment.

Size: Operational considerations dictated that the sites be sufficiently large to yield enough exhaustees for the selection of a sample over a one month period.

Given these criteria, Atlanta, Georgia; Baltimore, Maryland; St. Louis, Missouri; and Seattle, Washington were selected as the first choice for survey sites, with Dallas-Fort Worth, New Haven-Bridgeport, Chicago and Los Angeles as alternatives.

The characteristics of the four preferred and the four alternative sites, according to the criteria outlined above, are shown in Table A.1. Administrative problems led to uncertainty about gaining cooperation in St. Louis. Consequently, we decided to approach the alternative site, Chicago, Illinois, which was then substituted for St. Louis. The sites finally decided upon were, therefore, Atlanta, Baltimore, Chicago and Seattle.

Among the salient characteristics of these sites are the following:

Atlanta: Low UI durations, low UI benefits, relatively strong labor market, low average AFDC payments (no AFDC-U program), relatively balanced industrial and demographic mix.

Baltimore: Uniform UI duration, high average durations, relatively low average UI benefit level, average labor market, slightly below average AFDC and AFDC-U benefit levels, balanced industrial and demographic mix.

Chicago: Variable UI durations,[1] average UI benefit levels (highly variable due to dependents' allowances), relatively strong labor market, average AFDC and AFDC-U benefit levels, balanced industrial mix, relatively large population of Negro and other races because of offices chosen within the city (see below).

Seattle: Extended UI benefits, long average durations, high UI benefit levels, weak labor market, high AFDC and AFDC-U benefit levels, relatively balanced industrial mix, large white population.

Since UI offices do not correspond to political or census divisions, it was decided for some sites to include suburban offices in the sample to increase representation of the SMSA. The sample of exhaustees was therefore drawn from Baltimore and Towson; Atlanta and Marrietta; and three locations in Chicago, namely central city, north and south. Coverage in the Seattle UI office extends beyond the city and offered sufficient representation for our purposes.

2. Non-Response

The issue of potential non-response bias is of concern in any survey. Even if a sampling frame has been properly selected and a sample chosen in a random manner, non-response can cause sample estimates to be biased. If we know something about the nature of non-response, we can control for such effects and provide narrower confidence intervals for overall estimates than would otherwise be possible. In this section we analyze the issue of non-response in the exhaustee survey and indicate the ways in which our analysis has attempted to take this into account. Our principal focus is on interview non-response, although at the end of the section we offer a few comments about item non-response.

Non-response could have occurred at two stages in the exhaustee study. First, individuals initially contacted about the study could choose not to appear for their interview at the UI office. This we call "Wave I non-response." Second, exhaustees in the Wave I sample might not have responded at Wave II. Such a result could have arisen if the Wave I respondent moved out of the area, moved within the area, but could not be located, refused the Wave II interview, or was not at home after repeated contacts. All of these are termed "Wave II non-response."

We know relatively little about Wave I non-response. What information there is comes from the UI records and from the telephone follow-up described in Appendix B. Those data provided only basic information on the age and sex of the non-respondent, and this information is reported in Table A.2. Two conclusions about the Wave I non-respondents can be drawn from the table: compared with the complete Wave I sample, they were more likely to be male than female and they tended to be younger

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[1] Illinois has since switched to uniform duration. The individuals in our sample, however, had variable UI durations.

(especially in Seattle). For example, 59 percent of the non-respondents were male, as compared with 52 percent in the complete Wave I sample;[1] and 24 percent were under age 25, compared with 18 percent in the Wave I sample. Because data on non-respondents' race were not collected, it is not possible to analyze this discrepancy found in the proportion of the sexes in the two groups by their racial characteristics. However, the Seattle data (in which the sample is largely white) would suggest that among white non-respondents, the sexes were more equally represented than among other races. (This finding confirms findings mentioned in Part II of this report, where it was reported that among whites in the exhaustees sample, there was a greater proportion of women than among the long-term unemployed generally.) The discrepancy by age seems to arise mainly in Seattle. In the other sites the age distribution is quite close to that of the Wave I sample. In the absence of more detailed data, it is not possible to pursue Wave I non-response further. The main conclusion to be drawn is that Wave I non-respondents do seem to differ somewhat from the complete Wave I sample, but that overall characteristics of the sample would be changed only marginally by their inclusion.

Considerably more is known about Wave II non-response, because we can use the Wave I interview as a source of information on this point. Tables A.3 and A.4 report this data. Wave II non-response was more heavily concentrated among males than females[2], and among single individuals than among husband-wife families. Within the family type cells, non-respondents seem similar to respondents (compare Table A.3 and A.4 with Table II.1 and II.2). What discrepancies there are seem to relate primarily to the variability inherent in the small cell sizes.

It is unfortunate that so much more is known about Wave II non-response than about Wave I non-response since it is easier to control for the former in our analysis. For example, some tables can be run over the entire Wave I sample (as was the procedure in most of Part II), or data can be computed for both the Wave I and the Wave II sample and comparisons made between the two. The latter type of calculation was done extensively in preparing the final report and no major disparities were found. Finally, most of the results in this report were presented by family types and separately by race. Since respondents and non-respondents

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[1] This implied that, if all respondents had been contacted, the sample would have been 54 percent male instead of the 52 percent reported.

[2] The figures imply the following rates of non-response by sex and race:

	White	Negro and other races
Male	18.5	20.9
Female	11.8	10.2

at Wave II are similar within family types, this procedure permits reasonably unbiased estimates within cells. Because the number of Wave II non-respondents is reasonably small, it is doubtful that a re-weighting of cell means would produce greatly different overall results.

Non-response to specific data items in the interviews was small and its occurrence was relatively random. Various sample sizes in the report are indicative of such missing data problems since those cases with missing data were generally omitted. The most significant number of missing items occurred in the financial assets data, as is typically the case. For some of these items as many as 10-15 percent of respondents refused. A standard practice in studies of such asset data has been to impute missing values by regression techniques. That procedure was followed and is reflected in the data on assets reported in Part VI; otherwise, missing data were not imputed.

3. Statistical Conventions and Techniques

In this section we outline some of the statistical techniques and conventions used in the report. Because the report emphasizes data construction and descriptive tabular presentation, and because the specification of behavioral models and the related use of complex statistical procedures has generally been avoided, our treatment will be relatively brief. Four topics will be discussed explicitly here: (1) Table Formats; (2) Statistical Significance; (3) Pooling of Data; and (4) Use of Regression Techniques. Other statistical issues are analyzed in the text of the report as they arise.

Table Formats

Any tabular method of presentation has two shortcomings. First, tabular categories must be specified by the analyst and these may not be the categories of interest to other readers; and, second, two-way tables by their very nature obscure the effects of variation in third factors. This latter objection will be considered in our discussion of pooling of data and regression analysis. In this section the issue of choice of categories will be examined.

Three formats for tabular categories are used throughout the report:

A. By Sex and Family Type

B. By Sex and Age

C. By Sex and Site

In addition, many tables are reported separately by race. These categories are chosen for several reasons. First, such categories permit some control over behavioral differences among individuals. Different

types of families respond differently in their consumption behavior and in their labor force activity; age and sex are known to be an important determinant of earnings levels and of unemployment experiences; and differing UI and labor market characteristics may cause individuals to behave differently across the survey sites.

A second, related, reason for our choice of these categories concerns the generalizability of the survey results. To the extent that differences between the exhaustee sample and other populations of exhaustees can be measured and controlled for, it may be possible to reweight the present results to obtain more reliable population estimates. This argument is most important for the sample's racial composition which, because of the urban nature of the sites, over-represents black exhaustees. By reporting results separately by race this over-representation can be taken into account.

Finally, the categories chosen reflect the various policy interests of the study. A major focus of the study is family income and eligibility for transfer programs. This requires a focus on families of various types. Other aspects of the study concern labor force activities of exhaustees in various age groups, which necessitates reporting results by age. Similarly, if we are to make policy statements about differing UI and labor market conditions, site categories must be used.

Within these broad categorical groups, care was taken to ensure that specific categories conformed to standard usage. For that purpose age, sex and race posed no problems. For family types, however, usage is not uniform among studies and it was necessary to devise a standard categorization. The breakdown by the sex of the exhaustee seemed a natural one to make. Among exhaustees who reported that they were head of household, a further division was made between exhaustees with and exhaustees without spouses. This reflected both the belief (which was well supported by the data) that exhaustees with spouses were likely to have greater access to other income than those without spouses and the fact that eligibility rules for various transfer programs often are different, depending on marital status. The further disaggregation of exhaustee heads of household into those with and without children under 16 was motivated by similar considerations.

Approximately 12 percent of the exhaustee sample reported that they were not heads of households. This group was approximately evenly divided between males and females, and represented a broad spectrum of ages. These individuals represented grown children living with their parents, older individuals living with relatives, or simply unrelated individuals living in a household in which they considered some other adult the head. The group is therefore very heterogeneous and considerable care should be taken in drawing inferences about it.

Following these considerations, 10 family types were used:

1. Male exhaustee, head of household, spouse present, with child less than 16.

2. Male exhaustee, head of household, spouse present, no child less than 16.

3. Female exhaustee, head of household, spouse present, with child less than 16.

4. Female exhaustee, head of household, spouse present, no child less than 16.

5. Male exhaustee, head of household, no spouse present, with child less than 16.

6. Male exhaustee, head of household, no spouse present, no child less than 16.

7. Female exhaustee, head of household, no spouse present, with child less than 16.

8. Female exhaustee, head of household, no spouse present, no child less than 16.

9. Male exhaustee, not head of household.

10. Female exhaustee, not head of household.

For numerical categories "natural" breaks (e.g., by $50 intervals) have generally been used. For some constructed data it is frequently the case that computer calculations have been made to 8 decimal places. Rather than showing such figures in tabular categories, overlapping categories have been used with the convention that if individuals fall precisely on the overlap (this should seldom, if ever, happen), they are included in the lower category. For example, the ratios of exhaustee incomes to the poverty line have been computed to 8 decimal palces. Rather than show these categories as 0 - .50000000, .50000001 - 1.00000000, 1.00000001 - 1.50000000, and so forth, we have recorded them as 0 - .5, .5 - 1.0, 1.0 - 1.5, etc., with the convention that individuals with ratios precisely of .5, 1.0, 1.5, etc. are included in the lower category.

Percentages shown generally sum to 100% and that figure is shown together with the sample size. If the "100%" label is not shown (as, for example, in Table V.8 which shows the cumulative percent reemployed at Wave II), percentages are not intended to sum to 100%. In some cases table entries may not sum exactly to totals shown because of rounding.

Although the categories described here and employed throughout the text were believed to be the most useful ones, the tabular data provided by no means exhaust the capabilities of the data set. Availability of high speed data processing equipment and efficient analytical programs would permit the investigation of any other categorization that might be of analytical interest.

Statistical Significance

In comparing any two subsamples one naturally asks whether differences observed within the sample are large enough to support an assertion that such differences exist in the population as a whole. At many places within this report, statements indicating statistical significance have been omitted when they were considered to be inappropriate or when they would have unduly complicated table formats because of the large number of two-way comparisons that might be made. Two types of comparisons that readers may find useful are comparisons of sample means between two groups and comparison of sample percentages between two groups. For making comparisons of the first type it is necessary to know the standard deviation (σ) of the characteristic in the population.[1] Table A.5 records differences (as a multiple of σ) that are statistically significant at the .05 level for various sample sizes. For example, suppose the mean weekly income estimated for two subgroups differed by $50 and that we wish to know whether that difference is statistically significant. Assume each subgroup has 100 observations and that the standard deviation in weekly income is $80. Table A.5 records the fact that any difference larger than $22.1 (= .277 x $80) will be statistically significant at the .05 level. Hence the $50 difference observed is statistically significant. Standard deviations are often given in the text so that this kind of comparison can be made.

A particular instance of the kind of test outlined above arises if we consider sample proportions. In this case the standard deviation of a binary characteristic (that is a characteristic that either an individual does or does not possess) in the population is a simple function of the percent of individuals in the population having that characteristic. Consequently, the values for σ needed in Table A.5 can be directly supplied in this case. Three such examples are presented in Tables A.6 - A.8 for population percentages equal to 10% (or 90%), 25% (or 75%), and 50%, respectively. As an example of applying these tables, suppose it were known that some characteristic occurred with an incidence of 25% in the population (so that Table A.7 is the appropriate one to use)[2]. Suppose also that in two subsamples (each of size 100) the incidence of this characteristic was 15% and 30%, respectively. Table A.7 reports that, for these sample sizes, any

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[1] If the population standard deviation is unknown (as is generally the case) an estimate of it must be used. In that case the "t" distribution rather than the normal distribution is the appropriate one to use. For sample sizes larger than about 30 this distinction is unimportant and the entries in Table C.1 are approximately correct for use with the sample standard deviation(s).

[2] As described in the previous footnote, if the population proportion is not known, it must be estimated from the sample, and the "t" distribution must be used. In most applications this procedure will not differ from that outlined above.

difference larger than 12.0% will be statistically significant at the .05 level. Consequently, the 15% difference recorded for the sub-samples is statistically significant. Tables A.6 - A.8 can be used in this way to make many pairwise comparisons from the tables reported in the text.

Pooling of Data

It is always necessary to pool data in some way for purposes of analysis. Otherwise, one must adopt the position that "every individual is different" and possibilities for scientific generalization vanish. Pooling of data does pose two problems of analysis, however. First, extrapolations based on simple tabular data will be biased if characteristics not controlled for in the table differ between the particular sample and the population from which it was drawn. This issue is discussed in the present section. We conclude that, in general, regression analysis offers a means of avoiding or at least reducing such biases due to pooling. Our second problem, however, is that regression analysis is also subject to pooling biases. This issue is discussed in the following section.

Most of the data presented in this report have been categorized in several different ways. Presentation by family type, age, sex and race has predominated, following standard procedures in other analyses of this type. To the extent that differences between the exhaustee sample and the entire population of exhaustees are known, generalization to that population is simply a matter of reweighing. The most important aspect of such a reweighing involves the racial composition of the sample, which is known to over-represent races other than white. In many ways the white exhaustee sample may be the more appropriate base for national generalization.

Two important "other" factors might also be identified as possibly interfering with such a procedure of generalization. First, the sample is not a national one, but is clustered in four cities. While we believe exhaustees in these cities are representative of exhaustees generally (see the discussion in the first part of this Appendix) there is obviously no guarantee that this is indeed the case. Consequently, although we have frequently pooled data from the four sites in the belief that this procedure would indicate reasonably general results, we have also provided data by site for most of the major issues being investigated. From these data other analysts can construct their own generalizations, based on what they believe to be a proper reweighing across sites.

The second other factor (not related to site differences) that should be explicitly mentioned is differences in UI durations among individuals in the sample. To the extent that these differences parallel those for the population of exhaustees as a whole, they pose no difficulties of analysis. One can report results for all exhaustees and have unbiased estimates of population values. If durations do differ between the sample and the population of exhaustees, regression techniques permit such differences to be held constant for purposes of analyis. For those questions in which duration seemed a crucial determinant of behavior (principally labor market and consumption behavior), this

procedure was followed. The high variance in duration among individuals in the sample aided in this estimation by permitting reasonably precise estimates of the effect of duration.

Regression Techniques

As the above discussion indicates, regression techniques permit the analyst to avoid possible biases raised by the presence of uncontrolled "other" factors in tabular analysis. Such techniques have been widely used in this report when it was thought that such confounding influences were significant. Rather than reporting these regression runs directly, however, tabular data based on them have been calculated in the belief that these may be more readily understood than would be the raw regression coefficients. In this section we describe this procedure of "adjusting results by regression" and then investigate a few additional theoretical issues related to the regression techniques employed.

Suppose that

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mu \qquad (1)$$

where Y is some "dependent" variable of interest; X_1 is an independent influence on Y which we wish to investigate; X_2 is a variable which, while it influences Y, is not of direct concern; and μ is a 'stochastic variable' (which represents purely random factors which are uncorrelated with the X variables and average out to zero across the population). If regression estimates of β_0, β_1, and β_2 are denoted by $\hat{\beta}_0$, $\hat{\beta}_1$ and $\hat{\beta}_2$, respectively, then we know that

$$\bar{Y} = \hat{\beta}_0 + \hat{\beta}_1 \bar{X}_1 + \hat{\beta}_2 \bar{X}_2 \qquad (2)$$

where the "bar" notation denotes sample means. The predicted value of Y when X_1 changes from its mean to some new value (say, $\bar{X}_1 + \sigma$) can be calculated as

$$\text{Predicted } Y\Big|_{X_1 = \bar{X}_1 + \sigma} = \hat{\beta}_0 + \hat{\beta}_1(\bar{X} + \sigma) + \hat{\beta_2}\bar{X}_2 = \bar{Y} + \hat{\beta}_1\sigma \qquad (3)$$

In this way it is possible to show the relationship between Y and one variable, such as X_1, keeping other variables, such as X_2, constant. The technique is particularly useful when X_1 represents a set of dummy variables which categorize a particular variable of interest such as age or family type. For example, suppose X_1 is a dummy variable which

takes the value 1 if an individual is male and 0 if the individual is female. Suppose also that Y is a measure of weekly earnings and that X_2 represents age. Simply reporting $\bar{Y}$ for males and females might tend to obscure the relationship Y and age would lead to inaccurate inferences about differences related to sex. By using an equation of the form (1) it is possible to compute "adjusted means" of the form

$$\bar{Y}_{\text{Males}} = \hat{\beta}_0 + \hat{\beta}_1 (1) + \hat{\beta}_2 \bar{X}_2 = \hat{\beta}_0 + \hat{\beta}_1 + \hat{\beta}_2 \bar{X}_2$$

$$\bar{Y}_{\text{Females}} = {}_0 = \hat{\beta}_1 (0) + \hat{\beta}_2 \bar{X}_2 = \hat{\beta}_0 + \hat{\beta}_2 \bar{X}_2 \qquad (4)$$

These control for differences in age that might obscure male-female comparisons.

Regression techniques are not, however, without their own pitfalls. Three which might be mentioned are biases introduced by specification error, biases introduced by inadequate statistical procedures, and biases introduced by pooling of data. While it is not possible to discuss each of these biases in detail here[1], it is possible to make a few comments on each.

Specification error arises when a relevant variable (say, X_2) is omitted from a regression equation. If that variable is correlated with other variables in the equation, biased estimates of the effect of X_1 will result. (Indeed, the problems associated with tabular presentation--for example, the ommission in a two-way table of some other, third variable which is relevant--are simply a special case of the more general problem known as specification error.) To avoid this problem, fairly detailed regression specifications were used throughout this report. That is, of course, no guarantee that every relevant factor has been included or that correct functional forms were used, but the procedures employed should at least reduce possible biases to relatively small magnitudes.

Only ordinary least squares regressions were employed in the report. The decision to proceed in this way was based on time and cost factors and on the ultimately descriptive nature of the report. Two important instances in which the application of such techniques may not be strictly appropriate are where the dependent variable is limited (say to 0 or 1) and where some of the X's may be correlated with the regression error term (say, because of simultaneous equations relationships or because of errors in the measurment of X). While techniques (such as probit analysis or two-stage least squares) exist for dealing with each of these

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[1] For a detailed treatment of statistical issues associated with ordinary least squares regressions, see J. Johnston, Econometric Methods, 2nd Edition, New York, McGraw-Hill, 1972, especially Chapter 5.

problems, they have not been employed here. Warnings to this effect are noted in the text of the report. It is, of course, entirely possible (given sufficient resources) to use more sophisticated techniques to examine the exhaustee data. Whether there would be substantial payoff to this remains an open question.

Finally, use of regression techniques may lead to pooling biases. If groups characterized by different response functions (such as equation (1)) are pooled for purposes of analysis, the resulting regression coefficients will be some average of the underlying coefficients. Estimates based on such coefficients may be biased if this factor is not carefully controlled for in making predictions. Although it is never possible to test for all such pooling effects in regression analysis, several tests of such effects were calculated in preparing this final report. The results of these were generally statistically insignificant, thereby indicating that the sample could be pooled for regression purposes.[1]

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[1]The most extensive such tests were conducted for regression on reemployment with particular emphasis centering on whether the results could be pooled across sites. A typical F test calculated for such site interactions was 1.40 with (81,1318) degrees of freedom. While this number is (just barely) significant at the .05 level, it was possible to control for such site differences by using dummy variables for the sites. The results of such dummy variable regressions are reported in Table V.7.

TABLE A.1

CHARACTERISTICS OF INTERVIEW SITES

Site	Unemployment Rate (Percent)	Industry Mix (Percent)		Racial Composition of Site Population (Thousands)	Insur. Unemployed as a Percent of Total Unemployed	Average Hourly Wage	Per Capita Income (Total $, % of Nat'l Avg. and Rank among SMSAs)	Characteristics of UI Program	Public Asst. Recipients as a Percent Population (February 1971)
Baltimore	4.0	Manufacturing	24.2	White 480	39.9	3.52	Total Dollars 3,856	Low UI Benefits	7.2
		Wholesale & Retail Trade	21.9	Negro 420			Percentage of Nat'l. Avg. 105	High average duration	
		Service	16.7	Other 6			Rank 46	Dependent's Allowance	
		Transportation & Public Utilities	7.1						
		Contract Construction	5.4						
		Finance, Insurance, & Real Estate	5.4						
		Government	19.2						
New Haven-Bridgeport	Not Available	Not Available		White 251	Not Available	Not Available	Total Dollars 4,306	High UI Benefits	4.8
				Negro 49			Percentage of Nat'l. Avg. 117	High average duration	
				Other 2			Rank 18	Dependent's Allowance	
Atlanta	3.2	Manufacturing	19.8	White 241	26.5	3.36	Total Dollars 3,993	Low Benefits	6.1
		Wholesale & Retail Trade	27.4	Negro 255			Percentage of Nat'l. Avg. 108	Low Av.Duration	
		Service	15.2	Other 1			Rank 40	No Dependent's Allowance	
		Transportation & Public Utilities	9.7						
		Contract Construction	5.2						
		Finance, Insurance & Real Estate	7.3						
		Government	15.6						

TABLE A.1 (continued)

Dallas-Fort Worth	3.6	Manufacturing 32.9 Wholesale & Retail Trade 23.1 Service 15.4 Transportation & Public Utilities 5.8 Contract Construction 4.2 Finance, Insurance & Real Estate 4.7 Government 13.2	White 313 Negro 78 Other 3	24.1	3.32	Total Dollars 3,520 Percentage of Nat'l.Avg. 95 Rank 92	Low Benefits Low Av. Duration No Dependent's Allowance	4.0
St. Louis	5.4	Manufacturing 30.5 Wholesale & Retail Trade 21.3 Service 16.9 Transportation Public Utilities 7.5 Contract Construction 4.5 Finance, Insurance, and Real Estate 5.2 Government 13.9	White 365 Negro 254 Other 3	34.9	3.81	Total Dollars 3,930 Percentage of Nat'l Avg. 108 Rank 42	Low Benefits Medium Duration No Dependent's Allowance	7.2
Chicago	3.6	Manufacturing 31.4 Wholesale & Retail Trade 22.5 Service 16.9 Transportation and Public Utilities 6.9 Contract Construction 4.0 Finance, Insurance & Real Estate 6.1 Government 12.1	White 2,208 Negro 1,103 Other 57	36.6	3.69	Total Dollars 4,678 Percentage of Nat'l.Avg. 127 Rank 8	Low Benefits Low Duration Dependent's Allowance	6.2
Seattle	9.5	Manufacturing 24.9 Wholesale & Retail Trade 22.5 Service 15.8 Transportation & Public Utilities 7.5 Contract Construction 4.8 Finance, Insurance, & Real Estate 6.8 Government 17.9	White 516 Negro 38 Other 30	61.0	4.18	Total Dollars 4,463 Percentage of Nat'l Avg. 121 Rank 12	High Benefits High Duration No Dependent's Allowance Extended Benefits	5.1

TABLE A.1 (continued

Los Angeles Long Beach	5.8	Manufacturing 28.2 Wholesale & Retail Trade 22.3 Service 18.9 Transportation & Public Utilities 6.0 Contract Construction 3.8 Finance, Insurance, & Real Estate 5.9 Government 14.5	White 2,503 Negro 523 Other 149	54.2	3.66	Total Dollars 4,728 Percentage of Nat'l Avg. 128 Rank 7	High Benefits Medium Average Duration No Dependent's Allowance	11.6

TABLE A.2

PERCENTAGE DISTRIBUTION OF WAVE I NON-RESPONDENTS BY AGE, SEX AND SITE

Non-Respondents		Atlanta	Baltimore	Chicago[1]	Seattle
Total:	Number in Sample	207	266	244	214
	Percent	100.0%	100.0%	100.0%	100.0%
Sex	Male	59.8	61.0	62.3	52.4
	Female	40.2	39.0	37.7	47.6
Age	Under 25	24.7	11.8	26.2	34.3
	25-34	12.4	27.2	21.3	28.6
	35-44	23.2	24.4	16.4	7.1
	45-54	17.0	18.1	18.9	15.7
	55-64	14.9	9.4	4.1	10.5
	65-Over	5.7	9.1	3.3	2.4
	Could not be Ascertained	2.1	0.0	9.8	1.4

[1]In Seattle, Atlanta, and Baltimore, information on sex and age was available from a combination of UI files and telephone contacts. Since Chicago UI records show only the first initial of the claimant, characteristics were obtained by telephone contacts with 50 percent of the non-respondents.

TABLE A.3

CHARACTERISTICS OF INDIVIDUALS PRESENT AT WAVE I, ABSENT AT WAVE II

Whites

Characteristics	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Exhaustee Age	36.7	53.7	36.2	51.8	45.0	37.5	39.0	51.9	36.4	44.2	43.9
Mean Spouse Age	33.6	50.2	38.6	54.8	--	--	--	--	--	16.6	45.7
Mean Children	1.9	--	1.8	--	1.8	--	1.3	--	--	0.3	0.4
Mean Number of Adults other than Exhaustee or Spouse	0.1	0.3	0.2	0.1	--	0.2	--	0.1	1.9	1.4	0.3
Mean Family Size	4.1	2.3	4.1	2.1	2.8	1.2	2.3	1.1	2.9	3.1	2.3
Mean Exhaustee Education (years)	11.5	12.0	11.3	11.0	9.2	12.3	10.8	10.7	9.4	10.8	11.4
Mean Education of Spouse (years)	11.9	11.1	11.9	10.8	--	--	--	--	--	--	11.4
Percentage with Good or Excellent Health	88.2	87.5	82.4	80.0	100.0	85.4	75.0	90.4	62.5	75.0	84.2
Percentage Limited in Ability to Perform Certain Kinds of Work	--	12.5	17.6	15.0	--	20.8	--	9.5	--	--	12.0
Number Absent at Wave II	17	32	17	20	5	48	4	21	8	12	184
Original Cell Size	105	203	138	199	12	222	34	191	53	63	1220
Percent Lost from Wave I to Wave II	16.2	15.8	12.3	10.1	41.7	21.6	11.8	11.0	15.1	19.0	15.1

TABLE A.4

CHARACTERISTICS OF INDIVIDUALS PRESENT AT WAVE I, ABSENT AT WAVE II

Negro and Other Races

Characteristics	Male Exhaustee Wife Present		Female Exhaustee Husband Present		Male Exhaustee No Wife Present		Female Exhaustee No Husband Present		Male Non-Head	Female Non-Head	Total Sample
	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16	Child Under 16	No Child Under 16			
Mean Exhaustee Age	33.9	47.5	35.0	34.2	30.4	33.2	30.7	34.1	31.6	40.6	37.6
Mean Spouse Age	31.1	48.9	39.3	40.8	--	--	--	--	--	26.6	35.6
Mean Children	2.8	--	1.8	--	1.3	--	1.3	--	--	0.3	1.0
Mean Number of Adults other than Exhaustee or Spouse	0.1	0.3	0.5	--	0.1	0.1	0.5	--	1.8	0.6	0.3
Mean Family Size	4.9	2.3	4.3	2.0	2.4	1.1	2.8	1.0	2.8	2.5	3.0
Mean Exhaustee Education (years)	10.7	9.8	12.5	11.5	12.4	11.1	12.2	10.8	11.3	11.8	10.5
Mean Education of Spouse (years)	11.1	9.6	11.5	11.0	--	--	--	--	--	--	10.7
Percentage with Good or Excellent Health	79.2	63.6	100.0	50.0	85.7	79.4	100.0	63.6	88.2	100.0	80.1
Percentage Limited in Ability to Perform Certain Kinds of Work	16.7	9.1	--	--	14.1	17.6	--	18.2	5.9	--	11.9
Number Absent at Wave II	24	11	4	4	7	34	6	11	17	8	126
Original Cell Size	126	64	70	44	21	147	84	70	86	57	769
Percent Lost from Wave I to Wave II	19.0	17.2	5.7	9.1	33.3	23.1	7.1	15.7	19.8	14.0	16.4

TABLE A.5

DIFFERENCES IN SAMPLE MEANS WHICH ARE STATISTICALLY SIGNIFICANT AT THE .05 LEVEL, EXPRESSED IN TERMS OF THE POPULATION STANDARD DEVIATION (σ)

Sample Size II	Sample Size I								
	10	25	50	75	100	125	150	175	200
10	$\pm 0.877\sigma$								
25	$\pm 0.733\sigma$	$\pm 0.554\sigma$							
50	$\pm 0.679\sigma$	$\pm 0.480\sigma$	$\pm 0.392\sigma$						
75	$\pm 0.660\sigma$	$\pm 0.453\sigma$	$\pm 0.358\sigma$	$\pm 0.320\sigma$					
100	$\pm 0.650\sigma$	$\pm 0.438\sigma$	$\pm 0.339\sigma$	$\pm 0.299\sigma$	$\pm 0.277\sigma$				
125	$\pm 0.644\sigma$	$\pm 0.429\sigma$	$\pm 0.328\sigma$	$\pm 0.286\sigma$	$\pm 0.263\sigma$	$\pm 0.248\sigma$			
150	$\pm 0.640\sigma$	$\pm 0.423\sigma$	$\pm 0.320\sigma$	$\pm 0.277\sigma$	$\pm 0.253\sigma$	$\pm 0.237\sigma$	$\pm 0.226\sigma$		
175	$\pm 0.637\sigma$	$\pm 0.419\sigma$	$\pm 0.314\sigma$	$\pm 0.270\sigma$	$\pm 0.246\sigma$	$\pm 0.229\sigma$	$\pm 0.218\sigma$	$\pm 0.209\sigma$	
200	$\pm 0.635\sigma$	$\pm 0.416\sigma$	$\pm 0.310\sigma$	$\pm 0.265\sigma$	$\pm 0.240\sigma$	$\pm 0.223\sigma$	$\pm 0.211\sigma$	$\pm 0.202\sigma$	$\pm 0.196\sigma$
∞	$\pm 0.620\sigma$	$\pm 0.393\sigma$	$\pm 0.277\sigma$	$\pm 0.226\sigma$	$\pm 0.196\sigma$	$\pm 0.175\sigma$	$\pm 0.160\sigma$	$\pm 0.148\sigma$	$\pm 0.139\sigma$

TABLE A.6

DIFFERENCES IN SAMPLE PERCENTAGES WHICH ARE STATISTICALLY SIGNIFICANT AT THE .05 LEVEL IF POPULATION PERCENTAGE IS 10 OR 90

Sample Size II	Sample Size I								
	10	25	50	75	100	125	150	175	200
10	±26.3%								
25	±22.0%	±16.6%							
50	±20.4%	±14.4%	±11.8%						
75	±19.8%	±13.6%	±10.7%	±9.6%					
100	±19.5%	±13.1%	±10.2%	±9.0%	±8.3%				
125	±19.3%	±12.9%	± 9.8%	±8.6%	±7.9%	±7.4%			
150	±19.2%	±12.7%	± 9.6%	±8.3%	±7.6%	±7.1%	±6.8%		
175	±19.1%	±12.6%	± 9.4%	±8.1%	±7.4%	±6.9%	±6.5%	±6.3%	
200	±19.0%	±12.5%	± 9.3%	±8.0%	±7.2%	±6.7%	±6.3%	±6.1%	±5.9%
∞	±18.6%	±11.8%	± 8.3%	±6.8%	±5.9%	±5.3%	±4.8%	±4.4%	±4.2%

TABLE A.7

DIFFERENCES IN SAMPLE PERCENTAGES WHICH ARE STATISTICALLY SIGNIFICANT AT THE .05 LEVEL IF POPULATION PERCENTAGE IS 25 PERCENT OR 75 PERCENT

Sample Size II	Sample Size I								
	10	25	50	75	100	125	150	175	200
10	±40.0%								
25	±31.7%	±24.0%							
50	±29.4%	±20.8%	±17.0%						
75	±28.6%	±19.6%	±15.5%	±13.9%					
100	±28.1%	±19.0%	±14.7%	±12.9%	±12.0%				
125	±27.9%	±18.6%	±14.2%	±12.4%	±11.4%	±10.7%			
150	±27.7%	±18.3%	±13.9%	±12.0%	±11.0%	±10.3%	±9.8%		
175	±27.6%	±18.1%	±13.6%	±11.7%	±10.7%	± 9.9%	±9.4%	±9.1%	
200	±27.5%	±18.0%	±13.4%	±11.5%	±10.4%	± 9.7%	±9.1%	±8.7%	±8.5%
∞	±26.8%	±17.0%	±12.0%	± 9.8%	± 8.5%	± 7.6%	±6.9%	±6.4%	±6.0%

TABLE A.8

DIFFERENCES IN SAMPLE PERCENTAGES WHICH ARE STATISTICALLY

SIGNIFICANT AT THE .05 LEVEL IF THE POPULATION PERCENTAGE IS 50 PERCENT

Sample Size II	Sample Size I								
	10	25	50	75	100	125	150	175	200
10	±43.9%								
25	±36.7%	±27.7%							
50	±33.9%	±24.0%	±19.6%						
75	±33.0%	±22.7%	±17.9%	±16.0%					
100	±32.5%	±21.9%	±17.0%	±15.0%	±13.9%				
125	±32.2%	±21.5%	±16.4%	±14.3%	±13.1%	±12.4%			
150	±32.0%	±21.2%	±16.0%	±13.9%	±12.6%	±11.9%	±11.3%		
175	±31.8%	±21.0%	±15.7%	±13.5%	±12.3%	±11.5%	±10.9%	±10.5%	
200	±31.7%	±20.8%	±15.5%	±13.3%	±12.0%	±11.2%	±10.6%	±10.1%	± 9.8%
∞	±31.0%	±19.6%	±13.9%	±11.3%	± 9.8%	± 8.8%	± 8.0%	± 7.4%	± 7.0%

APPENDIX B

SAMPLE SELECTION AND FIELD PROCEDURES

This Appendix reviews the most important procedures used to carry out the study and provides a summary of the results of the sampling effort in the field.[1]

A. Sample Selection

1. Arrangements with the states. Representatives of Mathematica and Upjohn met with State Administrators in the four states to discuss the purpose of the study and to gain the cooperation of the local UI offices. The discussions focused on the following specific areas:

(1) expected volume of exhaustees;

(2) selection of UI offices within the sites;

(3) interviewing arrangements in local UI offices;

(4) procedures for selecting a sample.

The research staff in each state office supplied data showing the number of final UI payments in the site area in proportion to the state. At that time it appeared probable that in all sites a sufficient sample of exhaustees would be available in October. Arrangements were made to extend the sampling into mid-November, if needed, to assure the selection of the required number of exhaustees.

2. Selecting the sample. The first step was to identify claimants who were expected to exhaust their benefits within three weeks (an interval needed in order to schedule interviews with them for the week in which their benefits would cease). Because no usable system was available in any site for providing such information, special computer programs were developed at each site to identify eligible claimants. This procedure was followed in all sites except Seattle, where the names

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[1] For a discussion of the analytical implications of various sample selection decisions and procedures, see Appendix A.

were hand-selected daily from a warrant register. Our sample of exhaustees was drawn from this list. In addition, a printout was produced, giving data on all exhaustees, including maximum benefit; weekly benefit; date of beginning and end of benefit year; quarterly earnings in the base period; and the high quarterly earnings.

It was estimated that a pool of 1,000 potential exhaustees would yield the desired 500 completions per site. The random selection of UI exhaustees at each site was performed during the period September 30th to November 1st.

B. Field Procedures

Site Coordinators were hired for each city and were trained for five days in Princeton. Their training included interview content and administration, assignment of interviews, and sampling and office procedures to be used in the study. Each of them was given responsibility for hiring and training a staff of five interviewers; for maintaining daily and weekly reports and contacts with the main office; and for preparation of final field reports on interviewing progress in their areas. For the Wave II interviews, the number of interviewers was increased to ten per site, because of the extra travel time involved and the problems of locating respondents in the field.

For both sets of interviews, interviewers were given three days of training on interview content and on appropriate procedures to be used.

1. Wave I activities. Once the potential exhaustees were identified from the computer lists, letters were sent out explaining briefly the purpose of the survey. Respondents were requested to come into the local UI office for the interview at a specific time. These appointments were coordinated with the local UI office's reporting requirements for filing claims.

The first interview was conducted in local UI offices and took approximately 35 minutes to complete. When, during the first week, the pool of potential respondents fell far below expectations, procedures for a telephone follow-up were initiated to find out why a respondent was unable to keep an appointment and, if appropriate, to attempt to reschedule an interview at the local UI office.

The results of the telephone follow-up indicated that approximately 10 percent of the potential exhaustees had returned to work prior to exhausting benefits. These individuals were then eliminated from the sample. Approximately 10 percent of the exhaustees who failed to keep the scheduled appointment were located and interviewed. The remainder were not interviewed for a variety of reasons--family illness, lack of interest in surveys and lack of transportation.

The interviewing for Wave I began on September 30th and was completed on November 1st.

A quality control check was conducted on all completed interviews prior to data processing. Quality control procedures included checking for consistency; legibility; acceptable ranges; skip logic; and missing or ambiguous answers. If any problems were detected in the process, recontacts were made with the interviewers or respondents to clear up the matter. Twenty percent of the completed interviews were validated by telephone to confirm that they had actually been conducted and completed. A small number of minor discrepancies were found and corrected. As Table B.1 shows, 69.2 percent of eligible respondents were interviewed.

2. Wave II activities. Information sheets which included descriptive information on each Wave I respondent and similar information concerning a friend or relative who would know where to contact were used to assemble the sample for Wave II. Respondents' names were then ordered by date of appointment on the first interview, so that they could be reinterviewed at a four-month interval from the first contact. This ensured that an equal amount of time had elapsed between interviews for all respondents.

In the second wave, interviews were conducted in the respondents' homes. Interviewers were instructed on procedures for contacting respondents and methods for locating respondents who had moved within the site area. Efforts to locate respondents who had moved between Wave I and Wave II interviews resulted in the completion of an additional 181 interviews for all sites.

The second wave of interviewing began on February 10th and was completed on March 14th.

Quality control and validation procedures comparable to those used in Wave I were implemented for completed Wave II interviews. Eighty-five percent of those taking the Wave I interview completed the Wave II interview.

C. Results of Field Procedures

Table B.1 traces losses to the sample throughout both waves of interviewing. As the table indicates, 2,087 interviews were completed using an eligible list of respondents of 3,018, for a 69.2 percent completion rate. The bulk of non-completions were individuals not responding to the initial letter inviting them to participate. Outright refusals were a low one percent. By the time of the Wave II interviews, a relatively large number of respondents (113) had moved out of the area and we decided not to follow them, due to time limitations. Other non-responses resulted from respondents not being home, deaths, and institutionalization. A discussion of possible bias resulting from the various types of non-responses may be found in Appendix A.

TABLE B.1

RESULTS OF FIELD SAMPLING

Location	Eligible Sample		Completed Interviews		Refused Interview		Could Not Be Contacted[1]	
	#	%	#	%	#	%	#	%
WAVE I								
Atlanta	700	(100.0)	493	(70.4)*	4	(0.6)	203	(29.0)
Baltimore	779	(100.0)	513	(65.9)	11	(1.4)	255	(32.7)
Chicago	785	(100.0)	541	(68.9)	8	(1.0)	236	(30.1)
Seattle	754	(100.0)	540	(71.6)	7	(0.9)	207	(27.5)
	3,018	(100.0)	2,087	(69.2)	30	(1.0)	901	(29.8)
WAVE II								
Atlanta	493	(100.0)	414	(84.0)	23	(4.7)	56	(11.3)
Baltimore	513	(100.0)	446	(86.9)	22	(4.3)	45	(8.8)
Chicago	541	(100.0)	442	(81.7)	19	(3.5)	80	(14.8)
Seattle	540	(100.0)	461	(85.4)	21	(3.9)	58	(10.7)
	2,087	(100.0)	1,763	(84.5)	85	(4.0)	239	(11.5)

[1]Figure given for WAVE I include persons who never responded to the contact letter. Figures given for WAVE II include 105 persons who were not at home after 5 attempts; 12 respondents too hostile at WAVE I to follow to WAVE II; 2 deaths; 7 institutionalized respondents; and 113 respondents who moved out of area, where no attempt was made to follow them.

*Percentages are all of Column (1).

APPENDIX C

RESEARCH RELATED TO

UNEMPLOYMENT INSURANCE DURATION POLICY ISSUES AND

THE EXHAUSTION OF BENEFITS[1]

The duration of unemployment insurance protection is in some ways the program's most troublesome problem. All states provide up to a maximum of at least 26 weeks of regular benefits[2], in 10 states the maximum is higher, ranging from 28 to 39 weeks. In most states, the duration of benefits allowed to individual claimants varies on the basis of prior employment or earnings. Seven states provide up to 26 weeks and one state to 30 weeks uniformly to all eligible claimants. These provisions apply at all times without regard to the level of unemployement. In addition, there is a federal/state extended benefits program that goes into effect automatically during periods of high unemployment, such as that experienced in 1975. At such times, the individual durations allowed under regular state provisions are increased by 50 percent, subject to an overall maximum of 39 weeks. Moreover, because this permanent extended benefits program was judged to be inadequate to meet the needs of the current recession, Congress enacted the Emergency Unemployment Compensation Act of 1974 to operate during 1975 and 1976. This temporary program, as amended, further supplements the duration of benefits subject to a maximum of 65 weeks for all benefits paid.[3]

The question, whether UI duration is of the proper length, must always be approached from two sides. On the one hand, if benefits are available for too short a time, too many of the unemployed will not have support long enough to look for and regain suitable employment without undue financial pressure; and therefore, a major goal of the unemployment insurance program will not have been met. On the other hand, if the period of benefits is too long, the incentive to work, or to seek work, may be weakened.

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[1]This appendix was prepared by Saul J. Blaustein and Paul J. Mackin of the W.E. Upjohn Institute for Employment Research.

[2]Puerto Rico's maximum is 20 weeks.

[3]Extended plus supplemental benefits increase total duration allowed during this period to 2 1/2 times the regular duration provided, but no more than 65 weeks in all.

In considering the question of duration adequacy, the main interest centers on UI exhaustees. Any program of benefits of limited durations--which almost all agree UI must be--will result in some claimants using up their entitlement without becoming reemployed. The volume and proportion, or rate of claimants who exhaust their regular state benefits will vary inversely with the business cycle (Table C.1). Nationally, the exhaustion rate has been below 20 percent in very good years and over 30 percent in recession years. At any point in time, the rates vary considerably among states. During 1974, nearly 2 million persons, or about 31 percent of all claimants exhausted their regular state benefits (Table C.2); among the states that year, exhaustion rates varied between about 15 and 54 percent.[1] Differences among the states in their industrial composition and economic conditions account for some of this variation, but a major factor is the benefit duration formula.

Early Thinking on the UI Duration Problem

Originally, unemployment insurance provided benefits for rather limited periods of unemployment. In 1938, only six states provided a maximum duration in excess of 16 weeks. All states except Ohio further limited duration by allowing a claimant to draw benefits totaling no more than a specified small fraction of his total earnings in a preceding base period (variable duration formula).[2] Very high exhaustion rates were common. In 1940, more than half of all UI beneficiaries exhausted their benefits. The exhaustion rate dropped to 20 percent during the war when unemployment was minimal, and long-term unemployment was practically non-existent.[3]

There were two principal reasons for these severe early limits on duration. One was the fear that longer protection would be too costly for the economy to bear. The second was the concern that longer duration would involve economic risks to the community if unemployed workers were protected too long against the necessity of accepting unaccustomed work, or work at less than prevailing wages.[4] It was

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[1] New Hampshire's 4 percent rate is due to its unique uniform benefit year provision which makes the number of claimants exhausting not comparable with data for other states.

[2] U.S. Department of Labor, Bureau of Employment Security, Adequacy of Benefits under Unemployment Insurance (a staff report prepared for the Committee on Benefit Adequacy of the Federal Advisory Council), Washington, D.C., 1952, p. 22.

[3] Ibid., p.23.

[4] Eveline M. Burns, The American Social Security System, Boston: Houghton Mifflin Company, 1949, pp. 139-142.

expected that, if needed, public work programs would be available to employ those whose unemployment continued beyond these modest limits of UI protection.

UI costs, however, turned out to be considerably less than had been anticipated, and many states began to liberalize their duration provisions. By 1947, a few states paid a maximum duration of 26 weeks. By 1952, 61 percent of all covered employment was in states providing as long as 26 weeks of benefits (30 weeks in one state). A significant number of states--14 by 1952--provided for uniform duration in place of varying duration on the basis of base-period earnings. There were also some increases in the fractions of base-year earnings used in variable duration formulas. As a result, the average potential duration allowed to claimants increased from 13 to 14 weeks in 1941 to more than 21 weeks in 1952.[1]

It also became clear that the increase in the allowed or potential duration of benefits was not accompanied by a corresponding increase in the average number of weeks of benefits actually received. With benefit costs continuing to be relatively modest, despite the longer duration of protection provided, it seemed possible to set the upper limit and other elements of the duration formula so as to assure the great majority of recipients enough time to find suitable work before their benefits were exhausted.

The state exhaustion ratio became the chief measure of benefit duration adequacy. A high exhaustion rate was evidence that too many claimants were not being provided with the time necessary to carry them over temporary interruptions in their jobs, or to find new jobs best fitting their skill levels. In 1950, the national exhaustion rate was 31 percent, but it was above 40 percent in 12 states.[2] It became evident, from analyses of detailed program statistics, that states which were the most restrictive in their duration provisions were the most likely to have the highest exhaustion ratios. The solution advanced was further increases in the fraction of base-year earnings used in computing duration or wider adoption of uniform duration formulas.

The Post-Exhaustion Study

In this early postwar period, it became evident that the statistics generated from program operations were not a sufficient basis for evaluating the adequacy of the state duration provisions. A number of important questions required answers: To what extent do

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[1] U.S. Department of Labor, Bureau of Employment Security, op. cit, p. 23.

[2] U.S. Department of Labor, Manpower Administration, Handbook of Unemployment Insurance Financial Data, 1971, p. 60.

exhaustees eventually gain suitable employment? Do exhaustees tend to have a great deal of trouble getting jobs, and are a few more weeks of benefits of rather marginal significance for them, not materially affecting the degree to which the program was tiding them over between jobs? To what extent do exhaustees remain in the labor force mainly to collect benefits and then withdraw from the labor force as soon as their entitlement is exhausted? The value of lengthening the duration of benefits allowed depended on how these questions could be answered.

The earliest concentrated post-exhaustion research occurred in 1949-50 when 14 state employment security agencies conducted surveys of exhaustees anywhere, depending on the state, from about 4 months to as long as a year and a half after benefit exhaustion. They found significant proportions employed and unemployed at the time of the survey and much smaller proportions jobless and no longer seeking work. The studies also obtained limited information on alternative sources of support after exhaustion--chiefly income of other family members, savings and borrowed money.[1]

The results of the studies conducted in the 1950s were, in general, consistent with the earlier study results. They can be summarized as follows:

> Two months after claimants had exhausted their benefit rights, all but a relatively small proportion of them were working or looking for work; generally, fewer than 15 percent had withdrawn from the labor market. In most states, between 50 and 65 percent of the exhaustees studied were unemployed while 30 to 40 percent were employed. Four months after exhaustion, 20 percent or fewer had withdrawn from the labor market. Between one-third and one-half of all exhaustees were unemployed in most states. However, in Arizona (1957-59), North Carolina (1957), and Pennsylvania (1958), the proportions still unemployed at this point were 73 percent, 64 percent, and 68 percent, respectively. In most of the other states, about as many were employed as unemployed. In states where comparisons were made with all claimants, exhaustees, as a group, tended to be older, to have lower earnings during the base period, and to consist of a somewhat larger proportion of women.[2]

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[1] U.S. Department of Labor, Bureau of Employment Security, Experience of Claimants Exhausting Benefit Rights--17 Selected States, Washington, D.C., 1958.

[2] U.S. Department of Labor, Bureau of Employment Security, Major Findings of 16 State Studies of Claimants Exhausting Unemployment Benefit Rights, Washington, D.C., 1961.

Several important limitations of these post-exhaustion studies should be noted. Since a mail-survey approach was used, the questionnaires had to be quite brief and simple. No questions were asked about the financial role of the exhaustee in his household or the economic status of that household, information that would have been most important in an evaluation of benefit duration provisions. Nor were questions asked about the nature of the exhaustee's job search experience or about the kind of employment obtained, if any. Generally, the exhaustees were followed for no more than 4 months after exhaustion, which ruled out any assessment of longer range labor market adjustment.

Exhaustees During a Recession

Following the national recessions of 1958 and 1961, the emphasis in exhaustee research changed somewhat. In both periods, insured unemployment was very high and large numbers of claimants used up their regular benefit rights without becoming reemployed. Exhaustion rates in 1958 and 1961, nationally, were 31 percent and 30 percent respectively. Even states with relatively more liberal duration provisions ran high exhaustion rates. In both periods Congress enacted temporary legislation providing for extended UI benefits going well beyond the usual 26 week maximum duration. While the pressures for these extensions were strong--alternative forms of relief for the unemployed were not generally available--there was nevertheless considerable resistance to this approach in some quarters. There was concern about the effect of longer benefit duration on the character of the program and the possibility that unemployment insurance, which is based on prior employment and paid as a matter of earned right, would become confused with relief which is made available on the basis of individual need. Some critics, too, doubted the need for an extension, questioning the degree to which UI exhaustees represented persons who were regular members of the labor force and, in fact, needed to work. For example, they suspected that the large proportions of those who would draw the extended benefits were youth, married women, pensioners, etc., implying that these groups were not in need of continued unemployment benefits. It was also implied that too many exhaustees, generally the same groups, were only tenuously attached to the labor force and therefore not really entitled to consideration, especially under an "insurance" system.

In response to such doubts, the Temporary Extended Unemployment Compensation (TEUC) Act of 1961 required extensive research into the personal characteristics, family situation, employment background, and experience under the Act of claimants drawing the extended benefits. In the words of the Senate Finance Committee report: "It is increasingly apparent that Congress will find it necessary in the future to consider the extension of benefit payments, and pertinent information that is gathered in the administration of this act will be most valuable in the formulation of any future program of extended duration payments."[1]

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[1] U.S. Congress, Senate, Commitee on Finance, Temporary Extended Unemployment Compensation Act of 1961, Report NO. 69, 87th Congress, 1st Session, on H.R. 4806, Washington, D.C.: GPO, 1961, p. 20.

TEUC Studies (1961-1962)

During the 15-month period of the TEUC Program, each state, in cooperation with the Bureau of Employment Security, conducted four surveys, separated by intervals of about 4 months, of the claimants who drew extended benefits. The claimants surveyed were sampled from all TEUC claimants filing during the survey periods so that reliable, representative data could be presented for each state as well as for the nation. The information was collected by means of a standard questionnaire through personal interviews in the local offices of the state employment security agencies at the time the claimants filed for such benefits. The findings of these surveys represent some of the most extensive information ever complied about UI exhaustees.[1]

Thirteen states (including the 6 largest states plus a selection of medium-sized and smaller states) conducted additional interviews of TEUC claimants and regular UI claimants to obtain information concerning the kinds of financial adjustments they and their families made during unemployment and the resources, other than UI benefits, available to the household. Such information was considered vital to an assessment of the welfare aspects of the extension. The findings of these special surveys can be summarized as follows:[2]

> An average of about one-third of all households of primary earner claimants (both regular UI and TEUC) had at least one additional family member employed. Of course, almost all households of secondary-earner claimants had other employed family members.
>
> Although aid from welfare agencies provided help to only a small proportion of the claimants, relatively more TEUC (ranging among the states from 7 to 22 percent) than regular claimant households (4 to 10 percent) turned to welfare for aid.
>
> A majority of both regular and TEUC claimants in each of the 13 states (ranging from 56 to 85 percent) reported one or more specific adjustments to reduced income made by themselves or other family members during

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[1] The U.S. Department of Labor's Bureau of Employment Security published more than a dozen reports on the study under the general title The Long-Term Unemployed (BES Nos. U-207-1 through -7 and BES Nos. U-225-1 through -6), issued during the years 1962 to 1967.

[2] Based on Special TEUC Report No. 5, BES No. U-225-5 August, 1966.

the 6 months prior to the survey. The adjustments included such measures as: economizing on housing by moving to cheaper quarters, by moving back to the parental home, or by taking in roomers or boarders; missing payments on, or dropping insurance; postponing payments on medical or dental care; using or depleting savings; and falling behind by $50 or more on the rent, mortgage, or other credit payments. In general where savings were available they tended to be used.

Duration Policy Considerations and Research in the 1960s

After 1961, the national exhaustion rate fell steadily (see Table C.1) reaching a low point of 18 percent in 1966. Interest in the adequacy of duration provisions in a recession continued, however. There was increasing support for some kind of a permanent standby extended duration when unemployment rates exceeded specified levels. As part of a comprehensive UI bill which failed to pass in 1966, Congress approved an extended benefit program for recession periods to operate on both a national and state basis. Such a provision was eventually enacted into law as a part of the Employment Security Amendments of 1970.

The adequacy of state duration provisions in normal periods also remained a concern. While by 1965 maximum duration was less than 26 weeks in only 3 states and exceeded 26 weeks in 9 states, most states remained relatively restrictive in their variable duration formulas. Several still based the benefit duration allowed on as little as one-quarter of base-year earnings (or 1/2 the weeks employed), resulting in large proportions of claimants qualifying for considerably fewer than 26 weeks of protection. Analysis of data from the state programs showed that states using the more restrictive duration formulas tended to have higher proportions eligible for less than 26 weeks of benefits and higher exhaustion rates.[1]

At least 10 states completed post-exhaustion studies during this period of relatively low unemployment. In general, the results of these studies did not appear to be very different from those of the previous decade with regard to post-exhaustion experience among different age-sex groups or in other respects. Unfortunately, no comprehensive summary of the results of these studies is available.

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[1] See for example, Merrill G. Murray, The Duration of Unemployment Benefits, Kalamazoo, Michigan: The W.E. Upjohn Institute for Employment Research, January 1974, Table 3, pp. 12-14

Recent Developments in UI Duration

Exhaustion of UI benefits continues to attract concern, and many of the duration issues remain unresolved. In addition, the permanent federal-state extended benefits program, paying benefits up to as high as 39 weeks in periods of high unemployment, has raised questions with regard to its operation in the 1970-71 recession and its aftermath. Now, due to the 1974-1975 recession, federal supplemental UI benefits have been added to those provided by the permanent program so that some claimants may be eligible for up to 65 weeks of benefit protection. The central duration issue currently focuses on what limits should be placed on unemployment insurance when economic conditions are such that large numbers of UI claimants exhaust even present levels of entitlement and there seem to be no alternative measures in the offing to meet their needs.

The Extended Unemployment Compensation Act of 1970 played an important role in continuing benefit support for exhaustees of regular benefits in the 1970-71 recession, even though the Act had been written so as to be only partially in force before 1972. It became evident toward the end of 1971, however, that the continuing high level of very long-term unemployment in some states was resulting in large numbers exhausting extended benefits. The Emergency Unemployment Compensation Act of 1971 was therefore enacted to provide for additional extended unemployment benefits, to be payable between January 1972 and March 1973 but only in states with insured unemployment levels above that specified in the law.[1] As with the permanent extended benefits program, the temporary extension provided for additional weeks of benefits equal to 50 percent of regular benefit duration received by exhaustees up to a maximum of 13 additional weeks, with an overall maximum of 52 weeks of regular, permanent, extended, and temporary benefits combined. This experience precipitated the question of the adequacy of the standby extended benefit legislation enacted in 1970 for recession conditions. There was also a problem with the specific triggering mechanism used. Extended benefits would sometimes fail to remain "triggered on" even though the state economy might clearly warrant the continuation of these payments. However, this problem was handled through repeated temporary suspensions of one of the triggering requirements. There remained, moreover, the question about the needs of exhaustees of regular state benefits who might require additional help in non-recession periods.

UI duration issues, as matters stood in the early 1970s, may be summed up as follows:

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[1] The level specified and the definition of the measure to be used differed from those provided in the triggering mechanism governing the permanent extended benefits program so that in some cases, the temporary extended benefits were payable in states where the permanent extended benefits were not, and vice versa, as well as cases where both were payable, as intended.

1. How long is it appropriate for unemployment insurance to continue paying wage-related benefits to unemployed workers under any conditions? Considering the basic theory of social insurance and the method of its financing (through an employer payroll tax), should the burden of continued support be shifted to some other program, such as some form of assistance or welfare based on need?

2. Why do workers exhaust 26, 39, even as much as 65 weeks of UI benefits? Are these reasons, in many cases, associated with some deficiency in the claimant's employability or job search behavior that might be overcome by individualized assistance or training? Or is it mainly a simple lack of employment opportunities, as is more usually the case in recession periods?

3. To what extent do exhaustees need continued income support? Are other resources available within the household? Do they resort to welfare to any substantial degree?

4. Do exhaustees evidence continued firm attachment to the labor force by their post-exhaustion experience with regard to their job search and employment? Do continued UI benefits unduly inhibit adjustments of job expectations as to delay reemployment?

5. Should extended benefits be confined to recession periods only? If longer benefits should be payable at other times, should other conditions of eligibility be added?

By and large, these questions are similar to those asked since the beginning of the UI program. They are raised again now in a context in many respects different from the past. Much has changed in the nature of the labor market, the characteristics of the unemployed, the coverage and extent of protection afforded by UI, the structure of family finances and living standards, and so on--all of which present somewhat new angles for the old UI duration questions.

Recent Study of Exhaustees in Pennsylvania

In 1972-1974, a study was made of a sample of over 5,000 claimants who began filing for benefits in Pennnsylvania in October-November 1971 following some major revisions in that state's unemployment insurance law.[1] At the time, Pennsylvania had returned to a 30-week uniform duration provision, substantially raised its maximum weekly benefit amount and

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[1] Kenneth W. Masters and Louis Levine, "Income Maintenance and Employability Implications of the 1971 Amended Pennsylvania Unemployment Compensation Law," Pennsylvania Department of Labor and Industry, and Pennsylvania State University, Final Report, November 1974.

introduced dependent's allowances for the first time. The study focused on gauging the effects of these statutory changes and also on the characteristics and experience of more than 900 claimants in the sample who exhausted their benefits. It assembled as much data as possible from existing records, and for exhaustees, supplemented these through interviews conducted in 1973 at times varying among individual exhaustees from 13 to 19 months following benefit exhaustion. The claimants studied were those who began their unemployment during the later stages of the 1970-71 recession. Some of those who exhausted their regular benefits of 30 weeks went on to draw extended benefits in 1972.

The study is interesting because it investigated areas not previously researched as regards exhaustees. Following are some of the findings:

> About two-thirds of the exhaustees were male, the same as for all claimants. Male exhaustees tended to be older, with a median age of about 43 (compared with about 37 for all male claimants); about 19 percent were 62 or more years old (compared with less than 4 percent of other male claimants).
>
> About 60 percent of the exhaustees responded to questions concerning the wage levels they would consider accepting. Nearly half (46 percent) said they would not accept a job paying less than their former wage; this proportion was higher for women than for men, especially for women at age 62 or over and those under 25. Men at age 45 to 61 seemed more willing to accept less pay than those in other age groups. About three-fourths of those willing to consider less pay qualified their response, however, e.g., they would accept less pay only if it were "sufficient," or if the job was interesting, or if the commuting, hours, and family arrangements were convenient.
>
> Interviewers identified about 40 percent of the exhaustees surveyed as having job-market liabilities. Age, health, and physical disability accounted for over half of these, while only 10 percent were deemed to need training or more education.
>
> The study tried to determine what exhaustee characteristics were associated with good or poor reemployment potential, as revealed by their pre- and post-exhaustion labor market and job search experience, i.e., those who did find work were classified as having "substantial" potential and those who withdrew from the labor force as having "negligible" potential. The objective was to see whether certain characteristics could serve as "predictors" of long-term unemployment or as a basis for assigning intensive employment service assistance. Age and sex appeared to demonstrate the most clear-cut association. About 75 percent of the male exhaustees were classified as having substantial reemployment potential, compared with 61 percent of the women. Among men under the age

of 45, over 90 percent were so classified, but only 23 percent of those 62 and older--74 percent of the latter group were judged to have negligible potential. About 36 percent of the women and 6 percent of the men under age 25 were deemed to have negligible potential. None of the other characteristics examined showed as clear a correlation.

Current Exhaustee Research

The Four-State Post-Exhaustion Mail Surveys[1]

In 1973, employment security agencies in California, Nevada, New York, and Wisconsin launched post-exhaustion studies under the sponsorship of the Unemployment Insurance Service of the U.S. Department of Labor's Manpower Administration. The studies followed the traditional mail survey approach with contacts made two, four, and six months after exhaustion. In addition to obtaining post-exhaustion labor market experience, the surveys made an effort to obtain information about the exhaustee's household or family characteristics, sources of income and use made of other public benefit programs, particulary welfare. The exhaustee samples for the surveys were drawn from all those receiving their final UI benefit payments over a 12-month period, which eliminated the sometimes distorting seasonal effects on findings from studies based on samples drawn over short periods. Relatively favorable economic conditions generally prevailed in these states at the time of the surveys; extended benefits were not payable in any of these states. Findings from this research are not yet available.

Extended and Supplemental Benefits, 1975-1976

Extended benefits under the permanent federal-state program became payable throughout the country early in 1975, added to further by temporary federal supplemental benefits provided by emergency legislation enacted at the end of 1974. Exhaustions of regular state benefits rose rapidly in the first half of 1975, reaching about 400,000 in May--double the level of May 1974. The number of claimants drawing extended benefits increased from somewhat over 200,000 at the beginning of the year to about one million by mid-August. By that time, the number claiming federal supplemental benefits was also approaching the one-million mark.

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[1] "Research Notes", Industrial and Labor Relations Review, supplied by Robert C. Goodwin, Associate Manpower Administrator for Unemployment Insurance, U.S. Department of Labor, January 1974.

In June 1975, Congress called for a major study of the recipients of the supplemental benefit program as well as of those drawing special unemployment assistance provided under the Emergency Jobs and Unemployment Assistance Act of 1974 for workers not covered by unemployment insurance. The study and review of these programs were to include the following:

(1) The employment, economic, and demographic characteristics of individuals receiving benefits under either such program.

(2) The needs of the long-term unemployed for job counseling, testing, referral and placement services, skill and apprenticeship training, career-related education programs, and public service employment opportunities, and

(3) Examination of all other benefits for which individuals receiving benefits under either such program are eligible together with an investigation of important factors affecting unemployment, a comparison of the aggregate value of such other benefits plus benefits received under either such program with the amount of compensation received by such individuals in ther most recent position of employment.

The Department of Labor and Mathematica Policy Research are currently conducting this study. Results are to be reported to the Congress by January 1, 1977.

Conclusion

A substantial body of research relevant to UI duration policy issues has by now accumulated. Some fairly consistent patterns are discernible and, for the most part, appear reasonable. For example, exhaustees of benefits compared with nonexhaustees of a given period tend consistently to be older, especially when comparisons are made at the higher age levels and among the men. Usually, the proportion of women among exhaustees is larger than among nonexhaustees. Exhaustees usually tend to have had less employment and earnings prior to starting benefits, but the degree to which this is true is clouded by the fact that in most states, claimants with less employment and earnings qualify for lower benefit durations and are therefore more likely to exhaust. In studies made in uniform duration states, however, this generally weaker employment record of exhaustees was still evident.

Subsequent to exhaustion, the great majority of exhaustees remain in the labor force, some finding jobs, other continuing to look for them. The rate of post-exhaustion reemployment seems to depend heavily on local labor market conditions, although most reemployment appears to take place in the first few months after benefits end. Those who withdraw from the labor force are made up of greater proportions of young women and older men than are those who remain. These post-exhaustion labor force experience patterns are sometimes cited as evidence that the availability of benefits does

reduce the incentive to work and prolong unemployment. On the other hand, it must be understood that those who did take jobs soon after benefits ended might have done so anyway even if benefits continued (not all exhaustees of regular benefits draw all their extended benefits when available); or that they may have finally been forced by reduced income to accept jobs that were far less attractive and lower paid than their prior employment. Many who withdraw from the labor force may evidence a strong discouragement factor after many months of fruitless job search; given suitable job opportunities, they might reenter quite readily. Some studies have also indicated that the application of intensive employment service assistance in job search or in improving the claimant's employability through training or other rehabilitative measures does not seem to make a great deal of difference to the extent of reemployment that occurs; it appears that the availability of a reasonable supply of job opportunities remains the key factor.

The characteristics of exhaustees and the nature of their reemployment problems are notably different during recessions as compared with periods of generally low unemployment. The proportions of prime-age men and women rise as such workers who normally work steadily, especially in manufacturing industries, are laid off for long periods during recessions. Post-exhaustion reemployment experience is understandably less favorable at such times, even though exhaustees may seem to be less "marginal" in character.

There has been less in the way of research findings concerning exhaustee family characteristics and financial circumstances. The TEUC studies of 1961-62 afforded the most information. However, current research is focusing more on these matters.

Despite the accumulation of empirical research results and their increasing depth and sophistication, it is important to realize that UI benefit duration policy cannot be formed solely on the basis of such data. The meaning of the findings is not always certain, to put it mildly, and can be subject to opposing interpretations. Post-exhaustion study data may be useful in estimating how much more generous the benefit formula would need to be in order to diminish the exhaustion rate to a level viewed as tolerable. The hard question is what level is tolerable--what proportion of beneficiaries is it feasible and socially desirable to see through their unemployment? Research findings can throw some light on the degree of need exhaustees may have for continued income support and what kinds of people would be likely to receive the added benefits, thereby illuminating the policymaking process. But whether, or how much, to lengthen UI benefit duration, in the end, must also rest heavily on value judgments involving, among other things, basic social and philosophical viewpoints.

TABLE C.1

INSURED UNEMPLOYMENT AND EXHAUSTION RATES UNDER

STATE UNEMPLOYMENT INSURANCE PROGRAMS[1]

1950-1974

Year	Insured Unemployment Rate[2]	Exhaustion Rate[3]	Year	Insured Unemployment Rate[2]	Exhaustion Rate[3]
1950	4.6	30.5	1963	4.3	25.3
1951	2.8	20.4	1964	3.7	23.8
1952	2.9	20.3	1965	2.9	21.5
1953	2.7	20.8	1966	2.2	18.0
1954	5.3	26.8	1967	2.5	19.3
1955	3.4	26.1	1968	2.2	19.6
1956	3.1	21.5	1969	2.1	19.8
1957	3.7	22.7	1970	3.5	24.4
1958	6.6	31.0	1971	4.1	30.5
1959	4.2	29.6	1972	3.5	28.9
1960	4.7	26.1	1973	2.7	27.9
1961	5.7	30.4	1974	*3.6	*31.0
1962	4.3	27.4			

Source: Handbook of Unemployment Insurance Financial Data, U.S. Department of Labor, Manpower Administration, 1971.

[1]Excluding extended benefits payable during periods of high unemployment.

[2]Insured unemployment as a percent of average covered employment.

[3]Final benefit payments in year under regular state programs as a percent of first payments during 12 months ending June 30 of same year.

*Preliminary.

TABLE C.2

NUMBER AND PERCENTAGE OF CLAIMANTS EXHAUSTING UNEMPLOYMENT BENEFITS IN 1974, BY STATE

(Regular State Programs)

State	Claimants Exhausting Benefits		State	Claimants Exhausting Benefits	
	Number	As Percentage of Total Receiving First Payments in FY 1974		Number	As Percentage of Total Receiving First Payments in FY 1974
United States	1,925,058	30.9			
Alabama	20,722	25.9	Montana	6,862	33.5
Alaska	4,880	23.6	Nebraska	10,279	35.5
Arizona	16,097	33.8	Nevada	11,602	34.1
Arkansas	12,358	26.6	New Hampshire	1,375	4.0
California	270,026	31.5	New Jersey	156,688	41.2
Colorado	8,605	29.6	New Mexico	6,505	30.2
Connecticut	37,798	21.8	New York	202,045	32.6
Delaware	5,651	23.5	North Carolina	14,546	14.9
District of Columbia	8,889	42.1	North Dakota	2,848	25.9
Florida	48,174	48.0	Ohio	45,231	19.5
Georgia	36,399	41.1	Oklahoma	16,705	39.0
Hawaii	11,348	33.5	Oregon	20,947	23.1
Idaho	6,132	22.9	Pennsylvania	80,099	19.0
Illinois	77,215	29.8	Puerto Rico	65,105	54.4
Indiana	52,717	34.6	Rhode Island	19,876	37.5
Iowa	10,402	25.3	South Carolina	14,555	34.5
Kansas	10,639	25.2	South Dakota	1,844	23.0
Kentucky	18,201	20.7	Tennessee	25,029	24.5
Louisiana	30,820	37.7	Texas	46,062	40.4
Maine	14,847	32.5	Utah	8,750	28.5
Maryland	18,403	20.7	Vermont	5,025	28.4
Massachusetts	110,980	41.6	Virginia	10,200	25.0
Michigan	148,310	32.9	Washington	62,920	38.8
Minnesota	39,688	38.5	West Virginia	9,363	16.3
Mississippi	6,128	20.9	Wisconsin	25,126	22.2
Missouri	34,232	24.5	Wyoming	810	20.0

Source: Unemployment Insurance Statistics, U.S. Department of Labor, Manpower Administration, March, 1975, p. 8.