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Cost of Unemployment Insurance for Farmworkers in Selected States

By Joachim Elterich and Richard Bieker

Regression analysis with data for 12 Northeastern States, Ohio, Florida, and Texas explains 93 percent of the variation in cost rates of unemployment insurance coverage among these States. Of the explained variation in the cost rates of such coverage for farmworkers, 57 percent is accounted for by system variables and 43 percent by labor force variables. Simulation with a fixed population spotlights the widely varying influences of different States' qualifying and benefit schedule requirements. Average total benefits per worker ranged from \$266 to \$486. An attempt was made to adjust the benefit payments to allow for the cost of living in each State.

Keywords: Agricultural labor; unemployment insurance.

American agricultural workers have been excluded from most social legislation, including unemployment insurance, since the 1930's. The U.S. unemployment insurance system originated as part of the Social Security Act of 1935. The system's major objectives were (1) employment stabilization of industries, (2) aggregate income maintenance in the economy, and (3) personal income maintenance for individual workers. The counter-cyclical effects of the program are further amplified because the contributions to the unemployment insurance (UI) trust fund are usually paid exclusively by employers. The taxes are levied on a proportion of the gross payroll of employees.

By 1938, all States had passed bills that included them in the cooperative Federal-State unemployment insurance program, but these bills exempted agricultural workers from coverage. Initially, two major reasons were given for this exemption. First, it was argued that agriculture's employment pattern—the large number of farms with small numbers of employees—made the program administratively unworkable. Second, it was argued that the seasonality of agricultural employment would result in large benefit payments which would threaten the solvency of the insurance system.

Agricultural workers continued to be excluded from coverage until 1974, except in specified instances in Hawaii, Minnesota, the District of Columbia, and Puerto Rico. In other States, agricultural employees could voluntarily elect coverage. Today, agricultural workers in all States are temporarily covered under the Special Un-

employment Assistance Act, enacted by the Congress on December 19, 1974.

Exclusion has begun to be challenged on the grounds that it is not equitable to hired farmworkers compared with other wage earners. But discussions on extending unemployment insurance to agriculture continue to be dominated by concerns about the seasonal employment patterns assumed to be characteristic and the effects such patterns would have on the costs of the unemployment insurance system. To provide some answers to the questions about these costs, the U.S. Department of Labor initiated in 1969 a series of studies designed to estimate the costs of extending unemployment insurance to hired farmworkers in a number of States.² Findings indicate considerable variation from State to State. The cost rates (expressed as benefits paid out to insured workers as a percentage of taxable payroll) in 15 States surveyed range from 0.76 to 6.71 percent.³

The purposes of this article are (1) to develop a regression model to explain the variation in the cost rate among the States surveyed and (2) to analyze, using simulation, the variation of State UI provisions.

THE MODEL

The cost of extending unemployment insurance to hired farmworkers in any given State depends upon (1) the proportion of covered farmworkers qualifying for benefits (insured workers), (2) the duration of their compensable unemployment, and (3) the level of benefits (weekly benefit amount) they receive when unem-

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² These studies are summarized in (1, 3, and 8).

³ See (3, p. 13; 1, p. 3.24). The States are: Connecticut, Delaware, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, and West Virginia.

played. These values are determined by the nature of the unemployment insurance system of the State as well as workers' employment patterns.

To be potentially eligible for benefits during the benefit year, a worker must earn a specified amount in wages during a base period from employers covered by the unemployment insurance system. If the worker earns sufficient wages during this base period, he or she may receive benefits during the benefit year provided the worker experiences one or more weeks of compensable unemployment. The amount of benefits workers actually receive during the benefit year depends upon their weeks of compensable unemployment, the level of wage credits they earned during the base period, and the benefit payment schedule of the State.

Employers generally pay the cost of worker unemployment insurance payments.⁴ UI trust fund taxes all covered employers, except new entrants, according to the level of compensable unemployment experienced by their workers. However, minimum and maximum tax rates are established; as a result, the ratio of benefits paid out to workers and taxes paid into the fund by employers varies among employers.⁵ UI provisions vary considerably among States, and obviously this variation affects the cost rate (*I*, 9, 10).

In addition to differences in the unemployment insurance provisions, the composition of agricultural production—farm size and type—varies among States. This variation results in differences in employment patterns in the hired farm labor market.

The model for explaining the variation in the cost rate among States incorporates variation in both the unemployment insurance provisions and in employment patterns in the hired farm labor market. Specifically, the following functional relationship is proposed:

$$C = f(LF, UI)$$

where *C* is the cost rate, expressed as the benefit payments to hired agricultural farmworkers in a given State as a percentage of the taxable payroll of agricultural employers in that State; *LF* is a vector of hired agricultural labor force variables; and *UI* is a vector of unemployment insurance system variables. The variables are specified in the paragraphs below.

The cost rate is specified as

$$(1) \frac{(\text{Benefit payments to hired agricultural workers})}{(\text{Taxable payroll of agricultural employers})} \times 100.$$

The present minimum-coverage criterion for covered employers, established by Federal statute, is employment of one or more workers for 20 weeks or more or

a high-quarter payroll of \$1,500 or more. Data from the 15 States surveyed indicate that little variation occurs within a State in the cost rate for agricultural coverage over a broad range of coverage criteria (*I*, p. 3.43). The cost rate used here is based on the assumption of universal coverage; that is, all agricultural employers who hire one or more workers for at least 1 day are covered. The values for the cost rate are taken from (*3*, p. 13 and *I*, p. 3.24).

The following work force characteristics are important, *a priori*, in explaining the State cost rates:⁶

Average duration of unemployment in weeks (*DU*) for all farm workers in the *i*th State (*b* > 0)

Insured workers without unemployment (*WOU*) in the *i*th State (*b* < 0) defined as the difference between the proportion insured workers are of all farmworkers and the proportion beneficiaries are of all farmworkers.

Other variables, such as seasonal and nonfarm employment opportunities and average annual earnings, turned out not to be significant nor to contribute to the determination of the cost rate.

Basically, the above combination of characteristics is intended to capture the effect of three underlying work force characteristics, employment, earnings in covered employment, and unemployment. If the program variables are held constant—that is, if there existed uniform eligibility and benefit payment determinants in all States—the remaining variability among States should be accounted for by these work force characteristics. Or if the work force characteristics were held constant, the remaining variability among States should be accounted for by their UI program variations.

Differences in the unemployment insurance programs among the States result, among other things, from (1) different rates of compensation and duration for workers who qualify for benefits and (2) differences in qualifying requirements. The following system variables have been included in the model:

Median dollar amount per week in the benefit payment schedule (*B*) of the *i*th State (*b* > 0)

Minimum high-quarter earnings to qualify for benefits (*HQ*) in the *i*th State (*b* < 0)⁷

Minimum weeks of covered employment to qualify for benefits (*MW*) in the *i*th State (*b* < 0)⁸

Other system measures, such as minimum base period earnings and total benefit amount per beneficiary, were considered but proved statistically insignificant.

⁶ The hypothesized relationship between the explanatory variables and the cost rate is indicated in parenthesis for each variable.

⁷ Though all State UI laws do not have a statutory requirement concerning minimum weeks of employment or high-quarter earnings, all qualifying requirements call for a minimum length of employment and a minimum amount of earnings in a quarter for that quarter to be the individual's high quarter.

⁸ See footnote 7.

⁴ In New Jersey, as of August 1971, the workers contribute 0.25 percent of their gross wages, (*9*, January, p. T-5).

⁵ New entrants are taxed at the standard rate of assessment, a rate between the minimum and maximum rates. The tax is levied on the first \$4,200 paid by each employer each year.

After the above set of variables has been reviewed, it should be apparent that the explanatory variables are not completely independent. Indeed, the initial specification scheme has purposely been liberal so as not to exclude any meaningful variables.

Interpretation of the results depends on some assumptions and limitations resulting from the data.

There may be some question as to whether the work-leisure indifference of workers after UI coverage differs significantly from their behavior before such coverage takes effect. Work by R. Emerson simulating some drastic changes in the attitudes of migrants toward the leisure-work mix suggests that the effects will be rather minimal.

The analysis in this article is based on 1971 statutes and 1969-70 data on workers and employers; therefore, it reflects only the situation prevailing then. The detailed work history data enabling this analysis are not available for later years. However, the conditions we studied are believed generally similar today. Though wages, contributions, and, in some States, benefit schedules have increased, the magnitude of the cost rates has not changed much.

Assumptions concerning disqualifications for nonmonetary reasons had to be made. For instance, fired workers or those unemployed workers not willing and not able to work are ineligible for UI benefits. Because of data limitations in this study such workers were assumed to be eligible. All the simplifications have the tendency to overstate the cost rate to a small extent.⁹

It was assumed that workers who were interviewed in a State surveyed would also file their claims in that State. Subsequently, their claims would be processed in accordance with that State's payment schedule, although benefits are allocated among States on a prorated basis with respect to covered wages. For intrastate workers, the problem does not arise. However, interstate workers actually may file their claim in any State in which they are monetarily eligible, and they may receive benefits in accordance with the State in which they filed. The cost rates used in the study do not include any administrative costs connected with the program; such costs, a constant throughout all States surveyed, are 0.5 percent of the taxable gross payroll. The standard cost rate of UI benefits, including the State and Federal shares, amounts to about 3.2 percent.

ANALYSIS OF VARIATION IN COST RATES AMONG STATES

To examine the combined influences of the work force and system variables in explaining the cost rates of UI benefits in the States surveyed, a regression model was developed:

⁹ For a detailed discussion of these issues, see (5, pp. 37-40 and 6, pp. 32-35 and pp. 41-44). The data for these workers were obtained in conjunction with (1).

$$(2) \quad C_i = 3.75 - .034^{***}HQ_i + .107^{***}B_i + .183^{**}DU_i \\ (3.98) \quad (.006) \quad (.017) \quad (.049)$$

$$- .033^{**}MW_i - .023 WOU_i \\ (.021) \quad (.018)$$

$$R^2 = .93, \bar{R}^2 = .90, F = 25.15, df = 9$$

***, **, *: significant at the 0.01, 0.05, and 0.10 levels, respectively

where:

C_i = Estimated cost rate in the i th State,

HQ_i = Minimum high-quarter earnings for qualification for benefits in the i th State,

B_i = Median dollar amount in the benefit payment schedule of the i th State,

DU_i = Average duration of unemployment per worker, in weeks, in the i th State,

MW_i = Minimum weeks of covered employment for qualification for benefits in the i th State, and

WOU_i = Proportion of insured farmworkers without unemployment in the i th State.

Regression analysis was performed in linear form, and these five variables explained 93 percent of the variations in the cost rates. Examination of the partial correlation coefficients does not suggest an intolerable degree of collinearity. The highest partial correlation coefficient, between the high-quarter earnings requirement and median benefit amount, is 0.86, which is to be expected. All the other partials have values of 0.66 or lower, most of them indicating no intercorrelation at all. Most of the coefficients of the variables are significantly different from zero—at least at the 92.5 percent level. Table 1 contains the observed and estimated values.

Forty-two percent of the variation in the cost rate is accounted for by the minimum high-quarter earnings requirement, another 37 percent by the median scheduled benefit amount, and 4 percent by the minimum weeks of work requirement. Thus, system variables account for 83 percent, while the work force variables account together for 10 percent of the variations in the cost rate. Beta coefficients also indicate that the system variables outweigh work force variables, 1.54 to 0.50.

Specifically, a 10-percent increase in the minimum high-quarter earnings requirement decreases the cost rate by 0.34 percentage point. This means that the cost rate of 3.20 percent will decrease to 2.86 percent if the

Table 1. Observed and estimated cost rates for UI of farm workers, by 15 States surveyed, 1969-70

States	Observed cost rate	Estimated cost rate	Deviation of observed from estimated rate
Connecticut	6.71	6.68	0.03
Delaware	5.10	4.38	0.72
Florida	3.11	2.41	0.71
Maine	2.06	1.88	0.18
Maryland	1.54	1.70	-0.16
Massachusetts	2.98	2.60	0.38
New Hampshire	2.40	2.43	-0.03
New Jersey	5.81	6.38	-0.57
New York	1.57	2.30	-0.73
Ohio	4.22	3.97	0.25
Pennsylvania	1.62	2.52	-0.90
Rhode Island	5.09	4.81	0.28
Texas	3.47	3.72	-0.25
Vermont	0.76	0.75	0.01
West Virginia	1.44	1.36	0.08

Sources: The observed cost rates for all States except Texas are derived from (8), with worker tabulations computed by persons at Cornell University and the Pennsylvania State University. Conrad Fritsch, Department of Agricultural Economics, Texas A & M University, supplied the rate for Texas.

high-quarter requirement increases by \$13.36, or the rate will increase to 3.54 percent if the high-quarter requirement decreases by \$13.36. Higher qualifying requirements will have a tendency to decrease the cost rate, *ceteris paribus*.

If the median of the weekly benefit schedule increases by \$1, the cost rate rises 0.11 percentage point. This result implies an increase of the cost rate from a base of 3.20 percent to 3.31 percent because of a \$2 change in the upper limit of the weekly benefit schedule with the minimum unchanged.

A lengthening in the duration of unemployment by 1 week raises the cost rate 0.18 percentage point. Also, 1 additional week of the defacto requirements decreases the cost rate 0.03 percentage point.

A 1-percent deviation in the proportion of insured workers without unemployment is associated with a negative change of 0.02 percentage point in the cost rate. Thus, a cost rate of 3.20 percent, for example, increases to 3.22 percent if the number of insured workers without unemployment declines by 1 percent. Given a tax base, it is to be expected that a higher proportion of beneficiaries, *ceteris paribus*, will cause a higher cost rate.

Though some deviations exist between the two rates among low-cost States (below 2 percent), they are relatively smaller among high-cost States. For policy purposes, it is much more essential to arrive at accurate estimates for States with cost rates of 4 percent and more.

ANALYSIS OF THE VARIATION BETWEEN STATE UI PROVISIONS

Here, the concern is how State UI provisions vary in their qualifying requirements and amounts of compensation. To determine the impact of differences in State UI provisions, it is necessary to eliminate differences in work force characteristics. One method is to consider the proportion of insured workers and beneficiaries, benefits, and cost rates that accrue to a fixed set of workers under the State UI provisions of the 15 States. Specifically, we simulate the proportion of beneficiaries, benefits, and cost rates that accrue to 632 West Virginia and Delaware survey workers when considered using the 15 States' UI provisions.¹⁰ Nonmonetary considerations—such as willingness and ability to work, and disqualifications—were not considered. Thus, any differences among States that may result from different interpretations of these rules are disregarded. The results appear in tables 2, 3, and 4.

Qualifying Requirements

The proportion of insured workers ranges from 77 percent under Vermont's provisions to 87 percent under Maine's provisions, and the median State is Pennsylvania with 84.5 percent (table 2). The proportion of beneficiaries ranges from 29 percent under Massachusetts' provisions to 35 percent under Connecticut's provisions; the median State is Maine with 31 percent. The proportion that benefit exhaustees (workers who exhaust all benefit payments due them) are of beneficiaries ranges from 3.7 percent under Pennsylvania's provisions to 26.9 percent under Texas' provisions. The median State is Delaware with 9.7 percent.

The proportion of all workers with sufficient wages to qualify for benefits (insured workers) reflects the restrictiveness of the provisions with respect to qualifying requirements. Because of differences in these requirements, a much greater proportion of workers qualify for benefits in Maine, for example, than in Vermont. This restrictiveness in turn, limits the proportion of beneficiaries, since workers must be insured before they can receive benefits. The incidence of benefit exhaustees is determined by the restrictiveness of the qualifying requirements as reflected (1) by the proportion of insured workers and beneficiaries and (2) by differences in State laws as to the duration of benefit payments. The significance of the latter restriction is illustrated by the fact that the ranking of States as to proportion of beneficiaries does not correspond to their ranking as to the ratio of exhaustees to beneficiaries.

¹⁰ It was argued that the combination of a low-cost State (West Virginia) with a relatively constant employment level and a high-cost State with heavy seasonal employment (Delaware) represents the conditions of the 15 States surveyed.

Table 2. Insured workers, beneficiaries, and exhaustees under UI provisions of States surveyed, based on Delaware and West Virginia farm labor force data, July 1971

State	Insured workers ^a		Beneficiaries ^b		Exhaustees ^c	
	Percent	Rank	Percent	Rank	Percent	Rank
Connecticut	86.3	13	35.1	15	10.7	9
Delaware	86.6	14	34.5	13	9.7	8
Florida	82.6	5	30.8	4	22.7	13
Maine	87.2	15	31.3	8	25.7	14
Maryland	86.0	11	34.3	12	8.2	6
Massachusetts	81.6	3	29.2	1	14.3	11
New Hampshire	86.0	12	31.5	10	9.5	7
New Jersey	83.4	7	31.3	9	10.9	10
New York	80.0	2	34.8	14	5.7	2
Ohio	81.8	4	30.8	5	6.7	4
Pennsylvania	84.5	8	30.6	2	3.7	1
Rhode Island	82.8	6	30.9	6	19.0	12
Texas	84.8	9	30.6	3	26.9	15
Vermont	77.0	1	32.8	11	6.3	3
West Virginia	85.8	10	31.1	7	8.0	5

^aAs a percentage of all workers with farm or nonfarm wage credit or both. ^bAs a percentage of insured workers with farm or nonfarm wage credit or both. ^cAs a percentage of beneficiaries

with farm or nonfarm wage credit or both. Exhaustees are workers who exhaust all benefits due them.

Table 3. Average total and weekly benefits and compensable weeks for beneficiaries under UI provisions of States surveyed, based on Delaware and West Virginia farm labor force data, July 1971

State	Average total benefit amounts		Average weeks of compensable unemployment		Average weekly benefit amounts	
	Dollars	Rank	Number	Rank	Dollars	Rank
Connecticut	421	13	11.4	11	36.90	8
Delaware	381	8	10.8	7	35.32	6
Florida	305	2	9.5	2	32.27	3
Maine	412	12	10.5	6	39.23	14
Maryland	423	14	11.3	10	37.56	10
Massachusetts	365	5	9.3	1	39.15	12
New Hampshire	352	3	11.8	15	29.78	2
New Jersey	486	15	11.5	13	42.33	15
New York	370	6	11.0	9	33.69	5
Ohio	358	4	10.9	8	32.83	4
Pennsylvania	409	11	11.5	14	35.44	7
Rhode Island	374	7	10.0	3	37.29	9
Texas	384	9	10.1	4	37.98	11
Vermont	397	10	10.1	5	39.19	13
West Virginia	266	1	11.5	12	23.16	1

Table 4. Compensable weeks unemployed, potential and actual benefits, and cost rates under UI provisions of States surveyed, based on Delaware and West Virginia farm labor force data, July 1971^a

State	Total weeks of compensable unemployment		Potential benefits		Actual benefits ^b		Cost rates ^b	
	Number	Rank	1,000 dollars	Rank	1,000 dollars	Rank	Percent	Rank
Connecticut	26,159	15	6,808	12	965	15	5.0	15
Delaware	24,403	13	6,133	8	862	12	4.5	12
Florida	18,221	2	4,826	1	588	2	3.1	2
Maine	21,665	7	6,053	7	850	11	4.4	11
Maryland	25,108	14	6,660	11	943	13	4.9	13
Massachusetts	16,784	1	6,477	9	657	3	3.4	3
New Hampshire	24,199	12	6,611	10	721	5	3.8	5
New Jersey	22,667	9	6,967	13	960	14	5.0	14
New York	23,165	10	5,557	4	780	9	4.1	9
Ohio	20,755	6	5,870	6	681	4	3.6	4
Pennsylvania	22,591	8	7,089	15	801	10	4.2	10
Rhode Island	19,476	4	7,002	14	726	6	3.8	6
Texas	19,872	5	5,231	3	755	7	3.9	7
Vermont	19,394	3	5,625	5	760	8	4.0	8
West Virginia	23,202	11	4,987	2	537	1	2.8	1

^aThe taxable wage bases for Delaware and West Virginia were \$10,425,000 and \$8,713,000 respectively. ^bFor cost rate,

Duncan's Multiple Range Test showed significant differences at the 5-percent level among means ordered in groups of 3.

Amount of Compensation

Another important difference in State unemployment insurance provisions is the variation in benefit payments to workers who are beneficiaries; that is, differences in rates (and duration) of compensation. That such differences exist by State is amply demonstrated by the average weekly benefit amounts (table 3). Beneficiaries in West Virginia receive only \$23 a week compared with \$42 in New Jersey. The State with median benefits is Connecticut with \$37. These differences primarily result from differences in the benefit payment schedules. In West Virginia, \$700 in base period wages is required to qualify for the minimum weekly benefit amount of \$12, compared with only \$255 for the minimum weekly benefit of \$10 in New Jersey. At the upper end of the benefit scale, it takes \$9,050 in base period wages to qualify for the maximum \$71 a week in West Virginia but only \$1,811 in base period wages for the maximum \$72 in weekly benefits in New Jersey.

To summarize, the variation in cost rates among the States partly results from the interstate variation in UI provisions, specifically as to their qualifying requirements and rates of compensability. The combined influence of these two factors is shown by the variation in the cost rate, the total covered wage base (not reproduced in this article), total potential and actual benefit amounts, and the weeks of compensable unemployment—for a fixed set of workers "filing" under different States' provisions (table 4). Under West Virginia's provisions, the cost rate is 2.8 percent compared with 5.0 percent in Connecticut.

The median rate of 4.0 percent results under Vermont's provisions.

Considering potential and actual benefits, taxable wage base, and cost rate for survey workers with only farmwork reduced all figures. However, in general, the ranking of the States remained the same. The cost rate for this subset of workers declined appreciably by 0.5 to 1.0 percent. Thus including farmwork under the unemployment insurance program appeared to help reduce the cost rate, as judged by the results obtained from this constant work force. This may be a somewhat expected result if one considers that migrants have proportionately more nonfarm employment than nonmigrants.

An important factor to consider when comparing benefits paid to the standardized set of workers under the statutes of the different States is the variation in the cost of living in each State. Accordingly, the weekly and total benefits are adjusted by the regional Consumer Price Index for nonmetropolitan areas (app. table). Ranges in the adjusted weekly and total benefit amounts are less than in the unadjusted amounts. Unadjusted weekly and total benefit amounts for the lowest ranking State are both 55 percent as large as the benefits in the highest State. Adjusted weekly and total benefits for the lowest ranking State are 59 and 60 percent as large, respectively, as those in the highest ranking State. But, when the 15 States were divided into groups of five for adjusted weekly benefits, the average weekly benefits were found to differ significantly between all three groups at the 5-percent level. By an independent grouping in a similar manner, adjusted total benefits

also differed significantly between all groups at the 5-percent level.

After adjusting for differences in purchasing power, the total benefits of Florida, Texas, and West Virginia increase by \$35, \$59, and \$30. The corresponding increases for the weekly benefits amount to \$3.72, \$5.84, and \$2.67.

Clearly, no uniformity exists among the States as to how they insure the loss of personal earnings of workers during periods of involuntary unemployment. As a result of the differences in benefit payments, cost rates also differ appreciably.

CONCLUSIONS

Using the beta coefficients measure and contributions to R^2 , we can conclude that the importance of the variables reflecting work force characteristics and system variables carry weights of about 1:3 in equation (2). As confirmed by our study, work force characteristics contribute relatively less than system variables in determining the cost rate. Such system variables as minimum monetary and work requirements for qualification are important factors. So are the benefit schedules. The differences in benefits result partly from the differences in the amount of wage credits needed to qualify for given weekly benefits. Based on the equation, qualifying requirements account for about 57 percent of the explained variation of the system variables and benefit schedule differences explain 43 percent. This finding has obvious and severe implications for insured migrants who are able to file in different States. In the long run, continued drastic differences in the benefit schedules may have a diversionary effect on the migrant stream, since for a given work history (earnings) these workers could receive double the benefits in one State compared with another.

In equation (2) the following changes in the program or work force variables will cause substantial variation (12.5 percent at the mean) in the cost rate if a 3.2-percent base is assumed:

- 12 weeks as the minimum qualifying requirement for weeks of work (negative relationship),
- \$11.80 as the minimum qualifying requirement for high quarter (negative relationship),
- \$3.74 as the median weekly scheduled benefits (positive relationship),
- 2.2 weeks as the duration of unemployment (positive relationship), or
- 17 percent as the proportion of insured workers without unemployment (negative relationship).

As judged by the significance levels, magnitudes, and signs of the coefficients, the model satisfies statistical and economic reasoning in explaining most of the variation in the cost rates of the 15 States. The signs also confirm all the hypotheses established for the model to prove. The model could be used to simulate and to analyze the possible outcomes of alternative policies which would precipitate changes in the independent variables employed.

As judged by the observed cost rate (and the share of agricultural benefits to total benefits), most of the 15 States have rates below 3.5 percent. Furthermore, agricultural benefits as a share of total benefits are a small proportion (less than 5 percent, except for Florida and Texas where they are 25 and 19 percent, respectively) for the States. Thus agriculture would hardly cause a severe drain on the States' UI funds. It is expected that in four States (with cost rates over 4.3 percent, which approaches the maximum chargeable rate in these States), agricultural employers would be subsidized by nonagricultural employers. In seven States (with less than a 2.5-percent cost rate), the opposite would hold, since most States do not drop the tax rate below a given level even after experience rating of employers has been accounted for.¹¹ These likely developments carry implications for aspects of rural development and income redistribution from nonfarm employers to farmworkers or from farmers to nonfarm workers.

A shortcoming of the model is the limited degrees of freedom, given by the narrow data base. Further testing of the models developed will be undertaken with data for all contiguous States of the Nation. Since no survey data are available for the remaining 33 States, proxies from secondary sources must be found to fill the void.

Finally, substantial differences exist in the UI provisions among the 15 States. If a given work force applied for benefits in these States, proportions of insured workers, beneficiaries, and exhaustees would vary greatly. In addition, this work force would obtain benefits in one State that are almost double those in another, and it would be eligible for benefits for varying durations. The UI benefit payments were adjusted by an appropriate consumer price index to arrive at the real purchasing power of benefit payments in different States. After adjustment was made to determine real purchasing power of benefit payments, Southern States ranked much more favorably in their payments than did some Northern States.

¹¹ Each employer establishes over a period of time, usually 3 years, part of what that employer's tax rate will be, based on benefits paid to workers laid off.

Appendix table.
Average total and weekly benefit amounts deflated by regional
Consumer Price Index for States surveyed, based on Delaware
and West Virginia farm labor force data, July 1971^a

State	Average total benefits (real terms)		Average weekly benefits (real terms)	
	Dollars	Rank	Dollars	Rank
Connecticut	428	12	37.53	8
Delaware	388	8	35.92	5
Florida	340	2	35.99	6
Maine	414	10	39.49	12
Maryland	430	13	38.20	10
Massachusetts	371	5	39.81	13
New Hampshire	354	3	29.98	2
New Jersey	494	15	43.05	14
New York	376	6	34.26	4
Ohio	362	4	33.27	3
Pennsylvania	416	11	36.04	7
Rhode Island	381	7	37.92	9
Texas	443	14	43.82	15
Vermont	400	9	39.45	11
West Virginia	296	1	25.83	1

^aFour subarea consumer price indices were derived from four area indices for nonmetropolitan areas (populations of 2,500-50,000). An index for one city in each of the four areas was included to establish the subarea indices. The four area indices carried a weight of two-thirds, while the city indices carried the remainder. Indices adapted from Monthly Labor Review, August 1973, p. 72.

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