

The Federal Role
in
Unemployment Compensation
Administration

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A

REPORT PREPARED FOR THE
COMMITTEE ON SOCIAL SECURITY

Washington
Committee on Social Security
Social Science Research Council
1941

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FOREWORD

WHEN IN 1936 a study of the administrative organization and methods of the federal-state system of unemployment organization was initiated under the Social Science Research Council's sponsorship, it was not possible to foresee fully how intricate the mechanisms required by the recently enacted statutes would prove to be. The first five years of operation have been a period of constant revision and adjustment, complicated by severe unemployment when benefits first became payable in many states, and by the process of integrating unemployment compensation and employment service functions. It was therefore found desirable to extend the duration of the project out of which the present volume has grown until a substantial degree of stability in unemployment compensation administration appeared to have been attained. Just before the termination of the study in June 1940, a new set of problems was created by the expanded labor supply responsibilities of the combined unemployment compensation and placement agencies with the beginning of the defense program. These, however, fall largely within the labor market field and its placement aspects, and have not thus far significantly affected the management of unemployment compensation in its narrower sense. These factors, therefore, are not included in the scope of the study.

Through three of the four years during which the study of unemployment compensation was in progress, developments in the states and in Washington were observed jointly by Mr. Atkinson, who had previously been on the staff of the Ohio Institute, and by Mr. Walter Matscheck, formerly director of the Civic Research Institute of Kansas City, Missouri. Their activities during the first year were part of the program of administrative studies of the social security program undertaken by the Council's Committee on Public Administration in the spring of 1936. At that time Mr. Atkinson and a group of associates were engaged upon an analysis of the closely related problems of federal-state relations in the administration of the then separate employment service. This resulted in the publication in 1938 of *Public Employment Service in the United States*.

Thereafter Messrs. Matscheck and Atkinson collaborated in detailed observations of administrative practices and policies in nearly half of the United States, including the New England, North Central, and West

Coast states as well as a number of others in the southeast and southwest. In the summer of 1937 the sponsorship of the study was taken over by the Council's Committee on Social Security. The services of both collaborators throughout 1937 and 1938, and in considerable part thereafter, were largely devoted to consultation with state and federal officials and to aiding the interchange of the experiences of these officials. Memoranda and reports of an essentially interim character were, however, prepared from time to time and resulted in two formal publications: *The Administration of Unemployment Compensation Benefits in Wisconsin* (1937), and *Problems and Procedures of Unemployment Compensation in the States* (1939).

Mr. Matscheck's active participation ended in the spring of 1939 when he became associated with the Railroad Retirement Board. Field investigation was carried further by Mr. Atkinson and it is he who has prepared the text of this report, though it is at most points a distillation of the observations and analyses of both participants in the undertaking.

The study has been focused upon issues concerning possible improvements in administrative operation or structure. Although many suggestions are made for changes in the unemployment compensation systems as they now exist, these suggestions have been developed primarily in terms of strengthening administration without detailed discussion of their social and economic implications. It is recognized that matters have been dealt with which are still highly controversial, including the relative desirability of a federal-state as against a national method of managing unemployment compensation, the effects of certain types of experience rating, and the further development of national standards under the present federal-state system.

On these points and other points, it should be emphasized that while the study has been sponsored by the Committee on Social Security it has not been submitted to the Committee or to the Social Science Research Council for formal review or approval. The Committee has regarded it as its responsibility to make certain that the studies which it sponsors are based upon ample first-hand investigation so that the investigator will acquire full knowledge of all relevant data and factors, and to satisfy itself that the author of a report has considered thoroughly all aspects of any controversial questions with which he may find it necessary to deal. In the end, however, the statements and conclusions of the author are entirely his own and do not purport to express the opinions or attitudes of the Committee or of the Social Science Research Council.

An especial acknowledgment is made by Mr. Atkinson to the careful observations, critical insight, and breadth of view which Mr. Matscheck contributed during his collaboration, and to the cooperation and courtesy with which he was aided by the unemployment compensation agencies and officials of both the state and federal governments. He also acknowledges gratefully the untiring and capable assistance of Maude Klock, who was his secretary throughout the study, and the aid given by Julia Henderson in summarizing materials relating to the Social Security Board's function in the federal-state unemployment compensation system. The volume was prepared for publication by Mary Charles Cole of the Committee's staff.

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January 2, 1941

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