

MAINE STATE LEGISLATURE

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ACTS AND RESOLVES

AS PASSED BY THE

Ninety-ninth Legislature

OF THE

STATE OF MAINE

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Addresses
of
Governor Edmund S. Muskie
to the
Special Sessions
of the
98th Legislature
October 28, 1957
January 13, 1958
May 6, 1958

ADDRESS OF GOVERNOR EDMUND S. MUSKIE TO THE THIRD
SPECIAL SESSION OF THE NINETY-EIGHTH LEGISLATURE
OF THE STATE OF MAINE

May 6, 1958

Mr. President and Members of the 98th Legislature:

Once again it is my privilege to welcome you back to Augusta for the purpose of giving consideration to matters which are of serious importance to the people of Maine. Mrs. Muskie and I join in this greeting which carries with it more personal associations each time it is repeated. We know that you will be invigorated, as we are, by the sense of new life and beauty which permeates the capitol and Blaine House grounds in the spring.

One might well ask whether annual or seasonal sessions of the Legislature are to be preferred!

Seriously, I would not have asked you to return if I did not sincerely and honestly believe that you should. The problems which I shall place before you are such as ought not to be ignored by responsible government. In terms of administrative, as an alternative to, legislative action, available solutions either are inadequate or would involve the exercise of legislative prerogatives by the executive branch of government. Most of you are familiar with my belief that the executive branch would be a more effective instrument of service to our people if the Governor were in fact the center of executive authority and responsibility. I believe just as firmly that the executive branch should not preempt legislative duties and responsibilities and should exercise only such legislative authority as is clearly and properly delegated to it. The problems which you will be asked to consider impose responsibilities upon both the Governor and the Legislature; and we owe it to the people of Maine, whether they are directly or indirectly affected, to give these problems that full consideration which can be given only in a session of the Legislature.

THE ECONOMIC SITUATION

The Agenda for this session is related to the current economic situation in the State and in the Country. For that reason, some reference to economic conditions is appropriate. I shall try to make my comments factual, objective, and devoid of that extravagant oratory which prevails in an election year, and which can so easily provoke irresponsible decisions.

An objective view requires a realistic appraisal of our present position; a sober evaluation of the elements of strength in our economic structure and of the stabilizers which have been built into it over the past quarter century; a ready recognition of weaknesses in the structure which have been revealed by current stresses; and a humane concern for those whose income and financial resources have been dissipated by forces beyond their control.

The application of such a process of analysis should, in my opinion, result in judgments reflecting confidence in the essential stability of the economy and,

at the same time, justifying reasonable, positive action designed to stimulate an upturn. Whether or not current signs justify a conclusion that the downward trend is leveling off—and those who should be qualified to judge are in considerable disagreement on that point—it is clear that an upturn in the immediate future cannot be taken for granted. We should adjust our thinking, therefore, to that kind of prospect—not, however, in terms of a defeatist, rear guard battle, but in terms of an aggressive, beat-the-recession effort. Such an effort can be made and will be successful if we will abandon the recriminations and the imputations of improper motives which serve only to set up against each other. No citizen or group in Maine has a monopoly on sincere interest in the welfare of the whole State; and the pursuit of proper and legitimate requirements for the economic well-being of each should be recognized as consistent with such pursuit by all, provided we are willing to understand and adjust to each other's problems. Government, private enterprise, and the rank and file citizen each have a job to do if we are to start traveling a rising economic curve in the near future. I am sure that is an objective we all approve; and I am sure we can reach agreement as to what each should do if we are to achieve it.

A REVIEW OF STATE ACTIVITIES

It is appropriate, at this point, to review briefly the contribution which State government is in a position to make, and will make, toward increased economic activity, and toward meeting the problems which the current situation presents.

First: Despite the obviously increased obstacles created by the recession, the Department of Economic Development is applying itself firmly and confidently to the task of industrial development and promotion. We believe that faith in the future and unflagging effort will produce results. Despite the fact that industry nation-wide has sharply reduced its plan for investment in new plants and equipment—the sharpest reduction since World War II, the Department does have tangible prospects which can materialize into new industries and new jobs. The expectations justify neither starry-eyed optimism, nor black pessimism, but rather steady faith.

The Department is applying itself increasingly to the task of expanding its usefulness to Maine industry in the field of government contracts.

The Department is receiving excellent cooperation from an increasing number of communities which are organizing themselves for effective promotional and planning activities. The Division of Geological Survey has reported some tangible results of the magnetic survey authorized by this Legislature a year ago and reports further an unprecedented activity and expenditure of private funds devoted to the exploration for commercially interesting deposits of minerals. The vacation-travel business, if one can measure the future by the volume of requests for literature and information which the Department receives, should give a substantial, seasonal lift to the economy of the State.

Second: The State Highway Department will expend more substantial sums than in any previous comparable period in the State's history. This is the result of the programming approved by this Legislature and designed to achieve a minimum construction effort which will adequately serve the needs of all sections of our highway system; and the bulk of the increase reflects the generous federal matching program available for construction of the Interstate System. As I shall point out later, we do not have the funds to support the full program

approved by this Legislature. Nevertheless, as an economic stimulant, the following figures are significant :

On the federal system, contracts let since July 1, 1957, on construction which is in process plus contracts which will be awarded prior to June 30, 1959, total approximately \$65,000,000. This is more than double the amounts authorized for this purpose in the immediately prior comparable period. In addition, anticipated State expenditures and authorizations for bridges, State aid, and maintenance, from April 1, 1958 to June 30, 1959, will total about \$24,000,000. The total authorizations and expenditures during this period for these purposes will be, therefore, about \$89,000,000.

Third: Expenditures for capital improvements by various State agencies to June 30, 1959, will total at least \$11,000,000.

Fourth: Notwithstanding the shrinking of General Fund revenues in this period, it has been possible to continue General Fund operations without a curtailment in essential services and without a reduction in State employment below the level attained when the need for savings became apparent. Since then the filling of vacancies has been done on a selective basis designed to insure that essential positions be manned. Revenues which threatened to plunge seriously at one point have stabilized and we can expect to stay within actual revenues for this fiscal year. At the end of April, according to preliminary figures, General Fund revenues totaled \$38,967,068.89, or \$1,440,431.11 below estimates. This shrinkage in revenues is offset by \$934,222.69, representing estimated revenues which were not appropriated in your regular session and by \$1,472,503.72, representing savings to which Departments committed themselves in March and April. Thus, the total offset to the shrinkage of revenues is \$2,406,726.41, leaving us a freeboard of \$966,295.30 for the remainder of this fiscal year. This is in excess of any two-month shrinkage in revenues which we have experienced at any time since last July. Furthermore, there is reason to believe that additional savings may be realized.

Relative to the next fiscal year, we have a freeboard of \$828,017.59, representing estimated revenues which were not appropriated in the regular session of this Legislature. Furthermore, it should be noted that a substantial portion of the shrinkage in revenues for this year is the result of the fact that in July the return from the Sales Tax reflected the 2% rate rather than the 3% rate. This factor amounted to an estimated \$809,600.00. We have taken steps to establish a reserve against the possibility of a continued decline in the economy with its consequent depressing effect on revenues. However, it is our firm intention, short of an economic collapse which does not now seem in prospect, to continue essential programs on the levels authorized by the Legislature and, more than that, if at all possible, to fill all authorized State positions. The possibilities of achieving these goals seem good at the moment. To offset rumors which are in circulation, I would like to emphasize specifically that there is no intention of reducing educational subsidies below the level of appropriations provided by this Legislature.

Obviously, economic conditions being beyond our control, there can be no guarantee that the objectives which I have stated will be achieved. The evaluation I have given you is simply a projection of our current experience.

Fifth: The effect of unemployment on public assistance programs is of concern to us, first, because this effect is a measure of the seriousness of the situa-

tion, and, second, because of our responsibility to provide the funds to meet the needs. These needs are intensified by unemployment in two ways:

1. Individuals or families who meet the legal categorical requirements of the Old Age Assistance, Aid to Dependent Children, Aid to the Blind, and Aid to the Disabled Programs become unemployed or fall into need because of reduced income from employment. In this connection, it should be noted that the aged, the disabled, and the parents of dependent children are often so-called marginal workers who are first to be affected by layoffs and reduction in hours of work, and by the same token the last to be rehired.

2. The unemployment or reduction of income of relatives may render them unable to continue to support or contribute toward the support of individuals who are already recipients of assistance or individuals who are otherwise qualified for assistance. This factor relates mainly to the Old Age Assistance Program.

Summarizing the situation to date, the Old Age Assistance case-load is somewhat below the figure estimated at the time appropriations were made because the addition of new cases anticipated by reason of the removal of the citizenship requirement, the change in property transfer legislation, and the liberalization of relative responsibility were less than anticipated. However, the current application rate is considerably higher than anticipated.

The Aid to Dependent Children case-load will reach an estimated 5,400 on July 1st, compared with an original estimate of 4,540. This is clearly a substantial increase, and the indications are that an intra-departmental transfer will be necessary to support this program if current trends continue.

In the program for Aid to the Disabled, the application rate is about one-third higher than estimated and the total case-load will reach an estimated 1,410 on July 1st of this year and 1,920 on July 1, 1959, compared to an original estimate of 1,200. If these estimates are substantiated by current trends, an intra-departmental transfer will be necessary to support the program.

Non-settled, or so-called State General Relief Cases show similar increases. Total applications received in the first three months of this calendar year amounted to 379, compared to 240 for the first three months of the 1957 calendar year. Expenditures for this purpose for the first four months of this calendar year totaled \$311,734.00, compared with \$284,430.00 for the first four months of the 1957 calendar year.

It should be borne in mind that General Relief, as now constituted, is basically a locally administered program and that the heavy load is borne by local government. Any change in this concept, designed to shift more of the load to State government, would require State appropriations for which State funds are not now in sight, reconsideration of the Statutes relating to pauperization and settlement, the development of a program providing greater uniformity of standards and greater equality of treatment, and other changes involved in establishing a new State program based on a new concept of the division of responsibility between State and local government. I mention this for purposes of clarification as to resources available to meet the General Relief problem.

With respect to the State Public Assistance programs, therefore, a projection on the level of our current experience indicates that, with intra-departmental transfers, we can support them within the limits of available appropriations.

However, we cannot support any substantial expansion of the need under current standards, or any liberalization of the standards.

ECONOMIC ACTIVITY FORECAST BY MAINE INDUSTRY

On April 25th I requested Maine industry to conduct a survey for the purpose of disclosing employment prospects in the next few months as evaluated by employers. I asked that the survey show three things: Normal average employment by the employers reporting; present employment; and the outlook for the next five months.

According to the survey report which I received yesterday, the average employment of the 163 firms reporting amounts to 61,055. These firms currently employ 55,190 persons, representing a drop of 9.6% below normal employment. The reporting firms anticipate hiring an additional 6,029 employees for the period May through September.

Supplementing the foregoing, members of the Maine Truck Owners Association, normally employing an average of 4,305 persons, except an increase for the next five months of 7.5%.

I also asked the General Contractors of Maine to conduct a survey as to present and anticipated construction projects in the State for the current year. Such construction, exclusive of the figures I have given you relative to State activity in this field, will total an estimated \$196,643,456.00. These figures do not include private residential and industrial construction or municipal construction. This will require, according to the report, an estimated additional 7,000 to 10,000 construction employees, both skilled and unskilled, during the remainder of 1958.

I am sure you join me in the fervent hope that these prospects will materialize. The additional employment indicated would not absorb all those presently unemployed. Nevertheless, it would provide a substantial and much needed seasonal lift. I appreciate the confidence in the future which it reflects.

I trust that this review of the economic situation will be useful to you as you contemplate the two problems which I shall now place before you.

PROBLEMS OF HIGHWAY CONSTRUCTION AND FINANCE

There are two problems with respect to highway construction and finance:

1. A loss in estimated revenues in the amount of \$1,695,000.00 as a result of the Referendum Election of March 10, 1958, in which the voters rejected increases in highway user fees which were authorized in the regular session.

2. The provision of State Matching Funds to take advantage of the Federal Emergency Highway Program authorized by the Federal-Aid Highway Act of 1958 which was approved by the President on April 16, 1958.

With respect to the first problem, inasmuch as the Legislature did not allocate all of the estimated revenues in the regular session, the actual deficit for

the current biennium will be an estimated \$1,450,642.00. There are four possible solutions to this problem :

1. Allocation of that amount from Highway Fund surplus ;
2. The enactment of new revenue measures ;
3. An additional allocation from the Bond Issue ; and
4. A reduction in program.

The Highway Fund surplus as of April 1, 1958, giving full effect to the loss of revenues resulting from the March 10th election, was \$4,698,325.44. This account serves the following purposes for which no other provision is or can be made at the present time :

1. As recommended in my Budget Message of January, 1957, it is needed to insure that our mobile equipment and regional garages do not fall short of our requirements under the impact of the increased construction activity which we are undertaking.

2. It is needed as a source for supplementary allocations for such activities as snow removal. Because of unusually severe conditions the past two or three winters, it has been necessary to make several such supplementary allocations. Since we cannot control the weather, it is desirable that we leave ourselves some flexibility in this respect.

3. It is our only source of cash for working capital for highway activities. Such working capital is needed because seasonal fluctuations in revenues and in expenditures would otherwise leave us, from time to time, without cash to meet our commitments. For several years it was felt that three million dollars was sufficient for this purpose. A substantially larger figure can be justified today because of the tremendous growth in the program.

4. It is needed as a source of funds in the event of future emergencies such as the hurricanes of 1954.

You will recall that use of the Highway Fund surplus to partially finance the construction program was considered at the regular session of this Legislature at a time when the surplus was at a higher level than it is today. The possibility was rejected then for the foregoing reasons, and those reasons are equally valid today.

Also, it should not be overlooked that the revenue losses resulting from the March 10th Referendum Election create a revenue problem for the second biennium of the four-year program which this Legislature approved in regular session as well as for the current biennium. This fact, and the current recession, make it problematical as to when revenues will rise sufficiently to restore any withdrawals from the surplus account.

I am as aware as anyone that it could be tempting to embrace the politically comfortable alternative of proposing use of the surplus to avoid any reductions whatsoever, inasmuch as I will not face the problem of living with a less than adequate surplus account. Moreover, there is no way of determining exactly the level below which it should not go. However, for the reasons I have outlined

I could not honestly avoid the conclusions I have stated. Of necessity, foresight, in the present circumstances, must be more conservative than hindsight may subsequently indicate is required.

Allocation of funds to meet the problem from proceeds of the Bond Issue which was approved by the people last fall would be unwise if we are to retain the objectives which were approved last winter. You will recall that our objective was to finance a four-year program, and to support a reasonable amortization schedule for the Bond Issue. The loss of the revenue resulting from the Referendum in March reduces our ability to meet that objective. Additional allocations of the Bond Issue would further reduce our ability to meet it. We should not take such a step unless we accept the resulting responsibility to close the gap by providing additional revenues.

I do not recommend enactment of additional highway revenue measures at this time for two reasons. In the first place, there is a study now in process, authorized by this Legislature, to evaluate the burdens borne and the benefits derived by various groups who benefit from the use of our highways. Notwithstanding the fact these studies will not be as complete as we would like because similar Federal studies will take longer than expected, there should be more information available when the next Legislature convenes than there is now, and there will be more time for thorough discussion. In the second place, in the light of the economic situation, this would not appear to be the time to impose additional tax burdens on our people. Moreover, it is difficult to judge whether, on March 10th, the people voted against a particular kind of tax or against additional taxation of any kind.

The only alternative left to meet the first problem, therefore, is reduction in program. In this connection, the following considerations would appear to be valid:

1. It would be difficult and probably unwise to reduce allocations for non-construction activities, since reductions of the size we are considering would reduce standards of service below tolerable limits. Salaries are something less than competitive. Snow removal and summer maintenance, the two largest items, are at levels which should not be reduced.

2. State matching funds under Federal programs should not be reduced for the reason that such reduction would also eliminate substantial Federal dollars from the program for this biennium. In the Federal Inter-State Program this would involve \$9.00 of Federal money for every \$1.00 of State money that we eliminated. In the Federal primary, secondary, and urban programs it would involve \$1.00 of Federal money for every \$1.00 of State money eliminated.

3. We should not reduce the State Aid "Hardship" Program, the regular State Aid Program, or the town road improvement program. These serve local and area needs at a level which has been considered minimum. With respect to the regular State aid program, a reduction in State dollars would mean a reduction in local matching dollars as well. Moreover, municipalities have been planning their activities in reliance upon State participation in the regular State aid program and the town road improvement program; and that planning should not be disrupted if at all possible.

The only alternative remaining is the program for State projects in the Federal system and on State highways which are not in the Federal system. These are projects which ordinarily do not qualify for Federal matching dol-

lars but which are deemed sound in the light of need and anticipated traffic on the highways involved. It is suggested that a reduction sufficient to meet the anticipated deficit be made in this program.

A reassuring fact is the opportunity which is given us to transfer some of the projects which are to be eliminated to the new Federal Emergency Program which I shall discuss shortly. This is possible because the Federal Bureau of Public Roads will approve projects under the Emergency Program which could not be included in the regular Federal-Aid Program. Information which has been placed on your desks by the Highway Commission will give you more detailed information in this connection.

I turn now to the second highway problem to which I have referred. Under the Federal Emergency Program, there is made available to us \$2,975,768.00 in Federal funds, requiring State matching funds in the amount of \$1,519,343.00. The Federal funds are available "for expenditure pursuant to contracts awarded or work commenced by the State Highway Departments prior to December 1, 1958, for completion of construction prior to December 1, 1959." As you can see, commitment to this program must be made in advance of the convening of the next Legislature, and sufficiently in advance to get the work commenced or under contract before December 1, 1958.

With respect to the required State matching funds, we can, in effect, anticipate \$919,343.00 by accepting now from the Federal government an advance against our regular allocations under the Federal primary, secondary, and urban programs for the fiscal years ending June 30, 1961, and June 30, 1962. I recommend doing so. If you accept this recommendation, the remaining requirement, if we are to take advantage of the emergency program, is that we provide an additional \$600,000.00 in State funds.

To meet this problem, we could resort to highway fund surplus or the enactment of additional revenue measures. For the reasons I have already outlined, I recommend not doing so. It seems to me that the practical solution is a supplemental allocation of the proceeds of the Bond Issue. This is a need which was unforeseen a year ago, and the desirability of stimulating economic activity in these times justifies such action. Moreover, the taking of such action will not substantially raise the requirements for State matching funds under the Federal primary, secondary, and urban program as planned within the four-year program which was approved in the regular session.

The net effect for the four-year period will be that we will supplement regular allocations for the Federal primary, secondary, and urban program by \$3,435,439.00 and the requirement in State matching dollars will remain substantially as originally planned. This is true because, by accepting an advance on our Federal allocations for 1961, we will reduce State matching requirements for that year. In fiscal year 1962, that is, the fiscal year following the four-year program, Federal primary, secondary, and urban allocations will be reduced by \$459,672.00 and the requirement for State matching dollars will be reduced by approximately the same amount.

If you should approve commitment to the new Federal Emergency Program, whatever the means of financing, you will find on your desks detailed information from the State Highway Commission as to the projects which are likely to be included. Bear in mind that they must be such as to require a minimum of engineering and of new right-of-way work if construction is to be commenced or the contracts awarded before December 1st of this year.

PROBLEMS RELATED TO UNEMPLOYMENT COMPENSATION

At the outset of my remarks I stated that we owe it to the people of Maine, whether they are directly or indirectly affected, to give the problems created by the recession that full consideration which can be given only in a session of the Legislature. In addition to those I have already described, I stated that we should give ready recognition to weaknesses in the economic structure which have been revealed by current stresses, and that we should be moved by humane concern for those whose income and financial resources have been dissipated by forces beyond their control.

This takes us logically to those problems related to our unemployment compensation program about which there has been so much discussion in recent weeks with respect to Federal and State responsibilities. There are pending in Congress several proposals. The proposals receiving most of the attention at the present time are those relating to possible extension of the benefit period. The President, and leaders in both the major political parties support one or another of these proposals, it appearing to be the concensus of opinion that the problem of the unemployed requires some such action. It is difficult to predict at the moment what form that action will take.

There are those who believe that the Congress should not legislate with respect to benefit standards, and that the problem should be left to the respective States. We must not permit the merits of the problem to be obscured by debate as to whether jurisdiction for action belongs properly to the Federal government or to the State. It is possible to adjust whatever decisions you may wish to make toward improvement of benefit standards to any legislation which the Congress may enact.

According to the most recent figures available, there are about 30,000 unemployed covered by our unemployment compensation program. According to estimates, computed on an established formula, this reflects total unemployment of about 44,000. Our situation is as serious as that of any State in the Country, being comparable, percentagewise, to that of the highly industrialized State of Michigan.

Under our law, a new benefit year began on April 1st of this year. Prior to that date, 8,137 persons had exhausted their benefits in the previous benefit year. It is with respect to this group that the most critical problem exists. Their problem can be defined best by an examination of their benefit entitlement in the new benefit year.

Of the total number of exhaustees, 3,193 failed to file claims in the new benefit year. We can only speculate as to the reasons. It is possible that many of them realized their earnings in the 1957 calendar year were not sufficient to qualify them for even minimum benefits. It is possible that some of them, particularly in the younger group, have moved to other States. It is possible that some of them have obtained new employment, temporary or otherwise. It cannot be accurately assumed that all of them are in any one or even all of the suggested categories.

Of the 4,944 exhaustees who did file in the new benefit year, 129 were declared ineligible because of insufficient earnings in 1957. Four hundred and sixty-seven are receiving benefits at the same level as in the previous benefit year. Nine hundred and thirty-seven are receiving larger amounts than in the previous year. Three thousand four hundred and eleven are receiving smaller amounts ;

and the reductions range from \$1.00 a week to \$26.00 a week. The average weekly benefit amount of 4,815 exhaustees now eligible for benefits has dropped from \$20.27 to \$15.51. The problem of inadequate benefits is not confined to the 8,137 exhaustees. There are others who, while not exhausting their benefits in the 1957 benefit year, approached the end of their benefit period and whose qualifying earnings were probably substantially reduced. We do not have an estimate of their number or an evaluation of their problem.

As we define the problem, we should not ignore the possibility that the recession will continue for longer than we would like to think. In October, those who began drawing benefits at the beginning of this benefit year will begin to exhaust their entitlement and the number of exhaustees will begin to increase thereafter. In the light of this possibility, it would be shortsighted not to consider whether legislation should be enacted now to guard against such a contingency. At the very least, you should consider whether or not you want to enact legislation enabling us to take advantage of whatever Congressional legislation is approved which will operate to extend the benefit period.

It is appropriate, at this point, to consider the purpose of the unemployment compensation law and its development since it was first enacted in 1936. In the statement of policy which is found in the law is found the following: "Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this State. Unemployment is therefore a subject of general interest and concern which requires appropriate action by the Legislature to prevent its spread and to lighten its burden which may fall upon the unemployed worker, his family, and the entire community."

Every effort has been made, and should be made, to apply actuarial principles to the program to insure that there will be a sound relationship between contributions, benefits, and unemployment compensation reserves. However, the determination of this relationship is not as exact a process as is the case with life insurance, for example, because we have not had comparable experience.

That this is so, is reflected in the history of changing contribution rates and benefit rates since the law was enacted. For example, until merit rating became effective in 1943, the employer contribution rate was 2.7% across the board. In that year, merit rating permitted an employer, to reduce his rate as low as 1.5% if his experience warranted it. In 1946 this minimum was dropped to 1.2%. In 1947 it was dropped again to .9%, and, in 1957, to .5%. It is estimated that, from 1943 through 1955, merit rating produced savings to employers in excess of \$46,000,000.00; and these savings have increased since that time. This compares with the balance in the fund at the present time of just under \$41,000,000.00.

Benefit rates and benefit periods have also changed. For example, under the law as originally enacted, benefits authorized were 50% of full-time weekly wages up to a maximum of \$15.00 per week for 16 weeks. At the present time the maximum benefit is \$33.00 per week for 26 weeks. However, since the law was enacted, increases in benefits have not kept pace with increases in average weekly earnings in covered employment.

In the light of the purpose of the law, and the history I have reviewed, it seems appropriate at this time, under present circumstances, to consider whether standards should not be adjusted to the needs revealed by current stresses. Several weeks ago I placed this problem before the Advisory Council to the

Maine Employment Security Commission. The Advisory Council reported to me as follows, and its complete report is available to you :

1. That the duration of the benefit period was not currently a problem because we had just started a new benefit year.
2. That a majority of the Council recommended amending the law to include coverage for employees of those employers employing one or more persons.
3. That a majority of the Council did not recommend any changes in the law other than the one just noted.

Legislation incorporating the amendment suggested by the Council will be presented to you. Other legislation relating to benefit levels and the duration of the benefit period, including proposals to take advantage of possible Congressional action, will also be presented to you. It seems to me that the problem which I have outlined merits this kind of attention.

The proposal for increasing the benefit levels, provides that either of the two calendar years preceding a benefit year, whichever would be most advantageous to the claimant, may be used to determine the level of the claimant's benefits. The cost of this proposal to the unemployment compensation fund during this benefit year would be an estimated \$878,000.00. This compares with estimated total benefits to be paid in calendar year 1958, and under existing standards, in the amount of \$20,000,000.00. If the economy should improve, as we all hope, and as the industry survey to which I have referred predicts, then the total benefit payments and the cost to the fund would be reduced.

It would seem to me, however, that in order to accomplish the laudable objectives embodied in the statement of policy of the present law, the weekly benefits payable during periods of unemployment should at least be sufficient to provide a worker and his family with food and shelter.

According to a 1950 study of average expenditures for Portland, Maine, families, 49.1% of average family income was needed for such basic necessities as food, housing, heat, and lights.

The President has recommended that the States increase benefits so that the great majority of workers would be eligible for payments equal to at least half their regular earnings; and, as I have noted, this was the original objective of our law.

Our benefit payments fall far short of meeting the standards recommended by the President.

While the number involved may be only a small percentage of our total labor force, the burden on them and their families is not thereby lessened, and should not be ignored.

There is a great deal of material, bearing upon the problems which I have presented to you, which I have not included in these remarks for the simple

reason that, as it is, I have occupied more of your time than I wished. These are difficult and perplexing matters and I am sure you will want to inform yourselves fully. I know we are all desirous of achieving an equitable balance among all of the interests involved. May we find the wisdom to do so.

EDMUND S. MUSKIE,
Governor