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Labor and Management Interests in the Illinois Unemployment Compensation Act from 1945 Through 1955

Quentin Foch Patterson

Loyola University Chicago

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LABOR AND MANAGEMENT INTERESTS IN THE ILLINOIS
UNEMPLOYMENT COMPENSATION ACT
FROM 1945 THROUGH 1955

by

Quentin Foch Patterson

A Thesis Submitted to the Faculty of the Institute of Social and Industrial Relations of Loyola University in Partial Fulfillment of the Requirements for the Degree of Master of Social and Industrial Relations

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LIFE

Quentin F. Patterson was born in Belzoni, Mississippi, October 16, 1918.

He was graduated from Englewood High School, Chicago, Illinois, February 1937, and from Loyola University, January 1952 with the degree of Bachelor of Science.

The author is a veteran of World War II, and served as a Commissioned Officer in the Army from 1943 to 1946. He began his graduate studies at Loyola University in February 1952.
This study postulates that Labor and Employer groups endeavor to obtain their particular interests in the operation of the Illinois Unemployment Compensation Act by attempting to get bills passed in the legislature which favor these interests.

The method used in conducting this investigation involved a study of the legislative proposals submitted in the Legislature on Unemployment Compensation. This information was then compared to the interests of Labor and Employers as found in their publications and as expressed in personal interviews by their representatives. A study of the proposals made by the Board of Unemployment Compensation and Free Employment Office Advisors to the Legislature during the periods considered in this investigation was also made.

The writer gratefully acknowledges the valuable assistance given him by Mr. Merlin Rubin of the Division of Unemployment Compensation, Mr. Kermit Johnson of the Illinois State Chamber of Commerce, Mr. E. Russel Bartley of the Illinois Manufacturer's Association and Mr. Jacob Iskoff of the Illinois Legislative Research Council.
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CHAPTER I

THE DEVELOPMENT OF THE ILLINOIS UNEMPLOYMENT COMPENSATION ACT

Although the Unemployment Compensation Act was not enacted in Illinois until June 30, 1937, the idea for protection of the worker against the evils of unemployment was nothing new. As early as 1923, the Chicago Federation of Clothing Manufacturers and the Amalgamated Clothing Workers Union received recognition for a joint plan to protect the industry's workers against the problems of unemployment.¹

This voluntary plan—by joint agreement—provided benefits to unemployed workers in the industry amounting to forty per cent of their weekly wage. The maximum benefit allowable was $20.00 per week. The benefits were paid from a fund which was jointly contributed to by both the worker and the employer. These contributions amounted to one and one-half per cent of the workers' earnings. Other significant provisions of the plan were the waiting period requirement of three weeks and the disqualification provisions. Workers were disqualified from receiving benefits

for voluntarily leaving their jobs without good cause, for engaging in a
strike or work stoppage and refusing a suitable job offered to them.2

During the decade between 1920 and 1930 numerous plans were instituted.
These plans can be categorized into company sponsored plans, joint plans
of unions and employers, and union plans. In a survey conducted by the
Bureau of Labor Statistics in 1931, seventy-nine plans providing for some
form of unemployment compensation were found to be in operation. Fifteen
of these plans were company operated plans. These companies were found to
be employing about 116,000 workers, but only about 50,000 of them were
eligible for benefits. Sixteen plans, developed by joint agreement be-
tween the unions and employers, were found to be covering about 65,000
workers. The survey found forty-eight plans in operation that were main-
tained entirely by unions.3

Significant, however, was the results of a later study conducted by
the Bureau of Labor Statistics in 1934. At this time, the Bureau found
that out of a maximum total of twenty-six joint management union plans,
only sixteen remained in existence. Out of a Maximum of twenty-three
plans, only five were still operating. The union plans were able to sur-
vive the depression better than either the company operated plans or the
jointly operated plans.

2 Ibid.
3 "Unemployment Benefit Plans now operating in the United States",
Congressional Digest, (August 1931), X, p 200
However, at the time the study was made, only forty-one remained in effect.4

The rise in unemployment during the Great Depression contributed greatly to the abandonment of the private unemployment plans then operating. Many students of the problem concluded that the only solution of protecting the worker during periods of unemployment would be on a national and compulsory basis. Applicable to the various private forms of unemployment compensation in existence at the time was the observation that "unemployment insurance cannot eliminate unemployment. It can only alleviate it, but is unable to do even this effectively unless there is developed a nation-wide scheme for unemployment insurance covering every industry. To expect miracles for small experiments in industrial insurance is expecting the impossible."5

The late twenties through the early thirties represented a period unfavorable for compulsory action on unemployment insurance. Both management and labor organizations opposed such a solution. The American Federation of Labor following the tradition established many years earlier, objected to government interference in their relationship with management. Typical of the prevailing philosophy of labor regarding government intervention was expressed by Samuel Gompers, then president, at the AFL's convention held in 1916.

4 "Plans established By Private Institutions", *Congressional Digest* (February 1935), XIV, p 38

5 Theresa Wolfson, "Trade Union Insurance Promises and Realities" *Survey* (April 1, 1929), LXII, p 56
In disapproving the efforts that were being made to enact unemployment compensation legislation in the State of Massachusetts, Gompers said:

This resolution was introduced without consultation with the responsible representatives of the wage earners of the country. During the past year persistent agitation in favor of compulsory social insurance was carried on. The agitation originated with an organization that is neither responsible to the wage earners nor representatives of their desires. It is very significant of the attitude and policy of those who have legislation of this class in charge, that the measures they have drawn up were formulated without the consultation of the wage earner and introduced in legislature with the professional sponsors. They measure themselves and the people who represent that class of society that is very desirous of doing things for the workers and establishing institutions for them that will prevent their doing things for themselves and maintaining their own institution.

It was not until 1932 that the American Federation of Labor reversed its former stand in favor of the government's intervention in the problem. Employers, likewise, opposed the enactment of a compulsory unemployment compensation program. Other groups in prominent position opposed the idea also on the basis of the unfortunate experience with the problem in Great Britain. A representative of the Illinois Department of Labor, pointed out that the British plan had accumulated a reserve of $100,000,00 by 1920, but by 1922 the reserve as defunct and the government had to lend nearly $150,000,000 to the program to keep it in operation. His conclusion as that unemployment insurance was all right in theory but it had not been successful in practice.


7"Public Employment Insurance- A Factual Analysis", prepared by a joint committee of the National Association of Manufacturers and National Industrial Council, (March 1930), p. 21
Employers in Illinois, as revealed by Mr. E. Russell Bartley, have always been concerned about unemployment from an economic point of view. During the depression, to alleviate the effects of unemployment, the employer groups, as a whole, made every effort to provide some form of work for their employees. Although the program of spreading the work was expensive to them, many of their employees were given work from one to four days a week. Thus many of the workers were able to maintain some form of self respect by remaining off of the relief rolls.\(^8\)

Separate from this benevolent attitude of the employers toward their employees, was the concerted resistance to compulsory unemployment compensation. Any legislation tending to solve the problems necessarily involved a tax being imposed upon the employer. Employers as a whole believed that the economic condition at the time could not support an increase in their costs. In summary, it was argued that, although a payroll tax was fairly distributed over all employers, it was not the case that the tax could easily be passed along to the employers' consumers. They also argued that even though some employers were better equipped than others to absorb the additional costs in production, these additional costs would eventually result in a decrease in consumption and thereby a decrease in employment opportunities. The best means to accomplish a reduction in unemployment is to adopt a program which contemplates a minimum amount of regulation and legislation; and which is calculated to inspire confidence, to

\(^8\) Information from a personal interview of the author with E. Russell Bartley, Director of Social Security Department, Illinois Manufacturers Association.
stimulate private initiative and to encourage private enterprise.\textsuperscript{9}

The most that could be hoped for during the period of the early thirties was for the individual States to take action against the problem. While employers in some States might have conceded to a compulsory unemployment insurance law, the fear of being placed at a competitive disadvantage with employers in other States prevented them from endorsing such legislation. However, economic developing in response to the unemployment problem during the period pushed forward toward legislative action for a compulsory unemployment compensation program.

The year 1932 represented a victory for the proponents of compulsory unemployment insurance legislation. The Governor of Wisconsin signed a bill passed by the Legislature in 1931. This was the culmination of the efforts to get legislation passed on the subject for about ten years. Professor John R. Commons of the University of Wisconsin contributed greatly to this success. Though the State of Wisconsin was the first to enact a compulsory unemployment compensation program, seventeen other States were given legislative attention to the subject. The State of Illinois being one of the seventeen.

\textbf{Legislative Action In The Fifty-Seventh Illinois General Assembly, (1931)}

In 1931, two bills were introduced in the House of the Illinois General Assembly. The first bill was to create a commission to investigate the unemployment problems in the state and the unemployment insurance laws in other countries.

\footnote{\textit{Should America Establish a Compulsory Unemployment Insurance System"}, Congressional Digest, (February 1939), XIV,pp57-64}
The commission was instructed to report their recommendations to Fifty-Eight General Assembly. The proposal was introduced on January 14, 1931 and after reaching the third reading, further consideration postponed, it was tabled June 16, 1931. Significant, though having less success than the first bill introduced, was House Bill 439. This Bill was introduced on March 5, 1931. This measure, in addition to providing for the creation of an administrative board, set up the provisions under which the compulsory unemployment compensation program would operate. An unemployment fund was to be established from contributions paid into the State Treasury by the employers and an equal amount matched by the State. Employers having three or more workers were to be covered by the Act, however, the Bill provided that the employers contribution tax was to be paid only on the first $3,000 of the workers earnings. Benefits were to be based on fifty per cent of the worker's weekly earnings with additional benefits of from five to ten per cent of the benefit amount as a dependent's allowance. To be eligible, a worker, after having been unemployed for one week, had to be employed in the State one year preceding his application for benefits and had not left his job voluntarily. In addition, the worker had to show that he was actively searching for work. He was further required to register with the State Employment Office for work. A penalty for refusing suitable work was also incorporated in the bill. However,

10 House Bill 6, 57 Illinois General Assembly, (1931)

11 According to the Constitution of Illinois, Article IV, Section 13, every Bill must be read at large on three different days in each House of the General Assembly.
suitable work was defined as not to include job openings where a strike, lockout or other labor dispute existed or employment discriminating against unions or where wages, hours, and working conditions were substandard to those prevailing in the area. Suitable employment was also considered in terms of the health of the worker and the distance of the job from his home.

This bill was relatively dead at its conception. It never left the committee to which it was assigned to on the date that it was introduced. Although the records of the legislature do not indicate what transpired in that committee on the bill, it would not be unreasonable to believe that during the hearings there was much opposition to the measure.

The State of Wisconsin had enacted a compulsory unemployment compensation law. That measure was based entirely on employer contribution tax of two per cent of their payroll. Provisions were also incorporated in the act which allowed for a decrease in the contribution rate after a reserve had been reached. An employer who operated a private unemployment compensation plan was not included under the Act if the plan was approved by the State. As to coverage, the Act excluded farm laborers, domestic servants, public officials, school teachers, interstate railroad employees and anyone unable or unwilling to work. Employees whose wages were in excess of $250.00 per

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12 House Bill 439, Fifty-Seventh Illinois General Assembly, (1931)
month were also excluded and so were those employees who worked in establishments having less than eight workers. Benefits were to be paid after three weeks of unemployment and the benefit amount was to be equal to fifty per cent of the employees earned wages. The minimum benefit amount receivable was set at $5.00 per week and the maximum at $15.00.

With the Wisconsin law as an incentive, a total of nine bills were introduced in the Illinois General Assembly. Even though the rise in unemployment was becoming a grave problem in the State during this time, it should be noted that the Governor failed to become allied to compulsory action by recommending the passage of any unemployment compensation legislation in this session of the General Assembly.

Of the nine bills introduced, one was to create a commission to study the problem, four merely provided for an administrative body, and four provided for a structure under which a law would operate. The contest for and against legislation centered around two bills that were introduced in the House. House Bill 422 which was introduced on March 1, 1933 and House Bill 455 which was introduced about a week later. These proposed laws were both assigned to the House Committee on Insurance in which hearings were later held for almost a week. The Committee, unable to obtain sufficient votes to either accept or reject the bills, appointed a subcommittee to study and recommend an unemployment measure that would be acceptable to the desires of both labor and management groups. The results

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of the sub-committee's study and recommendations were presented in the
form of House Bill 878 which was introduced by the general committee on
May 9, 1933. Two days later, the general committee recommended to the
house that the bill be passed.

House Bill 878 incorporated the majority of the features of both bills.
It provided for the coverage of workers in establishments employing three
or more employees, excluding however, farm laborers, domestic service
employees, teachers, government workers and employment for common carriers
controlled or regulated by the Interstate Commerce Commission. The un-
employment fund was to be established from the contributions of both
employees and employers. Employees were to contribute one per cent of
their wages and employers were required to contribute two per cent of
their payroll until January 1938. Thereafter, the employers contributions
were to be made on a variable basis of not less than one per cent nor more
than three and one-half per cent of their payroll depending upon the
amount of benefits paid from the fund. To be eligible for benefits,
a worker was not to have earned more than $2,000 per year and was required
to have contributed to the fund while working in covered employment for
not less than twenty-six weeks or for at least forty weeks within the pre-
vious two years. He was to have served a waiting period of three weeks and
was required to be able and available for work. The worker was also re-

House Bill 422, 455, and 878, Fifty-Eight Illinois General Assembly,
(1933)
quired to actively seek employment during the waiting period and during the period benefits were being received. Workers were disqualified for benefits if they were discharged for misconduct or left their employment voluntarily or if they refused suitable employment offered them. Suitable employment was defined in a similar manner as the Wisconsin Law.

House Bill 878 was subsequently reassigned to the Committee on Appropriations which also recommended that it be passed as is amended. The Bill was later tabled and no further consideration was given to it during the Legislative Session.

**Legislative Action in the Fifty-Ninth and the First Special Session of the Fifty-Ninth Illinois General Assembly (1935).** In his biennial message to the General Assembly, Governor Henry Horner called the attention of the legislators to the high percentage—thirteen and one-half per cent of the number of unemployed workers. He recommended that an unemployment compensation program be made mandatory for those industries in which unemployment was high. The idea was made for a plan which required contributions from both employers and employees. However, the Governor suggested that action should be delayed until the economic conditions permitted.

It must be noted that in June of the predeeding year, i.e. 1934,

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15 House Bill 878, Fifty-Eighth Illinois General Assembly, (1933)

the President of the United States appointed the Committee on Economic Security. The function of this Committee was to plan a comprehensive social security program and recommend appropriate legislation to be enacted by Congress. Subsequently, in August 1935 the Social Security Act was passed. It can be assumed that Illinois awaited the outcome of the action initiated by the Federal Government.

This assumption was substantiated by the request made by the Governor to the First Special Session of the Fifty-Ninth Illinois General Assembly. In his address, Governor Horner called attention to the passage of the Federal Act and pointed out to the legislators the serious effects upon the employers in Illinois if the State failed to enact an unemployment compensation law. Curiously enough, the Governor continued his appeal for a measure which would establish a fund from joint contributions made by labor and employers.

The Federal Act did not directly force the States to enact unemployment compensation laws. The provisions of the Social Security Act relating to unemployment were listed in two sections, Title III and Title IX. Title III provided for the Federal Government’s paying the cost of administration for those States having an approved act for unemployment compensation on their books. Title IX imposed a payroll tax of three per cent based upon the first $3,000 of each worker’s earnings for all employers.

17 Governor Horner’s address, First Special Session, Fifty-Ninth Illinois General Assembly (October 28, 1935), Senate Journal, pp. 4-5
with eight or more employees. It provided for the exemption of certain employees such as domestic workers, farm laborers, casual laborers, employment of parents, spouse or minor child of the employer, employment on a non-American vessel, employment in the service of the Federal Government, State or political subdivision, employment by non-profit organizations, employment of students and employment by a foreign government. The Act further provided for an off-set credit of ninety percent of the employer's contributions paid into a State fund. In addition to the off-set credit, additional credit was allowed to employers who received reduced rates under the experience rating provisions of the State law.

Four bills were introduced in 1935 in the regular session of the Illinois Legislature. Three of the four bills provided for a system of unemployment compensation to be established. The fourth bill was intended to create a commission for purpose of study and recommendation. Not one of these bill was acted upon outside of the committee to which they were assigned.

The bills introduced were similar in nature to the previous bills introduced in the Fifty-Seventh and the Fifty-Eight General Assemblies. Within themselves, they differed only in the payment of benefits, eligibility requirements and the methods of contribution.

The action of the Legislature in the First Special Session of the Fifty-General Assembly, during the Spring of 1936, was hardly any different

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18 The Social Security Act, Seventy-Fourth Congress, August 14, 1935.
than that obtained in the Regular Session. Of the five bills on unemployment compensation introduced, only two provided to establish a system of operation. Of those two, only one was referred for a third reading in the Chamber that it originated. However, this measure, Senate Bill 10, merits some discussion as it incorporated many of the provisions of the Federal Act.

Employers having eight or more workers were to be covered and they were to pay contributions at a rate of three per cent of their annual payroll.

The contributions were to be paid on the first $3,000 of the workers earnings. It provided for subsequent reductions in the contribution rates. The measure also incorporated provisions for contributions to be paid by the employees at the rate of one-fourth of one percent for the years 1936 and 1937 and at the rate of one-half of one per cent thereafter. Benefits were to be allowed on the basis of fifty per cent of the worker's earned wages. The minimum and maximum amount of benefits that the worker could receive was $5.00 and $10.00 respectively. It further provided for a waiting period of three weeks before benefits were payable. The eligibility and disqualification features were the same as those incorporated in the House Bill 878, introduced in the Fifty-Eighth General Assembly in 1933.

The question arises as to why the Illinois Legislature failed to pass any unemployment legislation in spite of all the activities on the subject that were taking place in Congress. The only reasonable answer is that the

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19 Senate Bill 10, First Special Session, Illinois General Assembly, (October 1935).
Employer groups in Illinois effectively opposed the legislation. They were afraid that other States could not pass such legislation and that they would therefore be placed at a competitive disadvantage. In addition, most employers felt that the Federal Act would be declared unconstitutional and if such an act was once placed on the statute books, it would be very difficult to get it removed. The general attitude of the employers is summed up in a statement by an official of one employer association:

We distributed over 100,000 pamphlets among farmers, retailers, wholesalers, women's clubs and other groups throughout the State. We also wrote many thousands of letters to leaders of farm groups and leaders in other walks of life throughout the State. What appeared to be a hopeless battle at the beginning soon developed into a formidable controversy. When the public began to understand the real impact of the legislation and particularly the tremendous additional tax load that the bills would impose they protested actively and vigorously to the members of the Illinois General Assembly.

Probably never before did the staff receive such aggressive, generous cooperation from its members. These measures were up for consideration at Springfield for several months. During the entire period, executives of manufacturing firms made the trip to Springfield almost every week in large numbers. The presence of these executives in Springfield, their appearance before committees in opposition to these bills, their contacts with legislators on the grounds, were the strongest factors in the defeat of these bills.

Legislative Action in the Sixtieth Illinois General Assembly (1937).

May 24, 1937, represented a day of defeat to the opponents of an unemployment compensation law in Illinois. In two five to four decisions, the Supreme


21 Ibid., p. 11
Court of the United States announced that the Federal Unemployment Tax and a State Unemployment Compensation Law were both constitutional.

Prior to these decisions of the Supreme Court, the Governor's address to the Sixtieth General Assembly again contained a appeal for legislation to be enacted. His consistent effort to get a law enacted that required contributions from both labor and the employers appears to indicate political pressure from employer groups. The writer theorises, that labor opposed any form of contribution from worker. Whereas, employers, were unwilling to assume all of the burden for an unemployment compensation program.

A total of six bills were introduced during this session of the legislature. Senate Bill 436, the Act itself, was introduced, passed by both Houses and approved by the Governor in less than sixty days.

The Act provided coverage for employers of eight or more employees. Those workers excluded by the Federal Act were also excluded by the Illinois Act. The fund was to be established from a contribution tax to be paid by the employers on the basis of their payrolls. However, this contribution covered only the first $3,000 of the workers earnings. The rate of the contribution was set at three and six-tenths per cent for the remaining six months of 1937; two and seven-tenths per cent from 1938 and thereafter, except that variable contribution rates based upon the

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Steward Machine Company V. Davis, (1937) 301 US 548; and Carmichael V. Southern Coal and Coke Co. (1937) 301 US 495

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The Act was originally enacted on June 30, 1937. It has since been amended from time to time.
employers' experience with unemployment among his workers were allowed after 1942.

Benefits were payable after July 1, 1939 and were based on fifty percent of the worker's earnings. The maximum benefit amount was set at $15.00 per week and the minimum was set at $5.00 with a maximum duration of sixteen weeks. To be eligible for benefits, a waiting period of three weeks was also required. In addition, the claimant was required to be able and available for suitable work and actively seeking employment.

The disqualification provisions were similar to the features of the other bills discussed. The worker was disqualified to receive unemployment benefits for a period not to exceed six weeks, for his refusal of suitable work, for voluntarily leaving his employment, and for his being discharged for a misconduct.

On June 30, 1937, the Governor of the State of Illinois signed the Senate Bill 436. Illinois then became the last State including Alaska, the District of Columbia and Hawaii, to enact an unemployment compensation law. In addition to this measure, the Governor also signed Senate Bill 276 which amended section 7 of the Civil Administrative Code to provide for the creation of a Board of Unemployment Compensation and Free Employ-

24 Senate Bill 273 submitted earlier in the Legislature required contributions of one percent also be made by employees after December 31, 1939. In addition, this bill set the maximum duration for benefits to be equal to thirteen times the weekly benefit amount.
The Advisory Board is composed of nine members, three members are representatives of labor, three are representatives of employers and three are representatives of the public.

The function of the Advisory Board is to aid the Director of the Department of Labor in formulating policies and discussing problems related to the administration of the Act and in assuring impartiality and freedom from political influence in the solution of such problems.

There have been recommendations submitted by the Advisory Board to each subsequent Legislature, since the Unemployment Compensation Act was passed—except for the 1949 General Assembly. It is significant that in most instances where changes have been incorporated in the Act these changes have been agreed upon and recommended by the Advisory Board. Gilbert Y. Steiner, in his study "Legislation by Collective Bargaining," concluded that the agreed measures recommended by the Advisory Board have had more Legislative success than those measures that have been introduced without the Board's approval.

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25
Senate Bill 276, Sixtieth Illinois General Assembly, 1937. The Board of Unemployment Compensation and Free Employment Office Advisors will be hereinafter referred to as the Advisory Board.

26
Section 7, The Civil Administrative Code of Illinois as amended by Act approved June 29, 1953.

27
Illinois Unemployment Compensation Act, Section 1703

28
Steiner, pp. 54–61
Action in the Illinois Legislature from 1937-1943. The first report submitted by the Advisory Board on April 29, 1939, recommended that the minimum and maximum benefit amount be changed from $5.00 and $15.00 to $7.00 and $16.00 respectively. Further, that the base and the benefit year be changed to coincide with a uniform fixed base period and benefit year. The Act as it was originally passed called for a determination of benefits based on the workers' earnings in the first eight of the last nine complete calendar quarters. The benefit year being based on a 52 week period resulted in overlapping of the base period. The waiting period was to be reduced from three weeks to two weeks. In addition, the Advisory Board recommended that the method of computing the experience ratings for employers that was to begin in 1943 be changed. This allowed the employer to pay a variable contribution rate in steps graduated from one half of one per cent to a maximum rate of 3.6 per cent. The Advisory Board also recommended that the coverage of the Act be amended to include employers of six or more employees.

It is interesting to note that there were only two bills introduced on Unemployment compensation in the Sixty-First General Assembly. Both of these incorporated the changes recommended by the Board. Senate Bill 458 was introduced on May 4, 1939, passed by both houses, and signed by the Governor on May 24, 1939.

No substantial changes involving benefits, eligibility requirements, disqualifications or experience ratings were submitted by the Advisory Board during the First Special Session of the Sixty-first General Assembly that convened in February 1940.
In 1941, however, the Advisory Board made some important suggestions. It proposed that changes to be made in the Act include coverage of employers of one or more workers. It suggested to increase the maximum benefit to $18.00 and to reduce the waiting period to one week of unemployment. It further recommended that the duration of benefits be extended to a maximum of twenty weeks. Changes were recommended to be made in the disqualification provisions of the Act relating to a worker’s voluntarily leaving employment, his discharge for misconduct or his refusal to accept suitable employment. It was recommended that the penalty for these disqualifying provisions of the Act range from a minimum of three weeks to a maximum of seven weeks. Where an employee was guilty of a misconduct involving larceny, forgery or embezzlement, the Advisory Board suggested that all of his benefit rights be cancelled. No changes were recommended involving employers’ contribution rates.

Compared to the total of five bills introduced in both the Regular and the First Special Session of the Sixty-First General Assembly there were a total of ten bills that were introduced in the Sixty-Second General Assembly in 1941. This increase in the number of legislative proposals tends to indicate controversies beginning to develop between labor and employers over the operation of the Unemployment Compensation Act.

The Advisory Board, in its report, recommended that the Legislature amend the Act to provide for a number of needed changes. It was suggested that the Act be amended to extend the coverage to employers of one or more workers and that the maximum duration of benefits be increased from sixteen times the weekly benefit amount to twenty times the weekly benefit amount. Recommendations were also made to increase the maximum benefit amount from
6 16.00 to $18.00, and that the waiting period of unemployment be reduced from two weeks to one week.

Although the majority of the proposals recommended by the Advisory Board were accepted, other provisions were also incorporated in the bill that was submitted in the Legislature to cover the desired changes. Senate Bill 691 did not include the recommendation that the Act be amended to cover employers of one or more workers. It did, however amend the Act to exclude coverage for minors engaged in short-time work, students, employees of illegal enterprises and insurance agents working on a commission basis. There were no alterations made of the recommendations regarding the benefit amount, the duration of benefits and the waiting period. Employees who quit their jobs without good cause or who were discharged for a misconduct connected with their work or who refused work were ineligible for benefits for a period of from three to seven weeks. Significant were the amendments to the Act which gave the employer the right of appeal against claims for benefits and which withheld the charging of benefit wages to the employer's account until after a claimant had received benefits in the amount of three times his weekly benefit amount. One of the other bills introduced were passed. However, the content of the bills represented much independent thinking on the part of labor and employers.

One bill, introduced by the sponsor of the original Act, proposed to include coverage for employers of one or more workers, eliminate the pro-

29 Senate Bill 691, Sixty-Second Illinois General Assembly, approved June 30, 1941
30 Section 1501, Unemployment Compensation Act of Illinois.
visions which excluded agricultural, laborers, seamen, and employees of non-profit organizations. In addition, it proposed to increase the minimum benefit amounts to $10.00 and $24.00 respectively, and to allow benefits to sick and disabled persons. It further provided for a reduction in the qualifying wages needed to receive benefits and called for a repeal of the provisions allowing variable contribution rates for employers.

Another Bill representing a different point of view on unemployment compensation was Senate Bill 110. This measure provided for exemption of services performed by students and insurance salesmen who were paid on a commission basis. It redefined availability for work to include that the unemployed worker substantiated his claim of actively seeking work. The bill further proposed to raise the qualifying wage needed to be eligible for benefits to $350.00 and it proposed to deny all benefits to workers who left their employment voluntarily. It further proposed that the employer be allowed seven days in which to file an appeal against the worker's benefit claim and that the worker's waiting period would not begin until after this period had expired. Another important element of this Bill would have change the basis of computing the weekly benefit amount from five per cent of the highest quarter of earning to one and one-half of the total base period earnings. The measure would have changed the contribution rate provisions to set a maximum tax of two and seven-tenths per cent instead of the three and six-tenths percent provided under the Act.

31 Senate Bill 24, Sixty-Second Illinois General Assembly (1941)
32 Senate Bill 110 Sixty-Second Illinois General Assembly (1941)
In 1943, the Advisory Board's report consisted primarily of changes calling for a revision of the experience rating provisions of the Act. The labor members of the Board were recorded as being opposed to the recommended changes. However, these proposals on contribution rates of employers were incorporated in two amendments that were enacted by the legislature. Senate Bill 398 related to contribution rates only and Senate Bill 399, also involving contribution rates, incorporated an increase in benefits. The Advisory Board did not recommend an increase in the benefit amount.

This investigator postulates that labor and employers are at odds over the provision of the provision of the Unemployment Compensation Act. It is further postulated that these differences particularly involve the operation of the program as it relates to the coverage, the eligibility requirements, the disqualification provisions, the benefit amounts allowed and the method of financing the program. The writer believes that even though labor and employers utilize the mechanism provided by law—the Board of Unemployment Compensation and Free Employment Office Advisors—to gain their particular interest, this does not represent their sole activity on the subject; and that each group seeks to further their interest independently through legislative action in the Illinois General Assembly.

At this point, it should be made clear to the reader that this investigation makes no attempt to disqualify the value of the Board of Unemploy-

33 Senate Bill 398 Sixty-Third Illinois General Assembly. (1943)

34 Ibid.
ment Compensation and Free Employment Office Advisors. However, this writer contends that the independent efforts made by both labor and employer groups truly represent the basic interest of each in regard to the Unemployment Compensation Act. This investigation will consist of an examination of all the measures that have been introduced on the subject in the Illinois General Assemblies from 1945 through 1955. These will then be compared with the recommendations submitted by the Advisory Board and the points of view for both labor and employer groups as expressed through their representatives or in their publications.
CHAPTER II

BASIC GOALS OF LABOR AND EMPLOYERS

Since it is hypothesized that labor and employers differ over the operations of the Unemployment Compensation Act, this investigation intends to prove that these disagreements are concerned primarily over the operation of the Act as it relates to coverage, eligibility, disqualifications, benefits and experience rating. Therefore, the remainder of this paper is directed towards a study of these areas with reference to the considerations given to them by the legislative, labor and employer groups.

Coverage. With the passage of the original Act in 1937, all employers of eight or more workers were covered. Excluded, however, were agriculture laborers, domestic workers, officers and crew members of a vessel on the navigable water of the United States, employment of a son, daughter or spouse and minors in the employment of their parents, employees of the federal, state or local government, services performed for non-profit organizations and services performed where Unemployment Compensation is payable under an Act of Congress.

By 1945, the Unemployment Compensation Act had been amended to include employers of establishments with six or more employees. The exempt em-

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1 Senate Bill 436 Sixtieth Illinois General Assembly (1937)
ployees included the above and several additions. These additional exemptions being; service performed by individuals under age of eighteen in the delivery of newspaper, services performed on a part-time basis by students and services performed by insurance agents renumerated solely by way of commission.

Employers of six or more employees, excluding exempted employees, continues in effect from 1940 until this coverage provision was again amended in 1955. The present provisions cover employers who employ four or more workers.

Labor consistently maintains that employers of one or more employees should be covered by the Act. This group advocates that coverage should also include farm workers, domestic employees, employees of non-profit organizations and employees of the state and local government. Their argument is that employees in establishments not covered by the program suffer the same hardship of being unemployed as those workers who are covered.

Employers, on the other hand, do not have the same view point. A representative of a large Illinois employers' organization expressed the opinion that such extended coverage would make the program so enormous that it would entail many administrative difficulties. My informant further stated that the employers of small units were opposed to any legislation that would extend the coverage of the Act that would bring

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them under the law. All employers that are not covered by the requirements of both the Federal Law and the State Law are exempt from paying the Federal Unemployment Tax; and thereby, they do not contribute to the State Fund unless they elect to do so.

Eligibility. Another area of disagreement over the Unemployment Compensation Act is found in the eligibility provisions. The basic elements of this issue involves the qualifying wage, the ability of the worker and his availability to perform suitable work, and the waiting period.

The basic argument of employers is that unemployment benefits should be paid only to those workers who are a part of the labor force. Further that the eligibility requirements should be made more rigid. Employers also firmly object to relaxing the availability provisions.

It has been pointed out that Unemployment Compensation is an insurance program and not a welfare program and unless the eligibility requirements were rigid, many abuses of the program would be committed. Otherwise persons not actually a part of the labor force would be encouraged to earn the minimum qualifying wage in order to draw benefits.

Labor opposes the efforts of employers to tighten eligibility requirements. It is the desire of this group that the requirement for a one week waiting period be eliminated.

Subsequent changes in the law, since 1949, provided that the definition

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3 Information from a person interview of the Author with Mr. Kermit E. Johnson, Manager of the Social Security Department, Illinois State Chamber of Commerce.

4 Ibid.
of unavailability be expanded to include persons who removed themselves to localities where opportunities for work are less favorable; persons who leave work voluntarily because of partial, filial or domestic circumstances; persons who leave their employ to marry, unless they become the sole support of themselves and their families, and persons who leave their employ to join their families in other localities. Persons leaving the locality to join members of their families are not eligible for benefits until they have earned six times their current benefit amount or unless they are separated from the family and/or have returned to the locality they left.

Labor considers these measures as a drastic attempt to deprive workers of legitimate benefits.

Disqualifications. Employers and labor both agree on one thing, that fraud and deceit should disqualify an employee from receiving benefits. Outside of this no other area of agreement seems to exist. Workers are disqualified for benefits for a period of at least six weeks if they voluntarily quit their employment without a good cause, or fail to actively seek employment, or fail to accept suitable employment that has been offered them. Further, where a worker is unemployed because of a misconduct connected with his work and where the misconduct does not involve a felony, larceny or embezzlement, the minimum disqualification penalty period is for

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six weeks after the claim has been filed. If such individual has not earned wages, in covered employment in each of at least three calendar quarters of his base period he will not be considered eligible for benefits until he becomes employed and earns six times his current weekly benefit amount. However, if the employee's discharge for misconduct involve a felony, larceny or embezzlement, all of his benefit rights are cancelled. Both labor and employers agree upon the latter provision. Labor insist that the disqualifications pertaining to a worker's voluntarily leaving employment, refusal of suitable employment and discharge for misconduct are too severe.

Employers have been accused of attempting to make the unemployment Compensation Act inoperative by these rigid disqualifying provisions. "They (the employers) may say that they are just trying to tighten up. They may say they are trying to eliminate some of the improper practices, but don't let them kid you. The idea is to kill this Unemployment Compensation by such amendments; that you can have the statute on the books, but when it comes to enforce it, needs the protection of the statute, they will find either that the administration routine is so complicated or that the disqualification requirements are so strict, or that the waiting period is so long that they find in the long run they don't get the benefits."

Employers defend their interests in the disqualification provisions on the basis that only persons involuntarily unemployed should be permitted

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6 "Proceedings of the Seventy-First Annual Convention", (October 1953)p.7
benefits. Their argument is that persons who are voluntarily unemployed, who fail to actively seek employment or who are discharged for misconduct should not be eligible for benefits until they become re-employed and earn wages equal to eight times the current benefit amounts. This argument is based on the belief that employers should not be penalized for unemployment that is caused by the worker himself.

Another controversial area under this provision of the Act relates to the disqualification resulting from labor disputes. Under this section, an individual is disqualified for benefits for any week in which his employment is due to a stoppage of work which exists because of a labor dispute at the factory, establishment or other premises at which he was last employed. This does not apply if the unemployed worker is not participating in or financing or directly interested in the dispute. Neither does it apply if he does not belong to the grade or class of workers participating in the work stoppage.

Benefit Amounts. Both the wage level and the cost of living have advanced considerably since benefits first became payable in 1939. The maximum benefit amount was then approximately 55 per cent of the average wage, whereas, in 1952 the maximum benefit amount was only 35 per cent of the average wage. Employers are not adverse to the payment of benefits to workers who are involuntarily unemployed. They are, however, opposed to the payment of benefits that would be high enough to cause the unemployed

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worker to lose his incentive to find employment.

Employers consider the Unemployment Compensation Act the same as a private insurance program. Consideration is given to the insurance principle in that the worker is compensated only for involuntary loss of employment. As an employer representative observed, "a relief program is not incorporated in the Unemployment Compensation Act".

Employers also advocate that benefits should be more closely related to the actual earnings of workers. Their interests appear to be concerned primarily with whether or not the unemployed worker is actually a part of the labor force. It is argued that persons who earn only the minimum qualifying wage amount should not be eligible for the maximum amount of benefits allowed.

Labor advocates that the maximum benefit should approximate $66 \frac{2}{3}$ per cent of average wage, if the program is to accomplish its purpose.

Another goal of Labor is to extend the benefit duration period beyond the present twenty-six week limit.

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9 Information from a personal interview of the Author with Kermit E. Johnson, Manager of the Social Security Department, Illinois State Chamber of Commerce.

10 Ibid.

11 Ibid.

12 Seventy-Second Annual Convention, Illinois State Federation of Labor. p. 81

Financing the Plan. Employers in Illinois are encouraged to stabilize the employment of their workers by allowing them a savings in their Unemployment Tax. This system of merit is called "experience rating". It permits the employer to have a contribution tax rate in relation with the amount of unemployment benefits paid to his workers. High contribution rates are assigned to those employers whose workers draw large amounts of benefits, whereas, lower rates are assigned to those employers who tend to stabilize their employment. A low contribution rate results in considerable savings to the employer.

If an employee receives Unemployment Compensation benefits equal to three times his benefit amount then the total wages of the employee become the employer's benefit wages. In 1945, wages chargeable against an employer's experience rating account for insured work included only the first $1575.00 of the worker's earnings. For example, an employee's base period earnings amount to between $1275.00 and 1324.99, and receives unemployment benefits equal to three times his benefit amount, the employer's experience rating account will then be charged as if the worker draws his maximum benefit amount. The employer's account is charged $1324.99. Again, if the employee's earnings amount to over $1975.00 and he receives unemployment benefits equal to three times his benefit amount, the employer is then charged only $1975.00 against his experience rating account. The amount of insured wages chargeable against the employer's account is defined in the Act.

The benefit wage ratio is then determined by dividing the total of the employer's benefit wages for a thirty-six month period ending June 30, of
the year preceding the calendar year for which a contribution rate is being determined by the total of his payroll for that same period on which contributions were paid on or before July 31, immediately following such June 30.14

The State experience factor is computed similarly. It is determined by dividing the total benefits paid to all workers over a thirty-six month period by the total benefit wages of all employers for the same period.15

The employer's contribution rate then becomes the product of his benefit wage ratio and the State experience factor. Though a record is kept for each individual employer's experience rating account, his contribution rate is related to the overall unemployment experience in the State.16

Labor opposes the experience rating provisions on the basis that the employers attempt to lower their contribution taxes at the expense of the worker. It is claimed that employers often protest against the payment of benefits to workers because they have a dollar stake in keeping benefit payments down. Labor argues that all employers should pay a flat contribution rate, thereby removing the incentive to attempt to disqualify legitimate workers from receiving benefits.17

15Ibid.
16Ibid.
17Congress of Industrial Organizations, p. 83.
Employers, however, favor the financing of the Unemployment Compensation program by the method of experience ratings. They maintain that through experience rating the costs of the program are more fairly and equitably distributed. In addition, it is maintained that such a method provides the employer with the incentive to stabilize his employment. It is further argued that experience rating is the means by which the employer's interest in Unemployment Compensation is maintained. Unless the employer participated, there is fear that the program would merely be a system of handing out money.

Other Areas. Labor in Illinois is in favor of some type of protection for the worker during the period of unemployment due to disablement resulting from non-occupational accidents or diseases. Under the Illinois Law, no consideration is given to a worker who is unable to work or who is unavailable to work because of these circumstances. It is argued that such disability results in more of an income loss to the worker than does unemployment due to lack of work. This is reasoned on the basis that the disabled employee is not entitled to benefits under the Unemployment Compensation Act and at the same time his disability results in additional medical or hospital expenses.

In 1945, the Illinois Legislature passed a bill which created a commission to investigate the subject of Disability Unemployment Compensation. The study


21 Ibid.
was submitted to the Legislature at the next session.

This study revealed that a system for disability benefits could be integrated with the Unemployment Compensation program already in existence. The Division of Unemployment Compensation recommended to the Commission a program having similar features as the Unemployment Act. The proposed measure provided for the coverage of the same workers, the same eligibility requirements regarding qualifying wage and waiting period and the same benefit amount as the current Unemployment Compensation Act. The contribution rates were proposed to be placed at one per cent of the employer's payroll with contributions being paid only on the worker's first $3,000 of earned wages. 22

In addition to the recommendations made by the Division of Unemployment Compensation, the Commission made a survey throughout the State to determine to what extent private plans provided for sick and disability benefits. It was found that about 43 per cent of the employers, who returned the questionnaire, provided for paid sick leave. 23 Twenty-one per cent provided for group health and accident insurance. 24 In addition, it was found that 34.2 per cent of the employers provided for some form of hospitalization benefits. 25

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23 Ibid., p. 53
24 Ibid., p. 58
25 Ibid., p. 67
The Commission made no specific recommendations in its report submitted to the Sixty-Fifth Illinois General Assembly, however, it referred the Legislature to the study which revealed that several different private plans in existence were available to the worker.
CHAPTER III

PROVISIONS OF THE ACT IN 1945

Coverage. From 1937 to 1945 few changes were made in the Illinois Unemployment Compensation Act. Originally the Act provided that only employers of eight or more employees were made liable for the payment of the contribution tax. In 1939 this section was amended to extend the coverage of the Act to include employers of six or more employees. This new amendment became effective in 1940. No further changes were made in this section prior to 1945. However, by 1945 additional employers were excluded from the Act. Workers no longer covered were those engaged in illegal enterprises, students and minors engaged in short-time work and insurance agents or solicitors working on a commission basis only.

Eligibility. Section 6, dealing with the eligibility requirements of the Act was substantially the same as provided for the original Act. An unemployed worker was eligible for benefits if he had registered for work at a local State Employment Office and had made a claim for benefits. The worker was also required to be able to work and available for work. However, "if an otherwise eligible individual is unable to work or is unavailable for work on any normal workday of the week, he shall be eligible to receive benefits with respect to such week reduced by one-third (1/3) of his weekly benefit amounted for each day of such inability to work or
or unavailability for work." Further, the worker was to have served a waiting period of one week. In addition, he must have been paid wages not less than $225.00 during the base period.

Disqualifications. By 1945 workers were disqualified for benefits if they voluntarily quit their employment. The statute provided such persons, were to be ineligible for the week the action occurred and for three weeks following. In addition, such persons were penalized for periods up to four more weeks, depending upon the fact involving the voluntary unemployment.

The same penalties were provided in the case of an unemployed worker claiming benefits, where the unemployment resulted from his being discharg-ed for misconduct connected with his work. This section further provides that for misconduct connected with the work which involves a forgery, larceny or embezzlement, no benefit rights shall accrue to the employee.

It is the opinion of this writer that the vagueness of the provision concerning misconduct not having involved a forgery, larceny or embezzle-ment, is the cause of much controversy between labor and employers. As

1 Section 6 (c) Illinois Unemployment Compensation Act (1945). The Section headings have been subsequently changed and the above provisions are now listed under Section 500 (c) (I). of the current Act.

2 The original Act provided that the waiting period was for three weeks. Subsequent changes made by the Legislature in 1941 and 1943 resulted in the waiting period is defined as the 12 consecutive months ending on December 31, immediately preceding the first day of the benefit year.

Benefit year is defined as the 12 consecutive calendar months begin-ning on April 1, and ending on March 31.
was noted in Chapter II on the subject of disqualifications, labor consi-
ders these provisions as being used by employers solely to reduce their
taxes. At this point, it should be noted to the reader that some students
advocate to employers the need to disqualify claimants. One writer point-
ed out that rejected claims for benefits represented a possible saving
of many hundreds of dollars each.

In noting how difficult the question of misconduct is to prove at
times, employers have been advised that they must clearly show that the
employee's separation involved misconduct on his part. For example: "Take
the inefficiency of an employee whose previous records had been a good one.
For personal reasons, he had begun to drink and his work fell off to the
point where your business was beginning to be hurt by his inefficiency.
Do not fire him for inefficiency, but fire him for misconduct involving
drinking, which impaired his use to the company."

**Benefits.** Benefits in 1945 had been increased to $20.00 and $7.00
the maximum and minimum amount, respectively. However, in the Sixty-Fourth
General Assembly, the Legislature amended this section. Thereby raising
the minimum amount to $10.00, effective April 1, 1946. The maximum
duration of benefits has been extended to a period of twenty-six weeks.

**Experience Rating.** Employers liable under the Act in 1945 were requir-

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3 Richard J. Potter, "Cutting Your Unemployment Taxes." Prentice
Hall, Inc. (New York), 1954, p. 17

4 Ibid., p. 41-42
ed to pay contributions on wages of their employees, only the first $3,000 became taxable wages, at the rate of five-tenths of one percent in intervals of \( \frac{1}{6} \) of one percent to a maximum of 3.6 percent.

During the period of World War II employment was high in Illinois. Consequently since few claims for benefits were filed, the employers contributed rates in most instances were low. Amendments were made to the Act in 1943 providing for additional taxes to be imposed on employers whose taxable wages had doubles or more than doubles since the year 1940.

As benefit amounts had been increased to a maximum of $20.00, the employers' chargeable benefit wages were also increased. Benefit wages represent the amount of a worker's wages for insured work from the liable employer for the base period calendar year. Such wages of the worker become the employer's benefit wages on the employer's experience rating record only after the worker has been allowed benefits amounting to three times his weekly benefit amount for the benefit year applicable to the base year in which such wages were paid to the worker.\(^5\)

Since these basic features of the Act were in existence as of 1945, a study of the subsequent legislative activities on Unemployment Compensation follows.

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5\(^{th}\) An Explanation of Employers Duties under the Illinois Unemployment Compensation Act", Illinois Department of Labor (1952) p. 17-18
CHAPTER IV

BILLS CONSIDERED BY THE ILLINOIS
LEGISLATURE FROM 1947 THROUGH
1955

The majority of the measures presented in the legislature on Unemployment Compensation provided for amendments to more than one section of the Act. Consequently, some of these bills incorporated proposed amendments which involved changes either in all of the provisions considered in this study coverage, eligibility, ineligibility, benefits and experience rating— or in variations of these provisions. It follows that the writer must explain the method used in classifying these measures to interpret them.

Coverage: All bills introduced were considered as including coverage if there were provisions that referred to the size of the employing unit and the inclusion or exclusion of various types of occupations.

Eligibility: This included any proposed or enacted amendments to the Act which were related to the unemployed worker's ability to work, his availability for work and his active search for work. In addition, all references to the waiting period and the qualifying wage were included.

Disqualification: All references that were either proposed or enacted which embodied the unemployed worker's voluntarily leaving his employment, misconduct, refusal of suitable work, vacation pay, participation in labor dispute and evading disqualification are included under this classification.
Benefits; This classification includes all references to the minimum and maximum weekly benefit amount, and the maximum weekly benefit duration.

Experience rating; This term included all references found in the proposed or enacted measures regarding contribution rates.

Bills Introduced; During the five legislative sessions from 1947 through 1955, a total of fifty bills were introduced in the General Assembly. These bills represented only those measures specifically involving coverage, eligibility, disqualifications, benefits and experience rating. The total of the bills that were considered also involved eight proposals to establish a system of disability compensation. No attention has been given to legislation involving administrative changes in the Act.

Sixty-Fifth Illinois General Assembly (1947). In 1947, the Illinois General Assembly gave consideration to four bills on unemployment compensation. Out of these four measures, two were enacted as amendments to the law.

Labor and employer groups acting through the Unemployment Compensation and Free Employment Office Advisors submitted to the General Assembly their "agreed" upon recommendations for desired changes in the Act on May 29, 1947. Substantially these changes were concerned with the

1 The Advisory Board's recommendations that are submitted to Legislature are generally agreed upon by all of the members.
waiving or relinquishing of coverage by the State for those employers included under the Act solely on the basis of the Federal Act, if they elected to cover their Illinois workers under the Unemployment Compensation Act of another State. To prohibit the payment of contributions on wages in excess of $3,000, it was suggested that the wages paid by the Illinois employers to their workers, in other States requiring contributions, be counted in determining the first $3,000. It was further recommended that the coverage conform to provisions be changed to conform to the Federal Unemployment Tax Act by allowing coverage to maritime workers whose employers managed or controlled their ship's operation from within the State. To maintain the waiting period of one week, it also suggested that an adjustment be made in the time lag between the week to the unemployment and the day assigned to the worker to report to the unemployment compensation office to file his claim for benefits.

These provisions as recommended by the Advisory Board were incorporated in House Bill 799 which was enacted into the amendments to the Act. In addition to these changes, the General Assembly passed Senate Bill 241.

This bill provided for the exclusion of real estate salesmen from coverage under the Act.

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2 House Bill 799, Sixty-Fifth Illinois General Assembly, approved August 8, 1947.

Of the two other bills considered by the Legislature, one dealt with the establishment of a system of disability compensation and the other proposed that coverage under the Act be extended to employers of one or more workers.

Although little attention was given to these measures by the Legislature, they both represent legislation that was favorable to labor.

Sixty-Sixth Illinois General Assembly (1949). A total of twelve bills were considered by this session of the General Assembly. Although the bills were diversified as to the nature of the changes proposed in the Act each contained one or more references relating to coverage, eligibility, disqualifications, benefits, experience rating and disability compensation.

Three of the bills incorporated provisions for extending the coverage of the Act to employers with less than six workers. Three bills contained measures directed toward the strengthening of the eligibility requirements, and one bill dealt with the easing of the restrictions already imposed on the unemployed worker. Two measures calling for an increase in the disqualification features of the Act were in contrast to three bills that were introduced for the purpose of mitigating these restrictions. Concerning benefits, five bills contained provisions to increase the maximum weekly benefit amount. Out of three bills involving experience ratings, only one

6 See Appendix II for a synopsis of the bills introduced.
incorporated provisions designed to reduce the employers tax rates. On
the other hand, two bills called for the elimination of this tax saving
device. Two measures were introduced in the legislature which provided
for a system of disability compensation.

No report was submitted to the Legislature during this session by the
Advisory Board. Consequently, the nature of the bills introduced re-
presented much of the independent thinking on unemployment compensation
by both labor and employers.

In commenting upon the bill passed by the Legislature, the Illinois
State Federation of Labor pointed out to its membership that this measure
represented a gain for both labor and employers. It was further stated that the bill came close to what an Agreed bill" on the subject should be.

This bill, House Bill 1105, made no changes in the coverage under
the Act. However, it raised the maximum weekly benefit amount from $20.00
to $25.00. In addition to lowering the employers' contribution rates,
the measure had the effect of tightening the eligibility and the dis-
qualification requirements of the Act.

7 A bill that contains provisions that are acceptable to both labor
and employers.

8 "Proceedings of the Sixty-Seventh Annual Convention". Illinois State
Federation of Labor, Springfield, Illinois, (September 26, 1949). p.62

9 House Bill 1105, Sixty-Sixth Illinois General Assembly, approved
July 18, 1949.
The eligibility requirements were revised to provide that the worker must not only be able and available for work, but he must also be actively seeking work. It further added to the previous requirements that claimants were unavailable for work, if they moved to localities where the job opportunities were less favorable than those in the locality they left. Women who stopped working because of pregnancy, were declared as being unavailable for work for thirteen weeks prior to and for four weeks after childbirth.

Persons who voluntarily left work to marry were deemed unavailable for work unless they became the sole support of themselves and their families. Further, persons were declared to be unavailable for work if they quit their jobs because of marital, filial and domestic circumstances. They continued to be ineligible for benefits until the circumstances which caused their leaving their employment ceased to exist. The minimum qualifying wage was raised from $225.00 to $300.00.

The amendment also provided for stricter penalties for disqualifications involving voluntary quits, discharges for misconduct, not involving a felony, larceny or embezzlement, and failure to apply for or accept suitable employment. The penalty for these disqualifications was changed from an indeterminate period of from four to eight weeks to a
definite period of seven weeks.

The word felony was substituted—by the Legislature—for the term forgery. This section of the Act was further amended to provide for a continuing disqualification for penalized claimants who failed to report regularly to an employment office during their penalty period.

Sixty-Seventh Illinois General Assembly 1951. During this session of the General Assembly, the Board of Unemployment Compensation and Free Employment Office Advisors submitted its report recommending several desired changes in the Act. One change called for an extension of the coverage of the Act to employers of one or more workers. Although this was recorded as being desired, the report made clear that the employers' representatives either voted against the measure or registered an opposition against it. The Advisory Board also recommended that the maximum weekly benefit amount be increased from $25.00 per week to $27.00 per week. It also recommended that the qualifying wage provisions under eligibility be amended to require that at least $100.00 of the $300.00 earned during the base period, be earned during a quarter other than the calendar quarter in which the worker's wage were highest. Again, the Board was clear to note that an employer representative desired the qualifying wage be increased to a larger amount.

Prior to the 1949 amendment to the Act, an individual was disqualified for the week in which the event occurred and three weeks thereafter. In addition, he was ineligible for not more than four more weeks depending on the Deputy's determination. The 1949 amendment changed the disqualifying period to read for the week the event occurred and six additional weeks. The amendment did not change the provisions which cancelled all benefit rights for persons discharged for a misconduct involving a felony, larceny or embezzlement.
As an aid to the employer in accounting for the three per cent tax to be paid on the first $3,000 of the worker's earnings, the Advisory Board recommended that employers who acquire all or a severable portion of another employer's business be treated as a single unit. This eliminated both the predecessor and the successor employers from paying the tax on the wages of the same workers. Other provisions, which were also recommended, involved the preservation of the experience rating record established by employers who had subsequently entered the military service, the payments made by the employer for the benefit of the employee's retirement, sickness, accident, medical and hospital expenses were excluded from the definition of wages, and that the section excluding dismissal payments from the definition of wages be deleted.

A total of ten bills were introduced in the Legislature, however, only two were enacted as amendments to the Act. House Bill 1024 included most of the administrative recommendations of the Advisory Board. Another Bill, House Bill 1025, contained the remainder of the recommendations submitted by the Advisory Board, which provided for the extension of coverage to employers os one or more employees, an increase in the maximum weekly benefit amount and a modification of the qualifying wage requirement. This measure never left the committee to which it was assigned.

11See Appendix III for a synopsis of the bills introduced.

12House Bill 1024 and House Bill 1207 Sixty-Seventh Illinois General Assembly, both Bills were approved on June 30, 1951.

13See Appendix III for a synopsis of the bills introduced.

14Ibid.
after its introduction on March 7, 1951

On May 1, 1951, Senate Bill 508 was introduced in the Senate Chamber. This measure was quite contrary to the provisions of House Bill 1025. It provided for an increase in the maximum weekly benefit amount. It further provided for the raising of the qualifying wage from $300.00 to $500.00. The disqualification provision for voluntary quitting, would have amended the Act to show that the worker must prove that his employer was responsible for his leaving his employment. The bill further proposed to disqualify persons not working due to inventory or vacation if standby pay or vacation pay in a certain amount was provided by the employer. Another feature of the bill was the proposal to consider two or more plants of the employer as a single production unit. Where a work stoppage in one plant resulted in unemployment in one or more of the other plants, all employees would be disqualified under the provision dealing with labor disputes. A similar bill, House Bill 318 was introduced in the House Chamber of the Legislature on the same date. Neither of these two measures were released from the Committee to which they were assigned.

In contrast to the above three bills, Senate Bill 213 was introduced on March 7, 1951. This bill provided for an extension of coverage to employers of one or more workers and further would have extended coverage to all occupations excluded by the Act. The maximum weekly benefit amount

15 Senate Bill 508, Sixty-Seventh Illinois General Assembly (1951)

16 House Bill 318; Sixty-Seventh Illinois General Assembly (1951)
was to be raised to $27.00. Other provisions on the bill would have allowed the unemployed worker additional allowance for his dependents. This measure called for the elimination of the waiting period requirement and would have also eliminated the experience rating provisions.

The enacted bill, House Bill 1207, represented a compromise between these diverse points of view. The maximum weekly benefit amount was raised to $27.00. In addition to raising the qualifying wage to $400.00 the employer’s benefit wages were raised to include the first $2,175.00 of wages paid each worker during the base period. The provisions disqualifying workers receiving vacation or inventory pay, found in Senate Bill 508, was also incorporated in this measure.

Two bills that were introduced in the General Assembly which provided for disability Compensation. Neither of them received any consideration outside of the committees which they were assigned.

Sixty-Eighth General Assembly, (1953). It is interesting to note that no substantial amendments were made during the 1953 session of the Legislature. Further, the Advisory Board’s report consisted mainly of recommendations that were of an administrative nature. The Board, however, did recommend that individuals declared unavailable for work may regain their weekly benefit amount. Another important recommendation concerned the partial transfer of experience ratings to an employer who purchases the business of another employer having an established record.

17 Senate Bill 613 and House Bill 190, Sixty-Seventh Illinois General Assembly (1951).
These recommendations along with the desired administrative changes were incorporated in House Bill 792. This bill which was passed by both the House and the Senate was vetoed by the Governor.

It is a significant fact, however, that twelve additional bills on unemployment compensation were considered during this legislative session. Two measures placed before the legislature incorporated coverage provisions, one designed to increase the coverage of employees under the Act and the other provided for a limitation in coverage. Four bills embodied provisions to strengthen the eligibility requirements, while four other bills embodied provisions to relax the requirements. Two bills included features which would tighten the disqualifications, while only one bill contained provisions relaxing this section of the Act. With reference to the benefit amount, two bills were found to have sections tending to reduce the benefit amount, whereas, only one bill was found with provisions to increase the benefits. Employers were favored by the provisions found in three bills which would have resulted in a reduction in their contributions while in one bill, there was a provision proposing to remove this feature of the Act. Also, in this session of the Legislature there were two bills introduced involving disability compensation.

18 House Bill 792, Sixty-Eighth Illinois General Assembly was vetoed July 16, 1953.

19 See Appendix IV for a synopsis of the bill presented in the Sixty-Eighth General Assembly.
**Sixty-Ninth General Assembly, (1955).** In 1955, the Illinois Legislature considered eleven bills having one or more proposals involving coverage, eligibility, disqualifications, benefits, experience rating and disability compensation.

Although a large number of bills were introduced on unemployment compensation, only two of the measures were of much importance. Those bills were Senate Bill 761 and House Bill 731.

Senate Bill 761 which was passed by the Legislature incorporated the Advisory Board's recommendation relative to the extension of coverage to employers of four or more workers. The amendment also provided for an increase in the maximum weekly benefit amount from $27.00 to $28.00 with provisions for additional allowances for the worker's dependents. The qualifying wage was increased from $400.00 to $550.00 with the provision. Administrative changes involving a revision of the base period and the benefit year provision were also included. It also amended the disqualification provisions of the Act to reduce the penalty period for voluntarily unemployed workers. For workers who were discharged for a misconduct not involving a felony, larceny or embezzlement, who, without good cause, failed to apply for or refused to accept suitable employment, the disqualifying period was reduced to six weeks instead of

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20 See Appendix V for a synopsis of the bills presented.

seven weeks. If the disqualified worker had no earnings during each of three quarters during his base period he was then ineligible to receive benefits until he became employed and earned six times his benefit amount.

Employer groups desired that this section of the Act be strengthened even more. They maintained that all employees who voluntarily quit their jobs who are discharged for misconduct which does not involve the commission of a felony, larceny, or embezzlement, and who are disqualified for failing to apply for or accept suitable employment, should not be eligible for benefits until they had earned at least eight times their weekly benefit amount.

Senate Bill 761, also included measures to allow for a reduction in the employer's contribution rates, although the maximum contribution amount was raised from 2.7 per cent to 3.25 per cent. The bill further allowed employers to benefit in their contribution rates by permitting partial transfer of experience rating.

Another bill presented to the Legislature House Bill 731, was almost completely opposite to Senate Bill 761. This measure in general, provided for greater coverage under the Act, larger benefits for a longer duration and a reduction in the disqualifying penalties. It did not receive any favorable consideration in the committee to which it was assigned.

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23 Senate Bill 731, Sixty-Ninth Illinois General Assembly. (1955), was Sponsored by the Illinois State Industrial Council, CIO.
Throughout this discussion of the activities of the Illinois General Assembly, it appears to be evident that employer groups and labor groups have opposite points of view on the subject. There does not appear to be any area, outside of benefits, in which these two groups are in harmony.

The writer would like to point out to the reader that in every session of the legislature since the original Act was passed, there has been a proposal to increase the coverage of the Act. It should also be noted, that in every instance where the coverage was extended, the Legislature was stimulated by the revisions made in the Federal Unemployment Tax Act which is related to the extension of coverage.
CHAPTER V

CONCLUSIONS

The hypothesis of this study appears to be confirmed when consideration is given to bills acted upon by the Legislature. However, it's important to remember that many social and economic factors are involved which effect the Legislature's decision to pass or reject legislation on the subject of unemployment compensation.

It is the opinion of this investigator that the basic elements of the disagreement between labor and employers is found in several questions. The first is, who is, who is a member of the labor force and who is not a member. The second question of equal importance is whether or not a worker is unemployed—after a period of time—because of the economic conditions or because of his own unresourcefulness.

Employers maintain, in answer to these two questions, that they have no objections if an involuntarily unemployed member of the labor force receives unemployment compensation benefits. They further maintain, however, that those workers who are not actually members of the labor force have no right to benefits until such times as they are able to prove their attachment. With this in mind, one can readily see the reason for efforts on the part of the employer group to increase restrictions on the eligibility requirements of the Act. On the other hand,
employers also argue that workers who cause their own unemployment should be penalized until they are gainfully employed.

In this instance, it is considered by employers that regardless of the period of unemployment, the worker's lack of work is due to his fault and not to the economic conditions. He, therefore, is not entitled to unemployment benefits.

Labor groups argue that employers endeavor to increase the restrictions in regards to the eligibility and the disqualification features of the Act mainly to reduce the amount of their contribution taxes. They further argue that by reducing the number of claimants drawing benefits, the employer is thereby credited a low experience rating which in turn, reduces his costs considerably. Labor maintains that the experience rating provision of the Act should be deleted, and in its place, employers should be charged a flat contribution rate.

These arguments were expressed through the nature of the bills that were introduced in the Illinois General Assemblies during the period considered in this study. It is an interesting observation to note that throughout the period of this study and in almost every session of the Legislature, a bill was passed which incorporated some feature designed to increase the eligibility or disqualifying restrictions in the Act.

It is the conclusion of this writer that these different basic philosophies of labor and employers will in no way be settled, although

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1 Information from a personal interview of the author with Kermit E. Johnson.
it is admitted that labor and employers are able to compromise on the subject of unemployment compensation. One employer representative was of the opinion that these differences of labor and employers contribute to a healthy economy.

2 Ibid.
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APPENDIX I

SYNOPSIS OF UNEMPLOYMENT COMPENSATION BILLS
INTRODUCED IN THE SIXTY-FIFTH ILLINOIS
GENERAL ASSEMBLY

House Bill 485

Provides for the payment of unemployment compensation to disabled persons. Applies to workers employed by establishments of six or more employees, for the six-month period beginning July 1, 1947 and to establishments of one or more employees beginning January 1, 1948. Incorporates the exemptions now existent in the Illinois Unemployment Compensation Act. Provides for benefits of not less than $10 nor more than $20, based upon earnings to persons covered under the law, who earned at least $225 in the preceding calendar year. The duration of benefits is based upon the table set forth and provides that a worker shall be entitled to which ever is the lesser amount set forth in the table or twenty-six times his weekly benefit amount. Method for determining weekly benefit amount is the same as now provided in the Illinois Unemployment Compensation Law. The administrative machinery is also the same as set forth in the law. Funds for financing the program are raised by a contribution on employers of one-half of one percent, and on employees of one-half of one percent to be collected by the employer. Penalties.

Senate Bill 90

Adds section 2.2 to the Unemployment Compensation Act. Defines an employer for the purpose of the Act as one who employs one or more individuals on some portion of a day during any calendar year.

1 "Sixty-Fifth Illinois General Assembly", Legislative Synopsis and Digest, (June 1947), p. 389
2 Ibid., p. 40
Senate Bill 241

Amends section 2 of the Unemployment Compensation Act. Exempts services performed as real estate salesmen from provisions of the Act to the extent that such services are compensated for by commissions. Further provides that notwithstanding any provisions of this section, any services with respect to which a tax is paid pursuant to Chapter 26, section 1600 of the U. S. Code shall be considered as employment for purposes of this Act.

House Bill 799

Amends Sections 2, 21, 9, 22, 23 and 25 of the Unemployment Compensation Act. Defines maritime services covered by the Act as those performed on or in connection with an American vessel operating on navigable waters within, or within and without, the United States, providing the operation of such vessel are supervised, managed, directed and controlled by an operating office located in Illinois. Permits employers subject to the Act solely by virtue of their liability under the Federal Unemployment Tax Act, to elect coverage for their Illinois workers, after prior approval by the Director of Labor, under the unemployment compensation law of another state. Requires that contributions are payable on the first $3,000 of wages paid to an individual in any calendar year, without regard to the year in which the services compensated by such wages were performed. Provides that wages paid an individual in any year with respect to employment in another state, shall be counted as part of the first $3,000 of wages paid to the individual and that contributions shall be payable in Illinois on the difference between the $3,000 and the wages paid in such other state. Permits the payment of benefits, at the discretion of the deputy, with respect to the period of six or less consecutive days which occur between a week of unemployment for which a claim is filed and the day designated for the individual to report to file such claim. Extends to fifteen days the time in which claimants who reside in other states may file appeals from the deputy's finding or determination or from a Referee's decision. Provides that a Referee's decision shall be final unless an appeal is taken within the proper time to the Board of Review. Clarifies the provisions of the Act relating to the confidential status of information received in the cause of its administration, and extends the application of these provisions and those relating to privileged communications and the disposition of records to the administration of the State Employment Service. Provides that, commencing July 1, 1947 all penalties, as well as interest, collected pursuant to the Act shall be deposited in the special administrative account and that amount in the account in excess of $100,000 at the close of each calendar quarter shall be transferred to the State's account in the unemployment trust fund. Excludes from the five year limitation for the commencement of

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3 Ibid., p. 40
4 Ibid., p. 90
of actions, the 35-day period permitted under the Administrative Review Act for the filing of an appeal to the courts from a decision of the Director of Labor.
APPENDIX II

SYNOPSIS OF THE UNEMPLOYMENT COMPENSATION BILLS INTRODUCED IN THE SIXTY-SIXTH ILLINOIS GENERAL ASSEMBLY

House Bill 462

Amends Section 6 and 28 of the Unemployment Compensation Act and adds Section 7.5 thereto. Requires an unemployed individual who has registered for work thereunder to continue to report in person at least once each week at the employment office designated by the Director of Labor. Repeals certain provisions designated to determine the basis upon which an individual may be entitled to benefits under this Act under the law of another State or the Federal Government.

House Bill 1105

Amends Sections 4, 5, 6, and 18 of the Unemployment Compensation Act. Increases the maximum weekly benefit amount to $25 effective April 1, 1950. Requires claimants to be actually seeking work. Deems persons unavailable if they remove themselves to localities where work is substantially less available than those they left. Presumes women who leave work voluntarily because of pregnancy to be unable to work and deems them unavailable for the 13 week period prior to the anticipated date of childbirth and the 4 weeks immediately following. Deems persons unavailable for work if they left voluntarily to marry, unless they subsequently become the sole support of their families. Deems persons unavailable who leave work because of domestic circumstances. This presumption to end when the circumstances causing the leaving ceases to exist. Increases the earnings eligibility requirements from $225 in the base period to $300. Changes ineligible period for voluntary leaving, discharge for misconduct and refusal of suitable work to the week in which the act occurred and the six weeks immediately following. Cancels wage credits of...
persons convicted of a felony, connected with their work for which the employer was in no way responsible. Requires persons to report for work during their ineligibility period. Makes certain adjustments in the table for determining employers' tax rates, including changes to a minimum tax rate of one quarter of one per cent to a maximum of 2.7 per cent in lieu of the present minimum of a half of one per cent to 3.6 per cent.

**Senate Bill 372**

Amends Sections 2, 4, 5, 6, 7 and 14 of the Unemployment Compensation Act. Extends applicability of the Act to additional occupations. Increases benefits payable. Removes restrictions on maximum amounts of benefits. Allows benefits for period of work stoppage because of strikes. Makes numerous other detailed changes.

**House Bill 319**

Amends Sections 4, 7, and 14 of the Unemployment Compensation Act. Increases benefits payable hereunder 50 per cent. Permits payment of benefits in the case of stoppage of work because of a labor dispute after the sixth week of such work stoppage. Fixes venue in cases involving judicial review of administrative decisions.

**House Bill 825**

Amends Sections 2, 2.1, 4, 6, 7, 9, 14, 15 and 18 of the Unemployment Compensation Act and adds Section 2.2 thereto. Includes certain services previously exempted from the definition of employment. Extends coverage to workers of establishments which have one or more employees. Increases the maximum weekly benefit with no dependents to $35.10. Provides for uniform duration of benefits. Establishes dependent's allowances of $5.00 per dependent. Eliminates the waiting week requirement and the designation of holidays as days of unavailability. Reduces the period of disqualification in cases of voluntary leaving without good cause, discharge for misconduct and refusal of suitable work without good cause. Eliminates the provision which disqualifies claimants because of a labor dispute.

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3Ibid., p. 138

4Ibid., p. 355

5Ibid., p. 514
House Bill 611

Amends Sections 2, 4, 5, 6, and 7 of the Unemployment Compensation Act by fixing payments to be made subsequent to April 1, 1950. Classifies women who quit work because of pregnancy as not able to work. Alters condition for which a person shall be ineligible for benefits. Makes other detailed changes.

House Bill 746

Amends Sections 18 and 25.5 of the Unemployment Compensation Act. Eliminates provisions for future contributions required of employers based on benefit experience.

House Bill 139

Provides for a system of unemployment compensation for disabled persons.

House Bill 239

Amends Sections 2, 7, 9, 13, 14, 20, 20.6, 22 and 25 of the Unemployment Compensation Act. Amends definition of "employer" to include "joint ventures" where one of the ventures is liable for the payment of contributions. Restores the exemption of services performed by minor students in short-time work and services performed in connection with gambling establishments, even where payment on such services is made to the Federal Government under the Unemployment Tax Act. Provides that issues involving ineligibility for benefits by reasons of the existence of a labor dispute at the premises where the claimant was last employed be treated separately from all other issues. Clarifies provisions in connection with deduction of amounts received under Workmen's Compensation Laws from benefits. Gives power to the Referee or Board of Review to remand cases to the deputy. Provides for the use of microphotographed records in evidence. Provides for the making of additional parties by the Director, Referee or Board of Review. Provides a five year statute of limitations on the collection of interest on delinquent contributions.

6Ibid., p. 448
7Ibid., p. 489
8Ibid., p. 296
9Ibid., p. 53
Senate Bill 127\textsuperscript{10}

Provides unemployment compensation for disabled persons.

\textsuperscript{10} Ibid., p. 296
APPENDIX III

SYNOPSIS OF UNEMPLOYMENT COMPENSATION BILLS

INTRODUCED IN THE SIXTY-SEVENTH ILLINOIS GENERAL ASSEMBLY

House Bill 1021

Amends Sections 223, 235, 703, 801, 804, 1004, 1500, 2000 and 2207 of the Unemployment Compensation Act, adds Section 805 thereto and repeals Section 232 thereof (as amended by House Bill 340). Excludes from the definition of "employment" incidental services performed for non-profit organizations where the maximum remuneration per calendar quarter is $50.00 instead of the present maximum of $45.00. Restores the exemption of services performed by minor students in short-time work, and services performed in connection with gambling even though payment in such services is made to the federal government under the Federal Unemployment Tax Act. Provides that the successor to part of a business shall be treated with the predecessor as a single employer for the purpose of determining whether the successor has paid an employee wages in excess of $3,000. Excludes from the definition of "wages" payments made by an employer in connection with employee's group insurance, retirement, sickness, accident, medical and hospital expenses. Includes in the definition of "wages" dismissal payments made after December 31, 1951, which an employer is not legally required to make. Empowers the director, referee or board of review to remand cases to the deputy. Permits mechanical recordings of hearings. Provides for the use of photographed or microphotographed records in evidence. Preserves the experience ratings record of employers who entered the armed forces. Limits the amount of interest to be collected on delinquent contributions.

1"Sixty-Seventh Illinois General Assembly", Legislative Synopsis and Digest, (June 1951), p. 641
Senate Bill 16

Amends Section 7 of the "Unemployment Compensation Act. Provides that leaving work because of the existence of abnormally dangerous working conditions shall constitute one type of good cause for eligibility to receive benefits under the Act.

Senate Bill 508

Amends Sections 239, 241, 401, 403, 500, 600, 601, 602, 603, 604, and 900 of the Unemployment Compensation Act (as amended by House Bill 310) and adds Section 610, 1701.01 and 1701.02 thereto. Changes definitions of "unemployed individuals" and "week". Provides weekly benefit amount for benefit year beginning April 1, 1951, will be determined in the same manner as in year beginning April 1, 1951. Sets up a new method of computation of weekly benefit amounts and a new schedule of maximum amount of benefits payable for the year beginning April 1, 1952 and thereafter. Alters provisions dealing with eligibility for benefit by (a) requiring weekly reports in person at the employment office, (b) by deeming "unavailable for work" persons who leave work voluntarily to accompany spouse elsewhere, and (c) requiring after January 1, 1951, base period wages for insured work amount to at least $500. Amends Sections dealing with disqualifications by (a) disqualifying persons leaving employment voluntarily for reasons which are not good cause attributed to the employer, (b) disqualifying persons discharged for forgery, larceny or embezzlement, (c) changing meaning of "suitable work", (d) disqualifying persons not working due to a labor dispute occurring in any state, (e) disqualifying persons not working due to inventory or vacation purposes if stand-by pay or vacation pay in a certain amount is provided, and (f) changing generally the provisions dealing with the time or method of regaining eligibility. Alters generally the provisions dealing with recoupment or repayment to the Director. Requires the Director to issue regulations on "actively seeking work" and "additional claimant reporting requirements", and provides standards therefore.

2Ibid., p. 18

3Ibid., p. 193
Senate Bill 540

Amends Sections 601 and 604 of the Unemployment Compensation Act (as amended by House Bill 3h0). Provides that leaving work because of the existence of abnormally dangerous working conditions shall constitute one type of good cause for eligibility to receive the benefits under the Act.

House Bill 818

This is an identical measure to Senate Bill 508.

House Bill 1207

Amends Sections 239, 401, 403, 500, 600, 602 and 900 of the Unemployment Compensation Act (as amended by House Bill 3h0) and adds Section 610 thereto. Changes definition of "unemployed individuals". Provides weekly benefit amount for benefit year beginning April 1, 1951 will be determined in the same manner as in year beginning April 1, 1950. Sets up new method of computations of weekly benefit amount and new schedule of maximum amount of benefits payable for the year beginning April 1, 1952 and thereafter. Alters provisions dealing with eligibility for benefit by requiring after January 1, 1951 base period wages for insured work amount to at least $500. Amends Sections dealing with disqualifications by (a) disqualifying persons discharged for larceny, felony or embezzlement, (b) disqualifying persons not working due to inventory or vacation purposes if stand-by pay or vacation pay in a certain amount is provided, and (c) disqualifying persons who are discharged for misconduct for a period of six months after such discharge. Alters provisions dealing with recoupment. Provides benefit wage shall include only the first $2,175 paid in base period after 1951.

House Bill 1025

Amends Sections 205, 239, 401, 403, 500, 602, 900 and 1502 of the Unemployment Compensation Act (as amended by House Bill 3h0). The Act was amended to apply to employers of one or more. Limits benefits for fractional week of unemployment to days which were normal work days for claimants in establishments in which he was last employed. Increases maximum weekly benefit amount to $27. Modifies the qualifying wage requirement by providing that claimant be paid wages of at least $100 in some part of the base period other

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1Ibid., p. 204
2Ibid., p. 571
3Ibid., p. 702
4Ibid., p. 642
than the calendar quarter in which his wages were highest. Cancels benefit rights of persons who have been discharged because of commission of a felony, larceny or embezzlement in connection with their work. Cancels benefit rights of persons who have obtained benefits fraudulently. Provides that overpayment of benefits to certain persons should be recouped only during benefit year in which they were paid.

**Senate Bill 213**

Amends Sections 2, 4, 6, 7, 9, and 15 of an Act in relation to a system of unemployment compensation and adds Sections 2.01, 2.02, 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 2.09, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, 2.17, 2.18, 2.19, 2.20, 2.21, 2.22, 2.23, 2.24, 2.25, 2.26, 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 7.01, 7.02, 7.03, 7.04, 7.05, 7.06, 7.07, 9.01, 9.02, 9.03, 9.04, 9.05, 9.06, 18.01, 18.02, 18.03 and 18.04 thereto, and repeals Section 18 thereof. Extends coverage to employees of establishments that hire one or more workers instead of six or more; extends coverage to farm workers, domestic help, government employees, real estate agents, newspaper and others; increases the weekly maximum benefit from $25 to $35 and allows $5 per week extra for each dependent; gives benefits to workers out of work because of a labor dispute; eliminates entirely the experience rating provisions whereby the employers now contribute on a prorated benefit system; and makes certain other changes, including a renumbering of some of the Act's larger sections.

**Senate Bill 613**

Provides for a system of disability benefits. Places administration in the Department of Labor.

**House Bill 190**

This is an identical measure to Senate Bill 613.

**Senate Bill 506**

Amends Sections 5, 6, 7, 9 and 13 of the Civil Administrative Code and repeals Section 18a thereof. Abolishes the Board of Review in the Department of Labor. Abolishes the Board of Illinois Free Employment Advisors, a Board of Unemployment Compensation and Free Employment Office Advisors.

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8Ibid., p. 384
9Ibid., p. 232
10Ibid., p. 358
11Ibid., p. 192
APPENDIX IV

SYNOPSIS OF UNEMPLOYMENT COMPENSATION BILLS

INTRODUCED IN THE SIXTY-EIGHTH ILLINOIS GENERAL ASSEMBLY

Senate Bill 931

Amends Sections 205, 233, 245, 503, 500, 601, 602, 701, 704, 706, 800, 801, 1100, 1200, 1400 and 1500 of the Unemployment Compensation Act, adds Section 239a thereto and repeals Sections 214, 215, 217, 219, 220, 221, 224, 225, 227, 228, 230, 604, 608, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510 and 1511 thereof. Extends coverage to employers of establishments that hire one or more workers instead of six or more; extends coverage to farm workers, domestic help, government employees, real estate agents, newsboys and others; gives benefits to workers out of work because of a labor dispute; eliminates entirely the experience rating provisions whereby employers now contribute on a pro-rated benefit system and makes certain other changes.

House Bill 7922

Amends Sections 235, 237, 242, 500, 702, 703, 804, 900, 1501, 1505 and 1507 of the Unemployment Compensation Act and repeals Section 2000 thereof. Redefines the base period and benefit year from a fixed to flexible basis. Specifies the circumstances under which certain individuals who have been deemed unavailable for work can become available for work. Provides for recoupment of benefits when a claimant has received a bulk pay award and benefits with respect to the same weeks. Redefines the minimum, basic and the

1"Sixty-Eighth Illinois General Assembly", Legislative Synopsis and Digest, (June 1953), p. 44

2Ibid., pp. 597-598
maximum levels of the reserve funds. Provides for a more rapid decrease of the reserve fund when it exceeds the maximum level and for a more rapid increase of the reserve fund when it drops below the minimum level. Permits the partial transfer of an employer's experience rating record. Repeals the provisions dealing with the disposition of records, thereby leaving such disposition to be governed by the State Records Commission Act.

**Senate Bill 391**

Amends Sections 401, 403, 500, 601, 602 and 603 of the Unemployment Compensation Act. Revises the schedule fixing the maximum amount of benefits payable. Defines the base period for purposes of compensation, voluntary leaving of employment and misconduct causing discharge from employment.

**Senate Bill 521**

Amends Section 1502 of the Unemployment Compensation Act. In computing employer's benefit wages on or after April 1, 1954, wages during the base period paid to an employee who voluntarily leaves his employment without good cause attributable to the employer, was discharged for misconduct by the employer or failed to accept re-employment by the employer without good cause attributable to the employer, shall not be such employer's benefit wages if the employer so alleges and the allegations are correct. Wages which became employer's benefit wages before such voluntary leaving, discharge or failure to accept re-employment shall continue to be such employer's benefit wages. Provides a method for hearing and determining the employer's allegations. (Substitute for Senate Bill 155)

**House Bill 894**

Amends Sections 401, 403, and 1502 of an Act in relation to a System of Unemployment Compensation. Increases the maximum "weekly benefit amount" after July 1, 1953 to $33 (now $27). Restates and increases the maximum amount of benefits payable on wages in certain brackets. Changes employer's benefit wages to correspond.

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3 Ibid., p. 171
4 Ibid., p. 227
5 Ibid., p. 639
House Bill 120<sup>6</sup>

Provides for unemployment compensation for disabled persons. Places the administration of the Act in the Department of Labor.

Senate Bill 119<sup>7</sup>

Adds Section 232 to the Unemployment Compensation Act. The term "employment" shall not include services performed by a director of a corporation while acting in the capacity of a director on or for a committee provided by law or by a charter or by by-laws of the corporation. Emergency.

Senate Bill 523<sup>8</sup>

Amends Sections 500 and 1100 of the Unemployment Compensation Act. Provides that an unemployed individual shall be eligible to receive benefits with respect to any week only if the Director of Labor finds that in cases of seasonal workers all or the greater part of such week falls within a seasonal period in which such worker earned seasonal wages during the base period. Defines seasonal worker, seasonal wages, seasonal pursuit and seasonal period or periods for the purpose of this proposed amendment.

House Bill 538<sup>9</sup>

This measure is identical to Senate Bill 523.

Senate Bill 525<sup>10</sup>

This measure is identical to House Bill 120.

Senate Bill 155<sup>11</sup>

Amends Section 1503 of the Unemployment Compensation Act. Provides that in determining the benefit wage ratio of each employer the benefit wages which were paid by the employers preceding the employer by whom the employee was last

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<sup>6</sup>Ibid., p. 330
<sup>7</sup>Ibid., p. 56
<sup>8</sup>Ibid., p. 228
<sup>9</sup>Ibid., p. 490
<sup>10</sup>Ibid., p. 229
<sup>11</sup>Ibid., p. 72
employed, shall not be considered unless such previous employers within such
benefit wage period have been given the opportunity to re-employ the person
claiming unemployment benefits and have declined to re-employ such persons.

House Bill 395\textsuperscript{12}

Amends Section 500 of the Unemployment Compensation Act. Eliminates one
week's waiting period before benefit payments are to be made.

\textsuperscript{12} Ibid., p. 430
APPENDIX V

SYNOPSIS OF UNEMPLOYMENT COMPENSATION BILLS

INTRODUCED IN THE SIXTY-NINTH ILLINOIS

GENERAL ASSEMBLY

House Bill 1

Amends Section 401, 402, 403 and 607 of the Unemployment Compensation Act. Increases the maximum weekly benefits payable from $27 to $35 and extends the period for which these are payable from 26 to 39 weeks. Increases from $2 to $5 per week the recipient of benefits hereunder may earn without being disqualified hereunder.

House Bill 113

Amends Sections 401, 403, 500 and 607 of the Unemployment Compensation Act and repeals Section 608 thereof. Increases the weekly benefit payments from $27 to $30 per week and increases the numbers of weeks of payment from 26 to 30. Make persons who present a doctor's certificate of inability to work eligible for benefits hereunder.

House Bill 731

Amends Sections 204, 205, 220, 221, 227, 401, 402, 403, 500, 601, 602, 603, 604 and 1400 of the Unemployment Compensation Act and repeals Sections 607 and 608 thereunder. On or after January 1, 1956 any employee of the State of Illinois or any wholly owned instrumentality of the State of Illinois, except elected and appointed officials, are to be covered by the Act. Also provides that any political subdivision of the State may come within the Act if they

1 "Sixty-Ninth Illinois General Assembly", Legislative Synopsis and Digest, (June 1955), p. 382

2 Ibid., p. 435

3 Ibid., pp. 672-673
file a written election with the Director of Labor to do so. Requires employers of one or more employees to be within the Act, now six employees. Provides that after July 1, 1955, employment shall include minors who are students. Beginning with the benefit year of April 1, 1956, the maximum weekly benefit is increased from $27 to $52 and the minimum from $10 to $15 and also allows a weekly benefit of $4 for each child up to four children.

Changes method in computing reduced weekly benefits from excess of $2 per week to one-half of the amount of wages payable to such employee and from one-third to one-fifth of the weekly benefit for each day such individual is unable to work or unavailable for work. Eliminates a schedule of the maximum amount of benefits payable and provides that such individual may receive up to 40 times his weekly benefit. Changes in eligibility for benefits to provide that such individual shall receive benefits if he is making a reasonable effort to find work and consideration must be given to his prior experience and conditions in the locality. Eliminates restrictions on eligibility due to holidays and the moving of such individual into localities where opportunities are not as good. Also eliminates the requirements of the waiting period of one week during the benefit year, and requirements that unemployment must occur during the benefit year. Changes ineligibility from six weeks to two weeks following an individual leaving his job, being discharged for misconduct or refusal to work without good cause. Provides that individuals will be covered if the employer looks out the employees or where a labor dispute is involved. Provides that the State, in lieu of contributions, shall pay into the fund an amount equivalent to the benefit paid to claimants who were during the applicable base year paid wages by the State. Repeals ineligibility after 26 weeks or the failure to report to an employment office during the period of ineligibility.

Senate Bill 3414

Provides unemployment compensation for disabled persons. Act to be administered by the Department of Labor.

Senate Bill 7615

Amends Sections 205, 219, 223, 224, 235, 237, 242, 401, 403, 500, 600, 601, 602, 603, 608, 610, 702, 703, 801, 900, 1500, 1501, 1502, 1503, 1505, 1506, 1507, 1511 and 2201 of the Unemployment Compensation Act, adds Section 901 thereto, and repeals Section 2000 thereof. Extends the coverage of the Act to employers of four or more workers and deletes affiliation of two or more employing units as a basis of coverage. Establishes a table of weekly benefit amounts ranging from $10 to $40, and sets the maximum weekly benefit amount at $28 for an individual who has no non-working spouse and no child; $31 for one

4Tbid., p. 151
5Tbid., p. 333
who has a child or a non-working spouse, or both; $34 for one who has two
children; $37 for one who has three children; and $40 for one who has four or
more children. Defines "non-working spouse" and "child". Adjusts the pro-
visions specifying the maximum total amount of benefits, to reflect the in-
crease in the maximum weekly amount. Increases the base period qualifying
wage amount to $550 and require that at least $150 in wages must have been
earned by the individual outside the calendar quarter of the base period in
which his wages were highest. Changes the period of ineligibility imposed for
voluntary leaving without good cause, discharge for misconduct connected with
the work and failure to accept suitable work without good cause and requires
that, in specified instances, individuals must meet all basic benefit eligi-
bility requirements during such periods. Provides for ineligibility under
specified circumstances, of recipients of payments in the nature of vacation
pay in connection with a separation or layoff. Reduces to three calendar
years the period within which an employer must incur liability for payment of
contributions before he can qualify for a variable contribution rate; pro-
vides that an employer who first becomes subject to the Act on January 1, 1956,
by reason of his 1955 employment experience and incurs contribution payment of
liability in 1956 and 1957, can qualify for a variable rate for 1958; and ex-
pands the definition of "benefit wage ratio" to coincide with these changes.
Increases the "basic amount" and the "minimum normal amount" and provides for
a more rapid increase of the state experience factor if the amount in the fund
fall below the minimum normal amount. Raises the maximum contribution rate to
3.25 per cent and establishes the rate intervals of one-eighth of one per cent
between the minimum and the maximum contribution rates. Permits partial trans-
fer if experience ratings records. Establishes an individual base period -
benefit year system. Provides for a study of alternative systems of experience
ratings. Changes the length of the period for reconsideration of determi-
nations. Revises the provisions with respect to the remedy of recoupment and
the civil penalty against individuals who obtain benefits by fraud. Sets forth
the conditions under which an individual denied benefits for voluntary leaving
to accompany or join a member of the family in another locality, may requalify
for benefits. Repeals the provisions with respect to destruction of records.

Senate Bill 517

Amends Sections 500 and 1100 of the Unemployment Compensation Act. Makes
persons eligible for compensation under this Act during a week, any part of
which falls within a period of seasonal processing, as determined by the Direc-
tor of an agricultural commodity for work which such persons received wages
during their base periods. Defines seasonal processing. Effective April 1,
1956.

6 Ibid., p. 221
House Bill 796

This measure is identical to Senate Bill 517.

House Bill 743

Amends Sections 204, 206, 220, 221 and 1400 of the Unemployment Compensation Act. On and after January 1, 1956, any employee of the State, except elected officials or officials compensated on a fee undertaken by the State shall be included within the Act, and that in lieu of contributions by the State, the State shall pay to the State Treasurer for inclusions in the funds covered in accordance with this Act an amount equivalent to the benefits paid to individuals based on wages paid by the State.

House Bill 1030

This measure is identical to Senate Bill 761.

House Bill 1111

Amends Section 205 of the Unemployment Compensation Act. Employer means with respect to the year 1956 and thereafter, any employing unit which (1) has or had in employment two or more individuals within each of twenty or more calendar weeks (but not necessarily simultaneously and irrespective of whether the same individuals are or were employed in each such week), whether or not such weeks are or were consecutive, within either the current or preceding calendar year, and (2) pays or paid during the calendar quarter within the same calendar year, wages with respect to employment equal to at least $300. Restricts certain definitions of employer to 1955 and certain prior years.

7 Ibid., p. 700
8 Ibid., p. 678
9 Ibid., p. 793
10 Ibid., p. 825