

THE OPERATION OF THE NEW ENGLAND INTERSTATE AGREEMENT IN RHODE ISLAND*

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The six New England States signed an interstate agreement in January 1938 with respect to the handling of interstate claims for unemployment compensation. Under the terms of this agreement, which was the first of its kind to be consummated by benefit-paying States, each of the signatories agreed to act as agent for and to accept claims from unemployed workers living in the State but having benefit rights in other States in New England. Each State further agreed to accept claims against its fund filed with other agent States by workers having benefit rights within the State. Thus each of the New England States is acting as agent for the other States in the geographical division and is transmitting to the legally liable States the claims filed with it against other States in the region. Because the New England States are pioneering in the development of interstate procedure, benefit-paying States in other sections of the country are eager to learn what they can from the New England experience.

Administrators of unemployment compensation commissions want from the New England States the answers to a number of questions with respect to interstate claims. What is the volume of interstate claims in relation to the total volume of claims handled by an unemployment compensation agency? What proportion of interstate claims filed are claims of commuters, of migrants, of workers employed simultaneously in two or more States? Is an interstate procedure justified and necessary?

It would be premature to attempt to answer such questions as these on the basis of 3 months' experience or without making detailed case studies in a number of States, but some light is shed on these questions by a simple analysis of 2,685 interstate claims received as agent or liable State by the Rhode Island Unemployment Compensation Board in the first quarter of 1938.

* Certain differences between the New England interstate agreement and the plan recently approved by the Interstate Conference of Unemployment Compensation Agencies and accepted by a majority of the States are discussed on pp. 17-18.

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The Rhode Island Unemployment Compensation Board has been particularly interested in the development of the New England interstate procedure. Rhode Island is a small, densely populated, and highly industrialized State wedged in between Connecticut and Massachusetts, which are also thickly settled industrial States. Because of its geographical setting and industrial character, the matter of interstate claims is probably of greater concern to Rhode Island than to many other States.

In order to facilitate the handling of interstate claims, the Rhode Island Unemployment Compensation Board has established an "Inter-State Section." This section is divided into two units, one to handle incoming claims and one to handle outgoing claims. An incoming claim is a claim filed in an agent State and transmitted to Rhode Island as the liable State.¹ An outgoing claim is one filed in Rhode Island as the agent State and transmitted to a liable State.

Although no interstate agreement with States outside New England is in effect, Rhode Island is nevertheless permitting claims from workers with benefit rights in States beyond the boundaries of New England to be filed with its employment offices and is transmitting those claims to such States. In the first 3 months of 1938, Rhode Island forwarded claims to California, the District of Columbia, Indiana,² Maryland, New York, North Carolina, Pennsylvania, and West Virginia, as well as to the other New England States. Some States outside New England forwarding claims to Rhode Island as the liable State are: the District of Columbia, Maryland, Michigan, New Jersey,³ New York, North Carolina, Pennsylvania, and Virginia.

A tentative conclusion drawn from the Rhode Island analysis is that the volume of interstate claims will comprise but a small proportion of the

¹ Rhode Island's liability is confined to the claimant's actual benefit rights accumulated under Rhode Island's law. Thus, no disbursements are made from the Rhode Island unemployment compensation fund for credits earned by the claimant in the agent State, or any State other than Rhode Island.

² Indiana began benefit payments in April 1938.

³ New Jersey is not yet a benefit-paying State. In this State workers registered for work with the Employment Service and submitted affidavits concerning their unemployment status.

total claims in a State unemployment compensation agency. The 2,685 interstate claims received by the Rhode Island Board from January 3 to March 31 constituted only 2.6 percent of the 103,600 claims taken in these 3 months. This percentage unquestionably represents an understatement of the relative importance of interstate claims. Several factors account for the understatement: Workers are not as well informed about the possibility of filing claims with an agent State as with the State where they have built up wage credits; Rhode Island has not yet operated interstate agreements with States outside New England; the administrative wheels were necessarily turning slowly in all commissions in this initial period of benefit operation; there was a natural tendency to concentrate on intrastate rather than on interstate claims. Nevertheless, it is believed that the volume of interstate claims will continue to be comparatively small in relation to the total load. But it should be emphasized that the importance of the problem should not be measured entirely in terms of volume.

It is not possible from this analysis to determine how many of the interstate claimants are commuters and how many are migrants. However, the distribution of incoming and outgoing claims which is shown in table 1 furnishes some indication of the types of claimants. About seven-eighths of the incoming claims received by Rhode Island originated in the adjacent States of Massachusetts and Connecticut, and a similar proportion of the outgoing claims were transmitted by Rhode Island

Table 1.—Outgoing and incoming claims received from Jan. 3 to Mar. 31, 1938, by the Rhode Island Unemployment Compensation Board, classified by liable and agent State

Liable or agent State ¹	Outgoing claims		Incoming claims		Ratio of outgoing to incoming claims
	Number	Percent of total	Number	Percent of total	
All States.....	1,735	100.0	950	100.0	1.8
New England.....	1,637	94.3	897	94.4	1.8
Massachusetts.....	1,216	71.8	658	69.3	1.9
Connecticut.....	260	16.5	162	17.1	1.8
New Hampshire.....	61	3.5	26	2.7	2.3
Maine.....	28	1.6	44	4.6	.6
Vermont.....	16	.9	7	.7	2.3
Outside New England.....	98	5.7	53	5.6	1.8
New York.....	67	3.3	25	2.6	2.3
All other ²	41	2.4	28	3.0	1.5

¹ With respect to outgoing claims the State listed is the liable State; with respect to incoming claims the State listed is the agent State.

² Includes California, District of Columbia, Indiana, Maryland, Michigan, New Jersey, North Carolina, Pennsylvania, Virginia, and West Virginia.

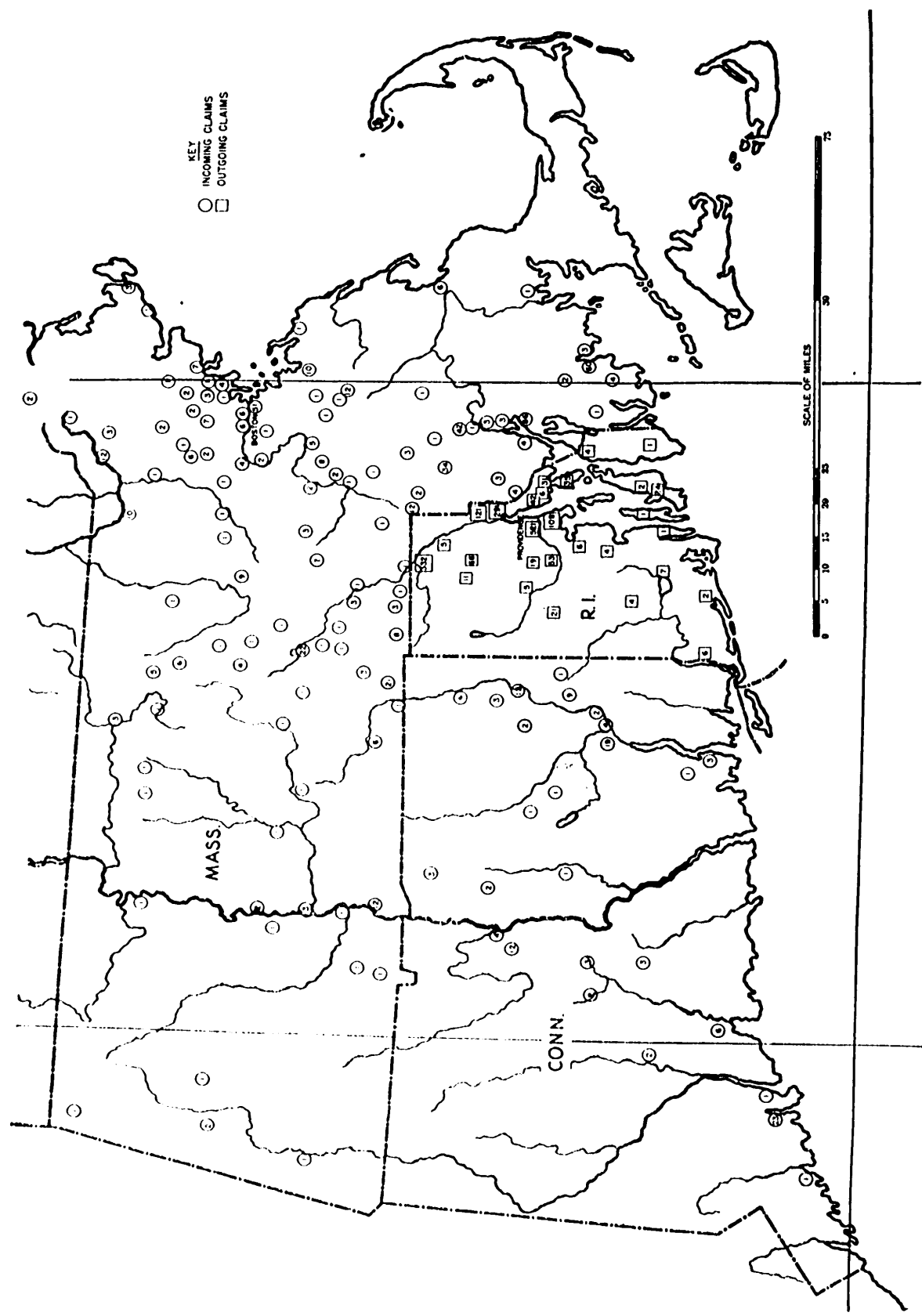
to those States. A little more than 5 percent of both types of claims relate to States outside New England, with which Rhode Island has no formal interstate agreement.

It is interesting that Rhode Island transmitted to other States 1.8 claims for each claim received from other States. The ratios for the different States varied from 0.6 to 2.3. With respect to Massachusetts the ratio was 1.9, and in Connecticut, 1.8. Whether these are normal ratios can be determined only with the passage of time. It is possible that Rhode Island was more zealous than the other States in pursuing the interstate agreement. It may be that there is more commuting from Rhode Island to the neighboring States of Massachusetts and Connecticut than from those States to Rhode Island. Furthermore, it is possible that in recent months there was a greater shift in the labor supply from Massachusetts and Connecticut to Rhode Island than in the opposite direction. The student of the labor market will find a fertile field for exploration in a thorough study of the employment histories of interstate claimants.

A considerable concentration of claimants on both sides of the borders of Rhode Island, a clustering of claimants in the Greater Boston area, and a scattering of claimants in the more remote sections of the adjacent States of Connecticut and Massachusetts are apparent from the map on the opposite page which shows the residence of claimants. The circles represent the residence of claimants against Rhode Island from outside the State; the squares represent the residence of claimants filing claims in Rhode Island against other States. Numbers within the symbols indicate the number of claimants residing in the specific locations.

It is probable that a majority of the claimants residing near the Rhode Island borders are commuters, but there is no conclusive evidence on this point. It happens that most of the larger industrial communities in Rhode Island are located near the eastern border and there may be an actual shifting of workers from Massachusetts to these cities. This is entirely possible, since the same kinds of skills are employed in Rhode Island industries as in nearby Massachusetts industries. There may be a large number of commuters in the area between Boston and Pawtucket and Providence, the two largest cities in Rhode Island, since there are rapid-transportation

Residence in Rhode Island, Massachusetts, and Connecticut of interstate claimants for whom incoming or outgoing claims were received by the Rhode Island Unemployment Compensation Board, Jan. 3 to Mar. 31, 1938



facilities in this region. In commuting, accessibility is, of course, as important a consideration as distance.

The small number of claimants on either side of the Rhode Island-Connecticut border is accounted for by the fact that this district is sparsely settled. It seems logical to assume that claimants living in the more remote areas represent either migratory workers or totally unemployed workers who have gone to live with relatives during a period of enforced idleness. Some others of the distant claimants may belong to the group previously mentioned—workers employed simultaneously in two or more States, such as construction workers, transportation employees, and salesmen, who sometimes cross State lines in the routine performance of their duties.

Since migratory-casual labor is not associated with New England industry to any great extent, it is to be anticipated that a considerable share of the group of interstate claimants is composed of commuters and of mobile workers shifting to other labor centers. An analysis of the maximum duration of benefits and of the benefit rates of workers filing claims with agent States against Rhode Island lends support to such a supposition. For these incoming claimants, the average duration of benefits was 9.0 weeks and the average benefit rate \$10.46 for claims filed during the period January-March 1938. These averages suggest that at least the majority of these interstate claimants were not workers of the migratory-casual type.

This analysis appears to offer conclusive evidence that even though the volume of interstate claims is relatively small, an interstate claims

procedure is needed in order to handle claims of workers residing outside the State in which they have established benefit rights. It is clear that travel into the liable State would be burdensome and costly for large numbers of claimants residing in contiguous States as well as for claimants living in more remote States. However, it may be perfectly feasible for commuters within short distances to cross State borders to file claims if transportation facilities are both rapid and cheap. There will be some circumstances in which natural barriers will make it difficult for workers to file claims in the State in which they both reside and have benefit rights. Under such circumstances the interstate agreements should provide opportunity for filing claims in more accessible offices in adjacent States. In such instances, it may often be the case that registration in an adjacent State will be more likely to lead to the worker's placement in a new job than registration in the State in which he has his residence.

While existing records are not yet adequate as a basis for conclusions concerning the characteristics of interstate claimants and the administrative policies which will best serve their needs and will prove most effective and economical, there can be no doubt of the importance of procedures for handling interstate claims from the standpoint of the workers involved. It also may be anticipated that the records of these claims will provide a new and valuable source of information concerning labor mobility, of importance both to administrators of State unemployment compensation programs and to students in the fields of labor and industry.