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BENEFITS TO AGRICULTURAL WORKERS UNDER THE UNEMPLOYMENT COMPENSATION AMENDMENT OF 1976

By G. Joachim Elterich*

In January 1978, under P.L. 94-566, Unemployment Insurance (UI) coverage was extended to agricultural workers in establishments employing 10 or more workers for 20 weeks or more, or with a quarterly payroll of at least \$20,000. Recent studies of the impact of the law on agricultural employers and trust funds found:

Only about six percent of all agricultural (five percent of farm) employers will be affected by the law, and these employers cover about half of all agricultural workers. A somewhat smaller proportion of the employment will remain covered under the UI law while between one-third and one-half of the payroll will be covered in most states. Throughout the states, wide variations in these employment characteristics exist among employers subject to the law among economic classes, and types and ownership of farms. A small proportion (10-20 percent) of employ-

The "Unemployment Compensation Amendments of 1976" are expected to provide income protection for about two-fifths of all hired agricultural workers. The program became effective in January 1978. Of these insured workers, three-tenths are expected to receive benefits, expected to average about 14 percent of average annual earnings if 1970 employment relationships hold. Nearly one-fourth of unemployed farm workers who receive benefits will likely exhaust their entitlements before finding new jobs. Large interstate variations are expected around these averages as a result of differing State qualifying regulations, benefit schedules, and personal work histories.

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ers, representing predominantly the farms with high sales volumes and highly seasonal operations (such as vegetable, fruit, tobacco and miscellaneous farmers) would generally cover half to three-fourths of the work force on these types of farms. In the area studied—which includes the New England states, New York, New Jersey, Pennsylvania, Ohio, Delaware, West Virginia, Maryland, Florida and Texas—less than two percent of the cash grain, dairy, livestock and cotton farmers will cover less than 15 percent of the workers on these farms. The estimated agricultural benefits paid will usually constitute less than one percent of all UI benefits disbursed in a state (6, 4, 8).¹

¹ Italicized numbers in parentheses refer to items in References at the end of this article.

Under the employment compensation program, eligible workers are provided with partial income protection should they become unemployed with cause. Only those working for employers subject to the law are eligible to receive benefits. They must meet the following additional conditions. Unemployment for UI purposes is defined in monetary and nonmonetary terms. To qualify monetarily, a worker must show "substantial attachment" to the covered labor force, either for a sufficient number of weeks or its equivalent in earnings. The specific terms differ by State.² To qualify in nonmonetary terms, a worker must be available for work on a job similar to that in which he or she is usually employed, be able to work, and must not be discharged for good cause, or leave work voluntarily. In addition, he or she must make a valid claim for benefits. A worker's benefit rights—beneficiary status and benefit amounts—depend on weeks of work and wage experience in covered employment during the base period. States have different provisions (benefit schedule) for determining the worker's benefit rights as to the *weekly* benefit amounts and the *duration*.

METHODS

The study reported on here used workers' employment histories and their characteristics as of 1969/70

² For analysis of the qualifying provisions and benefit schedules of workers in different States, see (2).

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obtained in the NE-58 research, which surveyed a stratified (by payroll), random sample of agricultural employers in the 15 States previously named. In the second sampling frame, the employers' workforce was randomly selected. The workforce was completely or proportionately sampled, depending on its size. The sample data were subsequently expanded to provide population estimates.³

Each worker's 52-week base period, also used as benefit period, was analyzed with respect to his UI beneficiary status; that is, if the worker was covered and/or insured, and/or beneficiary or benefit exhaustee. Only workers employed by employers included by the provision as defined by P.L. 94-566 (the "10 in 20 or \$20,000" provision) were considered covered. The State's qualifying and benefit determination status in effect July 1971 was applied. The 1971 price level applies to monetary statistics.

The tabulations and analyses of the estimated impact of the law on the UI and workforce classifications of 14,818 workers in the survey States will relate the relative coverage of their expanded population (148,925) due to covered survey employers.

Actual benefits would be paid to workers assuming they had the same unemployment experience in the second (benefit) year as in the first (base) year and disregarding extended benefits beyond the State's statutory limit. The analysis disregards seasonality provisions, which are currently still in effect in some States; dependency allowances; and any changes in labor supply due to the extension of coverage to agricultural workers. Estimates are based on the assumption that workers apply for benefits in the same State in which they were interviewed, which will not invalidate the estimates.

By taking this approach and population, the study assumes the same employment and work history of agricultural employers and their employees both in 1971 and also 1977 as the survey has not been updated. However, it is asserted that any change which may have occurred since then would change the findings only slightly. On average, both workers' taxable wages and the UI benefits have increased approximately proportionately. At the same time, the level of employment has remained constant or increased somewhat in most States and the number of employers with sufficient employment to qualify for coverage has remained constant or increased. Thus all factors tend to counteract each other. The seasonal employment pattern is judged to remain essentially similar.

The chart reviews the steps involved in determining UI coverage, steps defined in the next section of this article. Later sections examine potential and actual

benefits and assess the impact of payments on economic welfare of workers.

COVERAGE AND BENEFICIARY STATUS

Covered Workers

Agricultural workers may become eligible to receive benefits when unemployed if they worked for an employer who hires at least 10 workers over a 20-week period, or who has a high-quarter payroll of at least \$20,000. Overall, just over half of all hired farmworkers of employers in the study area are covered. The variations in size of employing units (as measured by size of workforce) and the duration of employment result in wide variations of worker coverage among States (table 1).

Workers with only nonfarm work have a greater chance of being covered (64 percent) than workers with only farmwork or with a combination of farm and nonfarm work (about 50 percent). The reason for this likelihood is that nonfarm employers are almost universally covered under existing UI legislation. Of the farmworkers, interstate workers have the highest coverage (61 percent) because they are more likely to be employed by larger employers. By contrast, less than half of the intrastate farmworkers are covered (47 percent).

Insured Workers

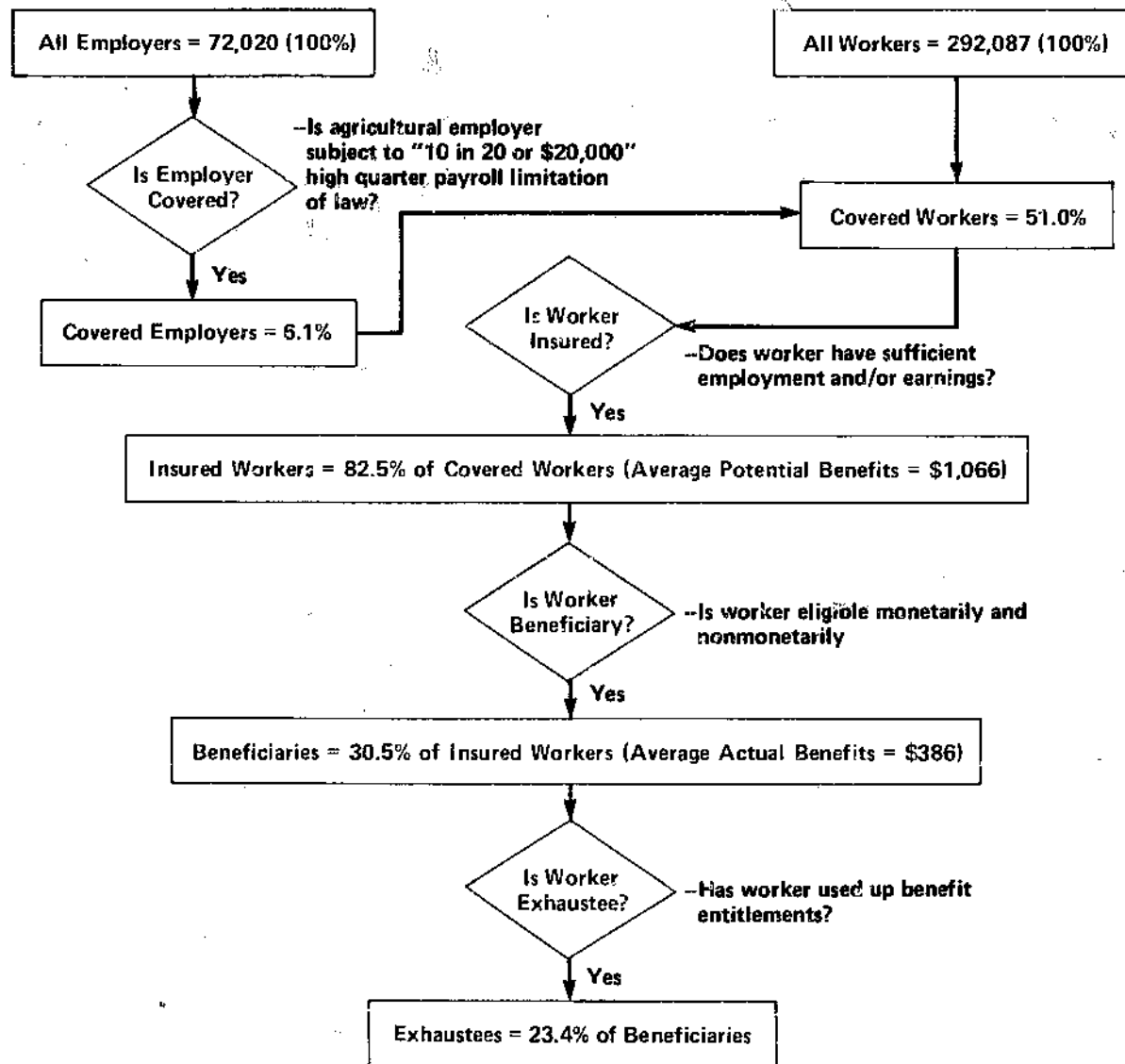
Of the farmworkers employed on covered farms, those in the labor force all year are most likely to qualify as insured workers (94 percent). Those in the labor force part of the year are least likely to qualify (64 percent). The variation among States is narrow for workers in the labor force all year (86-99 percent), while it is rather wide for workers with only part-year workforce participation (29-90 percent). This latter group is composed mostly of students and housewives.

The difference in the proportion of insured workers between the interstate (82 percent) and intrastate (88 percent) farmworkers is relatively small for the study area. Because intrastate work is predominantly seasonal, in most States, the proportion of covered intrastate workers who qualify for UI is smaller than for interstate workers.

Both groups display wide variations among States (from 52 to over 90 percent). The interstate differences in incidence of insured workers can be attributed to both the State's qualifying requirements and the personal work histories (duration of work and earnings). In Florida and Ohio, stringent requirements for worker earnings and workforce participation could result in relatively lower proportions of insured workers. However, the proportion is high in Florida; covered workers generally have been employed longer and thus have higher annual earnings. In Ohio, West Virginia, and most

³ For more detail on methods, survey and sampling procedures, and results of the original study, see (1, 9, 3).

**Eligibility for Unemployment Insurance Coverage and Benefit Determination
Under P.L. 94-566, 15-State Study Area**



New England States, a fairly large share of the workforce is part time (mainly housewives and students). This is evident from the small proportion of insured workers (due to low earnings and short spans of work) even though qualifying requirements are relatively low.

The proportions of insured workers doing farmwork only or performing both farm and nonfarm work is about 84 percent for the study area. This figure is slightly larger than the 71 percent of those performing nonfarm work; however, wide interstate variations exist.

Actual Beneficiaries

Actual beneficiaries are insured workers with at least one period of compensable unemployment and who are thus assumed to receive UI benefits. For the study area, about 3 of 10 insured workers are expected to receive UI benefits (table 1). Again, wide variations exist among States.

The proportion of actual beneficiaries is likely to be highest for insured farmworkers in the labor force part

Table 1—Covered and insured workers, beneficiaries, earnings, potential and actual benefits per beneficiary under provisions of P.L. 94-566, by migratory status, labor force participation, type of work, study area, 1970

study area, 1970								
Item	Farmworkers with some farmwork						Workers with nonfarm work only ¹	All workers
	Intra-state	Inter-state	In labor force part year	In labor force all year	Farm work only	Farm and nonfarm work		
	Percent							
Covered workers ²	46.7	61.3	52.2	49.0	50.2	49.7	63.5	51.0
Insured workers ³	82.1	87.6	63.6	93.7	83.5	84.2	71.1	82.5
Beneficiaries ⁴	25.9	41.5	78.3	14.2	28.6	37.8	31.1	30.5
	Dollars							
Potential benefits	1,071	1,035	832	1,138	1,056	1,075	1,141	1,066
Actual benefits	395	365	387	374	379	393	421	386
Earnings of covered workers	3,676	3,374	2,006	4,383	3,601	3,564	3,822	3,613
Earnings of beneficiaries	2,625	3,049	2,718	2,931	2,724	3,002	3,452	2,843

¹ Worked on farms during survey, but had no farmwork during preceding year so could not qualify as covered farmworkers.

² Proportions are based on the corresponding number of workers for each classification under the universal coverage. ³ Insured workers as a percentage of covered workers. ⁴ Beneficiaries as a percentage of insured workers.

Source: For disaggregated State-level data for the study area, see (7).

of the year (78 percent) and lowest for those in the labor force year-round (14 percent). Insured intrastate workers have a lower incidence of actual beneficiaries (26 percent) than interstate workers (42 percent).

Exhaustees

Benefit exhaustees are beneficiaries whose weeks of unemployment equal or exceed their allotted duration. Their proportion is based on the number of beneficiaries, a statistic only available by State, and this number cannot be computed for the 15-State area. About one out of four beneficiaries in the 1970 sample would have exhausted their benefits under the new law. The figure for the mid-Atlantic States is about 9 percent; in New England, Texas, and Florida, it rises to about 29 percent. The interstate differences cannot be explained by the State statutes alone, although Florida and Texas provide relatively short durations for benefits. Differences are also determined by the employment histories of the workers in a State.

BENEFITS

Potential

Potential benefits are the maximum amount to which an unemployed insured worker is entitled, based on

work history during the base period. They are the product of the weekly benefit amount computed from the worker's past wages, and the potential duration of weekly benefits according to the State law.⁴

Average potential benefits per insured worker would have amounted to \$1,066 (table 1). Intrastate workers qualify for slightly higher benefits than interstate workers (\$1,071 versus \$1,035). Workers doing nonfarm work only would qualify for the highest benefits, \$1,141, while those doing farmwork only would qualify for \$1,056. Workers in the labor force all year potentially qualify for larger benefits than those in the labor force part of the year (\$1,138 versus \$832).

Variations of potential benefits within a classification are much larger among States than within a State. Differences among groups within a State are due to variations in earnings only.

Actual

Average actual benefits that would have been paid per beneficiary amounted to \$386 in the study area (table 1). They result from the weekly benefit amount and duration of weeks of compensable unemployment. The weekly benefit is determined by a worker's wages based

⁴ See footnote 2.

on the State's provisions. Each State limits the duration for weekly claims.

Comparing average weekly benefit amounts and average durations among States allows insights into the origin of the variation among States. For example, low average actual benefits in Florida and Texas might be partly attributed to low weekly benefit amounts, but they are largely due to very restrictive provisions on benefit duration. West Virginia has a relatively long potential benefit duration but has the lowest weekly benefit amounts of the survey States. On the other hand, high average actual benefits in Rhode Island and New Jersey are due mainly to higher weekly benefit amounts. In Vermont, the high benefits are mainly due to uniform duration, despite low weekly benefit amounts. For a discussion of the interrelationships, see (2, pp. 33-72).

Farmworkers in the labor force all year, and those who perform both farm and nonfarm work, are expected to have slightly higher weekly benefit amounts, compared with their complementary groups, but a lower actual duration.

IMPACT OF UI PAYMENTS ON ECONOMIC WELFARE

Annual earnings tend to be lower for actual beneficiaries than other covered workers because they have longer periods of employment. From an income maintenance perspective, the combined income (earnings plus UI benefit payments) of those workers who experience periods of compensable unemployment is of primary concern. The overall average earnings of beneficiaries in the study area amounted to \$2,843 (compared with \$3,613 for all covered workers including beneficiaries (table 1)). Benefits averaged \$386 for these workers, so the combined income of beneficiaries was less than the average earnings of all covered workers. (More detailed information is contained in (5)).

The actual benefits as a proportion of annual earnings of beneficiaries indicate the impact of UI on the economic well-being of these workers. Benefits averaged 14 percent of earnings (table 2). Because of shorter

Table 2—Actual benefits and annual earnings for beneficiaries, study area, 1970¹

Region or State	Farmworkers with some farm work						Workers with nonfarm work only	All workers
	Intra-state	Inter-state	In labor force part year	In labor force all year	Farm work only	Farm and nonfarm work		
Study area: ²								
Benefits	15.0	12.0	14.2	12.8	13.9	13.1	12.2	13.6
Earnings	2,625	3,049	2,718	2,931	2,724	3,002	3,452	2,843
Mid-Atlantic: ²								
Benefits	17.0	13.2	14.2	12.8	14.0	15.7	11.6	14.2
Earnings	2,822	3,164	2,978	3,079	3,054	2,985	3,795	3,102
New England: ²								
Benefits	23.0	21.1	22.4	21.3	25.7	17.0	12.3	20.6
Earnings	2,165	2,473	2,175	2,701	2,136	2,536	3,330	2,410
Florida: ²								
Benefits	13.2	7.4	12.2	9.0	11.8	8.6	14.1	11.4
Earnings	2,600	3,305	2,771	2,881	2,721	3,179	3,162	2,825
Ohio: ²								
Benefits	16.3	19.4	16.6	19.4	16.9	19.5	9.2	16.9
Earnings	2,835	2,214	2,566	2,471	2,513	2,570	3,007	2,556
Texas: ²								
Benefits	13.5	10.1	13.5	10.4	12.6	12.2	10.6	12.3
Earnings	2,786	3,095	2,783	3,067	2,660	3,410	3,699	2,941
Study area ³	37	35	47	33	36	37	37	36
Study area ⁴	51	38	47	41	47	41	43	45

¹ Data for individual States not shown are in (7). ² Actual benefits as proportion of annual earnings for beneficiaries. ³ Benefits as percentage of average potential benefits of all insured workers. ⁴ Benefits as percentage of average potential benefits of all beneficiaries.

Note: Benefits are percentages; earnings are dollars.

actual durations of benefits in Florida, these workers would have added only about 11 percent of their earnings, while workers in Massachusetts would have added nearly 24 percent to theirs. Intrastate workers showed a greater relative improvement than interstate workers (15 versus 12 percent).

About 36 percent of the maximum possible benefits would have been collected by beneficiaries in the study area; few States and worker classifications would fall outside the 30-40 percent range. Beneficiaries in the labor force part of the year would have drawn nearly half the potential benefits of insured workers, while those in the labor force all year would have received only one-third. The proportion of actual benefits to potential benefits of beneficiaries amounted to only 45 percent for the study area.

CONCLUSIONS

Over four out of five covered farmworkers would be insured, according to the simulation. About one out of three insured workers would be a beneficiary, and nearly one out of four beneficiaries would exhaust the entitlement. For the study area, average potential benefits of insured workers and actual benefits of beneficiaries would have amounted to \$1,066 and \$386, respectively. UI benefits are estimated to have been 14 percent of beneficiaries' earnings. The benefits could have more than doubled if beneficiaries had sufficient eligible unemployment to exhaust entitlements under State laws. Effects of the amendment constitute a significant contribution towards the income maintenance of seasonal farmworkers.

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