

MAINE STATE LEGISLATURE

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MAINE PUBLIC DOCUMENTS

July 1, 1938 - June 30, 1940

Third Annual Report
OF THE
Maine Unemployment
Compensation Commission

TO

His Excellency
Governor Lewis O. Barrows



January 31, 1940



INTRODUCTION

The past year has witnessed several major changes in the Maine Unemployment Compensation program, each of them reflecting a definite step toward perfecting that program.

Most notable was the change in the benefit payment plan from the original theory of basing weekly benefits on earnings in a movable base period to the now widely accepted idea of determining eligibility according to earnings in a fixed base period such as the previous calendar year.

This change, enacted by the 1939 Legislature, became effective April 1, 1939. Although full effect of the new system will not be felt until after April 1, 1940, as many claims processed under the old system will not be transferred to the new plan until that date, the first results of the change have been highly favorable.

It has enabled more rapid and more accurate computation of benefit claims, has simplified administrative operations so that substantial reductions in personnel and overhead costs have been possible, and has so simplified claims procedure that any unemployed person can immediately determine whether or not he is eligible for benefits and the exact amount he will receive if eligible.

Further discussion of the benefit payment procedure together with charts depicting benefit experience in the past year as compared with 1938, appear in this report.

Federal Unification

Another major change in the past year which had a most favorable impact on the Maine Unemployment Compensation program actually took place on the Federal side of this joint Federal-State enterprise. By executive order, the Social Security Board and the United States Employment Service, the latter formerly a division of the United States Department of Labor, were merged in a single department, known as the Bureau of Employment Security, a division of the Federal Security Agency.

This made it possible for State Unemployment Compensation Agencies to unify many administrative functions that previously had to be segregated because of the dual Federal control at the top. Instead of two administrative budgets, one for the Employment Service and the other for the Unemployment Compensation

Division, this Commission now submits one budget to Washington. Instead of two bookkeeping systems it now has one, one audit control, one set of fiscal rules and regulations, and one source of Federal clearance for all fiscal and administrative matters, the New England Regional Office of the Social Security Board at Boston.

These changes have enabled the State to streamline its organization, unify control of the Unemployment Compensation Division and the Employment Service Division under the Commission, while making it possible to administer this department more efficiently, effectively and economically.

The Director of the Employment Service Division now has direct administrative responsibility, under the Commission, for all functions and activities of the Commission's 13 local offices, including all activities pertaining to the registration and referral of unemployed workers or the taking of claims for unemployment benefits.

Such a major change on the Federal level obviously has been impossible of immediate fulfilment and even more beneficial effects should be felt by the State agencies in the months immediately ahead.

Improved Business Conditions

Other major changes affecting this department in the past year have been of economic character. The last half of the year brought a definite improvement in business conditions. Employment became better, consequently tax contributions, which are based on total pay rolls, became larger, while claims for unemployment benefits declined accordingly.

Net contributions received during 1939 amounted to \$2,930,529.14 as compared with \$2,760,303.31 received in 1938, or a gain of \$170,225.83. Gross revenue for 1939 (meaning contributions and interest received during the year without regard to the year to which the contribution is applicable) amounted to \$4,153,244.58. Whereas gross receipts for 1938 were \$3,236,629.22. The wide variance here is due largely to the fact that a substantial part of 1938's receipts were on the basis of a lower tax rate as contributions were applicable to 1937 and 1936.

The gain in net contributions in 1939 appears more significant when it is realized that as of July 1, 1939, the railroad employers of Maine began paying their pay roll taxes directly to the Federal Railroad Board instead of to this Commission as in the past. Had the railroads continued paying their contributions to the Commission during the last part of 1939 the net contributions for the year

would have been greater by approximately \$75,000. In the course of a full year the loss of railroad taxes will approximate \$300,000 a year on the basis of 1938 figures.

Benefits paid out during 1939 totaled \$3,027,078.43 as compared with \$4,535,455.04 disbursed in 1938, a decrease of \$1,508,376.61. The combined increase in tax collections and decrease in benefit disbursements in 1939 enabled the Commission to more than offset the 1938 deficit when benefit payments for the year exceeded tax contributions for the year by about \$800,000, requiring the Commission to dip into its reserve fund accumulated by 1936-37 taxes to meet the 1938 benefit payments. This gain restores the reserve fund to approximately the same figure it had reached at the close of 1937 just before benefit payments began.

Decline in benefit payments was not entirely due to improved employment conditions, but in substantial measure resulted from the exhaustion of wage credits by many unemployed persons who drew all their benefits in 1938 and had no subsequent employment which would make them eligible to further benefits in 1939.

Many of these individuals again will become eligible, if unemployed, as of April 1, 1940, when earnings obtained during 1939 will automatically come into the picture. Their reappearance in the claim lists may develop a volume of activity in late March and April somewhat approximating the initial claims volume in January, 1938.

Such a temporary surge must be expected, however, in effecting a transition from the former payment system based on a movable eligibility period to a fixed based period or calendar year. Subsequently, the system should rapidly reach a basis of normalcy with fluctuations thereafter reflecting only the changing economic tides of high employment or recession.

EMPLOYMENT SERVICE IMPROVED

The improved economic conditions in 1939 and internal administrative improvements, releasing many of our employees for other duties, made it possible for the Employment Service division to devote more time and effort to its primary objectives, the registration and placement of unemployed persons.

Very substantial and gratifying progress in this respect has been made as will appear from a more detailed analysis of the Employment Service which follows later in this report. More important, perhaps, than the improvement shown by figures and statistics, is

the widespread evidence of improved employer relations with the Employment Service and the increasing confidence of employers in the ability of the Employment Service to bring business into contact with available and desirable workers.

COST OF OPERATION

It may be pointed out, however, that department personnel has been reduced from the high peak of 435 early in 1938 to 311 at present, and that administrative costs have declined from \$639,710.10 in 1938 to \$512,969.46 at the close of 1939, a reduction of \$126,740.64. In relation to income, the department during 1939 operated at a gross cost of approximately 12.35% as compared with 20.45% in 1938.

During the first two years of departmental organization, with new and inexperienced help, a greater number of employes obviously was necessary.

Had it not been for the necessity of undertaking a thorough charge-back of benefit payments to individual employer accounts and the present activity incident to a study of merit rating, this report would reflect a more substantial reduction in personnel and administrative expense for 1939.

BENEFIT ACTIVITIES

At the beginning of 1939, two immediate tasks confronted the Commission with respect to the payment of benefits, namely: (1) redetermination for a new benefit year for claimants who had previously established a benefit year early in 1938, and (2) drafting amendments to the law with a view to simplifying the benefit procedure established by previous legislation, which had been found to be cumbersome from an administrative point of view, and confusing both to claimants and employers.

During the first quarter of 1939, determination on initial claims were made for 7,500 individuals who had not previously filed, and for 9,000 individuals who, in 1938, had established a benefit year under the old procedure.

During the second, third, and fourth quarters of 1939, determinations were made under the new procedure for 14,542 individuals who had not previously filed claims, and for 31,639 individuals who had previously filed claims under the old procedure.

Of the 62,976 claimants with respect to whom determinations were made during the calendar year, 84% were found to be eligible for benefits, and 16% ineligible. Approximately 12½% of the 16% found ineligible (2% of all claimants) were so determined due to lack of coverage (not having wages in subject employment) and 87% so determined (14% of all claimants) due to insufficient wage credits (not having earned \$144.00 or more in subject employment during 1938).

During the calendar year, a total of 105,582 initial claims were filed, 105,262 determinations with respect to which had been made as of the close of the year, leaving a balance of 320 (3-10 of 1%) undetermined.

The average monthly number of initial claims for the year was 8,798, the greatest number, 15,317, having been filed in April, and the lowest number, 3,998, in the month of October.

The total number of continued weekly claims received in the Central Office during that year was 523,897, 520,742 (99.4%) of which had been processed by the close of the year with the following values: (a) compensable 421,085, (b) waiting period 83,982, (c) disallowed 18,830.

The least number was 25,503 for the month of September, and the highest was 59,375 for January. The average monthly number of continued claims received in the Central Office was 43,658.

A total number of 423,371 benefit payments were made during the calendar year in the total amount of \$3,031,125.79, 72.5% of which payments were for weeks of total unemployment, the average payment being \$7.64, 27.5% for weeks of partial unemployment, the average payment for this type of claim being \$5.31.

The net amount of benefits paid during the year, adjusted for cancellations and refunds, was \$3,027,078.43, as against a net income (contributions, plus interest and penalties and minus contribution refunds) of \$4,153,228.56, or disbursements equivalent to 73% of net income. The cumulative net disbursements of benefits to the end of the calendar year 1939, equalled \$7,562,533.47, as against cumulative net receipts from the effective date of the law in the amount of \$11,129,964.92, disbursements equalling 68% of net income to date.

Comparative figures recently published by the Social Security Board for all State Agencies for the period ending September 30, 1939, show that Maine up to that date had paid out 69.2% of its cumulative net receipts, as against 34.5% for the United States as

a whole, Maine's ratio being 35% in excess of the average, and the highest of any State agency; that Maine's ratio of benefit payments to receipts from the date on which benefits first became payable through September 30, 1939, was 112.5, as against 69.6 for all agencies, Maine's ratio being 62% higher than the average, and exceeded only by two States; and that for the first three quarters of 1939 the ratio of benefit payments to net receipts was 80.4 against, 59.4 for all agencies, or 35% higher than the average. (Maine's rather unenviable record in this respect, according to a United States Department of Commerce Bulletin issued in September 1939, is attributable largely to a limited diversification among major industries in the State and marked seasonal fluctuations in a majority of these industries.)

Amendments simplifying benefit procedures passed by the 1939 Legislature, became effective with the beginning of the second calendar quarter of 1939. The basic changes brought about by amendments are as follows:

(a) The establishment of a fixed benefit year which is identical for all claimants, namely, the 12-month period commencing with April 1 of any year and ending with the 31st day of the next following March;

(b) Establishment of a fixed base period, namely, the calendar year immediately preceding any benefit year. For example: the base period with respect to the benefit year beginning April 1, 1940, and ending March 31, 1941, will be the calendar year 1939;

(c) The elimination of the full time weekly wage as a basis for determining a claimant's weekly benefit amount and setting up a table from which a claimant's weekly benefit amount is determinable from the total amount of his earnings in subject employment during the base period;

(d) Establishment of a fixed duration of benefits for all claimants at sixteen times the weekly benefit amount;

(e) The elimination of differentiation between earnings for regular employers on the one hand and subsidiary or odd job earnings on the other hand;

(f) Basing eligibility for partial benefits on claimant's earning less than his weekly benefit amount as against earnings less than six-fifths of his weekly benefit amount under the old procedure;

(g) Computing the amount of benefits payable for partial unemployment based on claimant's earnings for the week in question as set up by a table;

(h) Reduction in the required waiting period. Only two weeks of total unemployment (or its equivalent) are now required to establish eligibility for an entire benefit year, where formerly a claimant might have had to serve an additional three weeks waiting period within his benefit year.

As a consequence of these changes the Commission was able to simplify its forms and procedures to the extent that the production per person of personnel processing claims in the Central Office was approximately doubled. However, the full benefit of the simplification cannot be derived until after April 1, 1940, due to the fact that during the last three quarters of 1939 (and the first quarter of 1940) "transitions" had to be affected for active claimants who had established a benefit year prior to April 1, 1939, which benefit year ended during these four quarters, or whose benefit credits as previously established became exhausted during that period.

That the simplified procedure has resulted in a much better understanding of their benefit rights by claimants, is clearly indicated by the falling off of requests by claimants for reconsideration, which dropped from an average of 80 per week, up to May 1939, to an average of 12 per week subsequent to that date. At the same time letters of complaint received in the Central office have decreased by approximately 60%.

As of July 1, 1939, the Federal Railroad Unemployment Insurance Act became operative, which necessitated re-determinations with respect to all active claimants whose wage credits in whole or in part, reflecting earnings for railroad employers. The Commission accepted a proposal of the Railroad Retirement Board under which the Commission paid claims for railroad claimants through the week ending July 6, 1939, whereby the Commission will be able to deduct from the amount to be used as a basis for determining the amount, which the Commission must turn over to the Railroad Retirement Board, all payments of benefits made subsequent to July 6, 1939, for weeks of unemployment occurring prior to that date. As of the end of the year this has resulted in a potential saving to the Maine fund of approximately \$9,700.00.

From July 6, 1939, to the end of the year, 282 individuals with railroad earnings filed initial claims. Of these, 14 were found ineligible on account of having railroad earnings only; 61 individuals having both railroad and non-railroad earnings were found not eligible, and 207 individuals having both railroad and non-railroad earnings were found to be eligible. Total of 341 active claimants

were re-determined, 232 of whom were found to be eligible for further benefits, 104 with reductions, and 128 without reductions; while 109 were found upon re-determination to be ineligible for further benefits, 22 because of non-railroad earnings having become exhausted, and 87 due to having railroad earnings only.

As of July 21, 1939, an amendment became effective which strengthened the provisions for disqualifications previously in force. Prior to that date a claimant who was disqualified for cause, namely, (a) voluntary quit without good cause, (b) failure to apply for or accept suitable work without good cause, and (c) discharge for misconduct connected with his work, merely became ineligible for benefits during his weeks of disqualification, ranging from one to nine, whereas disqualification for separations occurring subsequent to July 21, 1939, carry a deduction from claimant's benefit amount equivalent to the number of weeks of disqualification times his benefit amount.

Up to the close of the year 530 deputies' decisions involving disqualifications with reduction of benefits had been made, involving a total of \$10,511.83.

Further, the section of the law covering penalties for false statement made with intent to obtain or increase in benefit was amended to include a possible penalty of suspension of benefit rights of a claimant for not more than one year. From the effective date of the amendment to the close of the year benefits were suspended by Courts in three cases, one for six months, one for eight months, and one for one year.

The total number of Deputy's decisions rendered during the calendar year was 3,732, the cases being distributed by types as follows: Voluntary quit—1,566, 1,017 of which were allowed and 549 disqualified; misconduct—total 902, 445 allowed and 457 disqualified; failure to apply for or accept suitable work—total 311, 130 allowed, 189 disqualified; able and available for work—total 533, allowed 217, and disallowed 316; not employed—total 141, allowed 63, disallowed 78; labor dispute—total 279, allowed 81, disallowed 198.

In addition to handling the above mentioned railroad re-determinations and deputies' decisions, the Adjustment Section answered 12,170 letters of inquiry or complaint, and adjusted 3,706 cases involving questions of wage credits or coverage. In conjunction with a program of coöperation with the Maine Works Progress Administration, 4,978 pre-determinations were made with respect

to potential claimants whose names were submitted for clearance by WPA prior to possible referral to its projects.

In addition, in the last three months of the year the Adjustment Section made 2,497 pre-determinations of eligibility in cases involving potential disqualification.

During 1939 the Interstate Unit received from other States 2,648 initial claims and 14,828 continued claims filed against Maine as a liable State. A total of \$93,658.63 in benefits were paid out against these claimants. During the same time 2,461 initial claims and 15,292 continued claims were filed in our local offices in Maine and forwarded by Maine as an Agent State to other States.

One important change in procedure brought about by the 1939 amendments to the law not mentioned above, is that with respect to charging back benefit payments to the accounts of employers. Under the new procedure the agency is able to pre-determine, at the time claimant's benefit ledger is set up, the exact amount potentially chargeable to each of the claimant's employers during his base year.

This, in turn, has enabled the agency to produce charge-back tickets currently as a by-product of the posting operation in connection with the preparation of benefit certificates. In view of the fact that these charge-back tickets serve an additional purpose for making statistical and research studies with respect to industrial and geographical distribution of benefit payments, the cost of making charge-backs has been reduced to a minimum.

EMPLOYMENT SERVICE

The Employment Division, which operates as the Maine State Employment Service, maintains offices in cities and towns throughout the State where any and all unemployed persons may register, signifying their desire to secure work, and through which employers may secure qualified workers and be provided with information in regard to the availability of workers. The service thus affords an opportunity for a clearance of labor at no cost to employer or to the applicant. *No fees are charged for any type of service rendered.*

The principal and permanent function of the Maine State Employment Service Division is twofold: to match jobs in private employment with qualified workers, and providing there is no job available for an unemployed covered worker, to accept a claim for unemployment compensation benefits and transmit same to the Benefits Division for payment of benefits.

The success of the first obligation depends on the voluntary patronage of private employers and of all classes of unemployed workers. Free public employment offices must serve employers and unemployed workers efficiently, and must prove the value of their services to these classes on a business basis solely. No applicant is referred to an employer on the basis of need, political influence or any other such consideration. The sole test is *to refer* the available applicant who best meets the employer's specifications.

Evidence that there has been recognition and acceptance of a satisfactory and efficient type of selection and referral service is shown by the increase in the number of regular placements made in private industry during the past year. Comparative totals are as follows:

Placements made in Private Industry

1939	1938	1937*
16,464	10,084	2,833*

*Two months State Service, and ten months National Reemployment Service.

In order for the Employment Service Division to take credit for a placement, five steps are required.

First: the complete registration of the person placed prior to final selection.

Second: the knowledge of an opening from an employer authorizing an office to make referrals.

Third: the free selection from the active file of persons qualified to do the work.

Fourth: the actual referral of those selected to the prospective employer.

Fifth: verification that one or more of the persons referred has actually been accepted by the employer.

Regular placements are those for which the duration of the work is known to be for more than 30 days. Temporary placements are those for which the duration of the work is 30 days or less. All placements on public works projects are considered as temporary placements inasmuch as these projects have definite known duration.

In addition to the standard placements explained above, the service assists in making supplemental or limited placements where-

in not all of the five steps are complied with by the office. Such placements made in 1939 totaled 1,570.

Local offices are maintained in Augusta, Bangor, Bath, Biddeford, Calais, Caribou, Lewiston, Portland, Rockland, Rumford, Sanford, Skowhegan, and Waterville. The Sanford office offers full-time service relative to the claim taking functions, and on certain days each week service for registration purposes is maintained. At all times the office accepts any requests for employer assistance for any type of help, and the facilities of the Biddeford office are so co-ordinated with Sanford that Sanford applicants and employers may receive full benefit of the service. The local offices occupy a total area of 21,340 square feet. The number of personal visits made to local offices during the year by persons having some form of business to transact relative to employment or benefits totaled 789,601.

As a general rule, regular itinerant service has been maintained on a scheduled program throughout the year for the following towns: Bar Harbor, Belfast, Brunswick, Bucksport, Dexter, Dover-Foxcroft, Eastport, Ellsworth, Gardiner, Guilford, Houlton, Howland, Lisbon Falls, Lubec, Madison, Newport, Norway, Old Town, Pittsfield, Presque Isle, Searsport, Van Buren, Westbrook.

Many others are carried as long as necessary if local employment conditions warrant such service.

By position assignment the personnel of the Employment Service Division is made up of the Director, 9 managers, 14 senior interviewers, 24 junior interviewers, 3 senior deputies, 12 junior deputies, 66 clerks and 12 part-time janitors.

Reference to tables No. III and IV will show that the placement activity of the service has found its way into every phase of the wide range of industrial activity of our State. The occupational range of placements within the various industries is still greater. The active file structure allows for a possible coding of over 4000 properly classified occupations which are broken down into eight major divisions as follows: Professional and Kindred Workers, Salespersons, Clerical Workers, Service Workers, Craftsmen (skilled workers), Production Workers (semi-skilled), Physical Labor Workers (unskilled), Unassigned Persons (experience lacking).

Wherever possible, especially in the larger offices, interviewers are assigned to cover special industrial groups. This allows for specialization and applies both to applicant interviewing and to employer firm visiting programs.

TABLE I
MAINE STATE EMPLOYMENT SERVICE

ACTIVITY REPORT BY OFFICE JANUARY 1 TO DECEMBER 31, 1939

Office	PLACEMENTS					New App.	ACTIVE FILE				Field Visits
	In Private Industry			On Public Projects	Total		Total	Men	Women	Vets.	
	Reg.	Temp.	Total								
Augusta.....	936	322	1,258	469	1,727	1,933	2,534	1,726	808	41	567
Bangor.....	1,370	480	1,850	2,587	4,437	4,743	4,823	3,931	892	265	1,340
Bath.....	600	250	850	313	1,163	1,633	1,352	1,256	96	64	473
Biddeford.....	890	453	1,343	636	1,979	2,483	3,388	1,920	1,468	102	958
Calais.....	1,780	65	1,845	523	2,368	1,115	3,389	2,313	1,076	90	816
Caribou.....	266	207	473	635	1,108	2,430	2,909	2,551	358	122	578
Lewiston.....	2,060	837	2,897	610	3,507	5,202	5,244	3,097	2,147	178	1,018
Portland.....	2,540	969	3,509	1,026	4,535	5,237	5,105	3,959	1,146	361	3,221
Rockland.....	549	311	860	301	1,161	1,382	1,992	1,667	325	121	761
Rumford.....	359	141	500	348	848	935	795	592	203	47	380
Skowhegan.....	521	122	643	223	866	1,231	1,011	801	210	45	343
Waterville.....	256	180	436	343	779	1,376	1,445	978	467	24	688
Total.....	12,127	4,337	16,464	8,014	24,478	29,700	33,987	24,791	9,196	1,460	11,143

TABLE II
MAINE STATE EMPLOYMENT SERVICE

ACTIVITY REPORT BY MONTHS JANUARY 1 TO DECEMBER 31, 1939

Month	PLACEMENTS					New App.	ACTIVE FILE				Field Visits
	In Private Industry			On Public Projects	Total		Total	Men	Women	Vets.	
	Reg.	Temp.	Total								
January	683	351	1,034	523	1,557	2,945	42,140	33,475	8,665	2,084	966
February	595	201	796	239	1,035	1,839	45,310	36,577	8,733	2,346	891
March	793	316	1,109	260	1,369	2,481	38,377	31,010	7,367	2,659	1,020
April	917	280	1,197	480	1,677	2,752	41,404	33,058	8,346	2,701	878
May	1,119	370	1,489	975	2,464	2,360	39,070	30,441	8,629	1,990	941
June	1,845	381	2,226	1,378	3,604	3,525	33,929	25,893	8,036	1,594	1,187
July	1,378	424	1,802	958	2,760	2,265	37,556	29,010	8,546	1,723	995
August	1,314	440	1,754	1,301	3,055	2,022	31,277	23,632	7,645	1,421	1,011
September	1,025	389	1,414	816	2,230	2,172	30,078	22,339	7,739	1,298	912
October	944	408	1,352	633	1,985	2,766	33,134	24,115	9,019	1,438	762
November	841	317	1,158	297	1,455	2,463	33,020	24,003	9,017	1,472	844
December	673	460	1,133	154	1,287	2,110	33,987	24,791	9,196	1,460	736
Total	12,127	4,337	16,464	8,014	24,478	29,700					11,143

A continuous training program enables interviewers to become more proficient and well versed in occupational knowledge. Visits are made to employers' establishments where first hand practical information is obtained. In one office the manager and interviewers have attended a highly specialized night-school course at a textile plant for the past year.

At intervals during the year, industrial group meetings have been held with employers at the Bangor, Lewiston and Portland offices. These meetings afford the employer an opportunity to follow the steps of the local office registration and referral procedure to their best advantage, examine the file records, and obtain a clear understanding of the functions and scope of the Employment Service activities. At one of these group meetings, on Wednesday, May 23rd, in Lewiston, there were thirty executives present, representing employers of over 8,000 persons in cotton textile manufacturing plants in Augusta, Biddeford and Lewiston. A firm visiting program was carried on as consistently as possible throughout the year. Tables I and II show the distribution by office and by month of this important activity. Out of 3582 firms visited 1631 gave orders to the service for some kind of workers, and of those giving orders 1359 employers accepted a total of 10,235 persons referred, and placed them in gainful employment.

The Maine State Employment Service Division is responsible for maintaining a special service for veterans. The Veterans' Placement office of the Bureau of Employment Security with offices in Portland serves as an assistant to the State Director of the Employment Service Division. In private employment the number of veterans placed during the year was 511, and 564 were placed on public works projects, making a total of 1075 or 23% increase over the previous year.

Juniors between the ages of 16 and 25 who have had no definite work experience history constitute another group that receive special attention. Three Junior Placement Counselors paid by the N.Y.A. administration, but working under the direction of local office managers in Bangor, Lewiston and Portland, specialize in handling this phase of the service. Table No. 6 shows the volume of activity.

Coöperating with the Director of the Maine State Rehabilitation Agency, the Employment Service gives special attention to physically handicapped persons. Every effort is made to find opportunities whereby such persons may be returned to self-supporting,

TABLE III
INDUSTRIAL BREAKDOWN OF PLACEMENTS BY OFFICES

FROM JANUARY 1, 1939 TO DECEMBER 31, 1939

Industry	Augusta	Bangor	Bath	Biddeford	Calais	Caribou	Lewiston	Portland	Rockland	Rumford	Skowhegan	Waterville	Total
Agriculture, Forestry and Fishing	137	546	16	71	265	232	184	111	25	268	314	47	2,216
Extracting Minerals	3	1					2						6
Building and Construction, Private	39	133	62	47	31	8	86	71	66	3	7	87	640
Building and Construction, Public	447	2,584	311	624	515	617	606	1,010	300	344	210	343	7,911
Manufacturing—Chemicals	12	12	4	15		8	11	11	48				121
Clay, Stone and Glass Products					1		4		118				123
Food		13	7	27	1,308	3	13	450	91		35		1,947
Iron and Steel				1	1		3	27	1			3	36
Leather	169	58		59	10		659	27	10		37		1,029
Lumber	11	10	4	4	93	43	13	31		3			215
Machinery	1	8	2	23		2	2	15	3				57
Non-Ferrous Metals and Their Products			8	1					2				11
Paper		4	2			1		16		1			24
Products of Petroleum and Coal							1	1			1		3
Printing, Publishing, etc.	8	2		2			2	4	2				20
Rubber							4						4
Textiles	16	44	3	264		1	648	203	110			15	1,304
Transportation Equipment	5	5	515		2		9	20	4				558
Miscellaneous	3	2			5	11	6	4	3	1			18
Commercial Mechanical Service	3	19	67	26	5		75	172	9	11			406
Wholesale Distribution	9	24	10	11	5	115	19	116	5		3		315
Retail Distribution	103	148	35	99	29	15	373	276	71	101	15		1,361
Domestic and Personal Services	564	575	75	227	55	13	416	908	212	93	142	96	3,379
Hotels, Restaurants, Amusements, etc.	122	213	35	423	39	13	242	788	65	16	80	71	2,107
Governmental Services	11	3	2	2	8	7	4	9			3		53
Professional Services	48	22	2	36	1		28	75	7	2	3		233
Public Utilities	6	7					35	9			3		60
Transportation and Communication	2	4	3	7		8	62	174	8	1		2	271
Work Projects—Prevailing Wage	6			6		11		1	1		10		35
Work Projects—Security Wage	5			4				6					15
Total Public	469	2,587	313	636	523	635	610	1,026	301	348	223	343	8,014
Total Private	1,258	1,850	850	1,343	1,845	473	2,897	3,509	860	500	643	436	16,464
Grand Total	1,727	4,437	1,163	1,979	2,368	1,108	3,507	4,535	1,161	848	866	779	24,478

TABLE IV
INDUSTRIAL BREAKDOWN OF PLACEMENTS BY MONTHS

FROM JANUARY 1, 1939 TO DECEMBER 31, 1939

Industry	January	February	March	April	May	June	July	August	September	October	November	December	Total
Agriculture, Forestry and Fishing	136	132	77	57	246	458	289	188	77	168	214	174	2,216
Extracting Minerals			1			4						1	6
Building and Construction, Private		1	23	40	79	60	62	111	104	77	67	16	640
Building and Construction, Public	502	238	253	476	964	1,363	947	1,300	813	624	290	141	7,911
Manufacturing—Chemicals				17	44	23	18	5	3	9	2	2	121
Clay, Stone and Glass Products	30	7	6	5	8	8					23		26
Food	9	7	64	226	142	370	202	282	323	160	111	51	1,947
Iron and Steel	4	3	4		1	4	5	2	6	2	4	1	36
Leather	166	175	98	55	27	106	121	52	24	46	51	108	1,029
Lumber	17	10	46	33	12	8	8	4	16	6	25	30	215
Machinery		1		2	1				3	6	17	27	57
Non-Ferrous Metals and Their Products			1				1	1		4	3	2	11
Paper	2	3		1	1	3	1	10		3	2		24
Products of Petroleum and Coal	1			1	1	4	3	1		4	3		3
Printing, Publishing, etc.			2	1	1	4	3		6	1	2		20
Rubber		1	2							1			4
Textiles	51	37	81	70	75	251	107	181	203	144	73	31	1,304
Transportation Equipment	62	29	95	90	81	47	40	29	26	33	8	18	558
Miscellaneous			2	2	3	2	1	1	1	1	2	3	18
Commercial Mechanical Service	28	7	19	27	55	53	37	31	23	46	28	52	406
Wholesale Distribution	15	10	16	10	12	13	90	67	23	28	24	7	315
Retail Distribution	145	102	136	103	91	103	131	83	55	84	96	232	1,361
Domestic and Personal Services	233	168	292	291	342	287	318	297	311	321	280	239	3,379
Hotels, Restaurants, Amusements, etc.	76	67	100	112	221	358	308	355	176	140	102	62	2,107
Governmental Services	6		3	3	11	11	11	2	2	2	1	3	53
Professional Services	20	29	26	20	14	40	22	12	19	11	8	12	233
Public Utilities		1			2	2		10	4	27	13	1	60
Transportation and Communication	39	6	18	35	21	22	9	29	11	32	5	39	271
Work Projects—Prevailing Wage	15		4	1						6	3	6	35
Work Projects—Security Wage		1				4		1	1	1	3	4	15
Total Public	523	239	260	480	975	1,378	958	1,301	816	633	297	154	8,014
Total Private	1,034	796	1,109	1,197	1,489	2,226	1,802	1,754	1,414	1,352	1,158	1,133	16,464
Grand Total	1,557	1,035	1,369	1,677	2,464	3,604	2,760	3,055	2,230	1,985	1,455	1,287	24,478

gainful employment. When such persons contact local offices, special registration forms are used and copies immediately sent to the office of the Rehabilitation Agency for further investigation.

Tables number 3 and 4 show a very interesting distribution of placements in industry by local office and by monthly activity. Table 1 reveals that only two offices, Bangor and Caribou, had more placements on public project assignments than in private industry. All offices made a substantial gain in private industry placements over the preceding year. Table 4 shows the reflection of seasonal hiring in our State through the offices of the Employment Service.

The period from May 1st to October 31st is when the offices experience the greatest demand for filling openings. This applies even to the call for domestics. The demand for hotel, restaurant and amusement help drops off a month earlier. The drop in employment on public projects during the winter months is mostly on outdoor construction work. Projects are suspended and when reopened many former employers return without clearance through local offices. Such return or callbacks are not counted or considered as placements by the Employment Service.

TOTAL PLACEMENTS

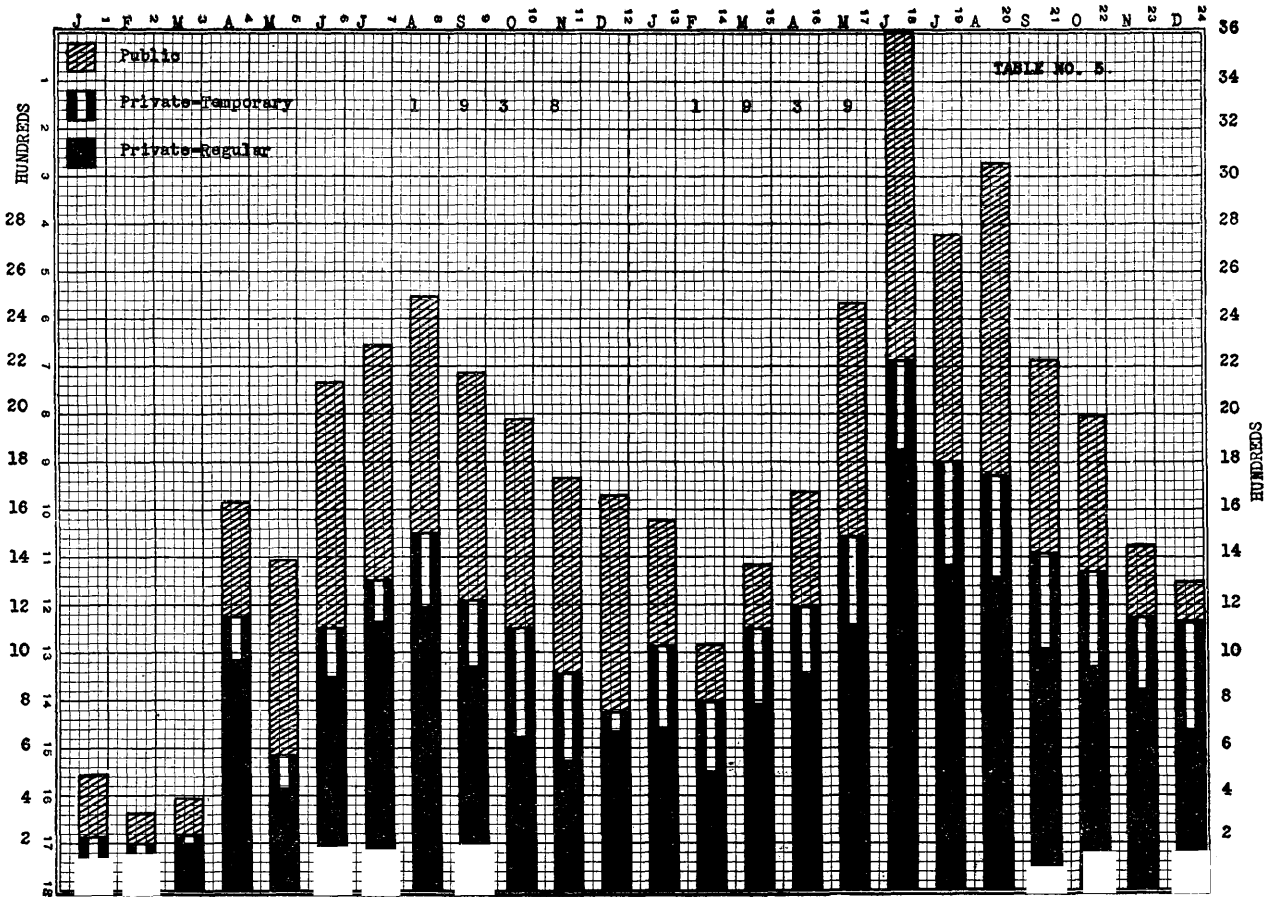


TABLE VI

JUNIOR PLACEMENT REPORT FOR 1939

COMBINED SUMMARY FOR BANGOR, LEWISTON, AND PORTLAND

SUMMARY			
	Boys	Girls	Total
I. Interviews	6,651	4,224	10,875
II. Individuals	4,673	3,059	7,732
III. New Applicants	2,129	1,571	3,700
IV. Placements in Private Industries	1,155	1,276	2,431
V. Placements on NYA	22	11	33
VI. Placements on WPA	2	0	2
VII. Placements on PWA, 393			
VIII. Placements in CCC Camps, 1			
IX. Firms Visited: New, 192; Revisits, 764; Total, 956			
X. Community Contacts, 70			

AGE	ANALYSES					
	IIIA. New Applicants			IVA. Applicants Placed		
	Boys	Girls	Total	Boys	Girls	Total
Under 16	45	29	74	2	7	9
16 and 17	666	608	1,274	183	260	443
18 to 20	1,163	826	1,989	581	656	1,237
21 to 24	257	108	365	389	354	743
Total	2,131	1,571	3,702	1,155	1,277	2,432
WORK EXPERIENCE						
Worked before	1,399	888	2,287	975	1,065	2,040
Never Worked before	732	683	1,415	180	212	392
Total	2,131	1,571	3,702	1,155	1,277	2,432
EDUCATION						
6th Grade and Less	532	292	824	305	260	565
Some High School	766	518	1,284	390	458	848
High School Graduate	712	696	1,408	392	519	911
Some College	98	59	157	58	35	93
College Graduate	23	6	29	10	5	15
Total	2,131	1,571	3,702	1,155	1,277	2,432

IVB. PRIVATE PLACEMENTS

	Errands	Labor	Fact.	Sales	Sk.Tr	Cler.	Prof.	Serv.	Total	Reg.	Temp.
Boys	151	414	81	131	50	60	18	244	1,155	666	489
Girls	0	9	210	190	12	127	2	727	1,277	1,038	239
Total	151	423	291	321	62	187	20	971	2,432	1,704	728

MERIT RATING STUDY

Perhaps the greatest immediate task before the Commission is the completion of a comprehensive study of benefit payment experience in 1938, 1939, and as much of 1940 as time permits, in order to report to the Legislature of 1941 on the desirability of a merit rating system. Governor Barrows has been much interested in this activity and has urged the completion of this study at the earliest possible date.

The Maine law, unlike some other State laws, now provides no merit rating system, but does direct that a study of benefit experience be made the subject of a report to the Legislature not later than February, 1941, together with recommendations as to whether or not a merit rating system should be established.

Merit rating means, briefly, that contributing employers who maintain a steady employment record over a specified period should be rewarded by a reduction of their unemployment compensation tax, and that employers with a poor record of employment be penalized by having their tax rate continued at the present maximum or even increased beyond that point.

The desirability of merit rating is a moot question throughout the country at the present writing. Only one state, Wisconsin, has had a full year's experience on a merit rating plan, and several other states begin merit rating in 1940. The experience, therefore, is not sufficient yet to permit of very conclusive opinions and probably will not be until late in 1940.

Without going into a detailed description of the procedures involved, the magnitude of the task can best be pointed out by the volume of claims filed prior to April 1, 1939. We, of course, had a complete record of contributions received on individual employer account ledgers and also a complete record of payments made to claimants on individual claimants ledgers but we did not have any record as to what employers should be charged the benefits paid.

Our first problem was to charge the benefit payments paid some 100,000 claimants to their respective employers in the inverse chronological order in which wages were earned. The second problem was to properly allocate the amounts to be charged employers on future benefits to be paid those claimants who started a benefit year beginning April 1, 1939. It was paramount that this work be accomplished without delaying benefit payments or otherwise interfering with the regular flow of work.

The results show that to January 1, 1940, all but 3,000 ledgers remained uncharged. (The balance were completed January 13th.) Ledgers charged included approximately 100,000 set up under the old benefit payment procedure and approximately 50,000 set up under the new benefit payment procedure which commenced April 1, 1939. On these ledgers approximately 750,000 individual benefit payments were segregated and charged to the correct employer numbers. In addition to the charging the unit typed 180,000 charge tickets, transcribed 47,000 wage records on old ledgers and set up an identification system on 13,380 workers who had railroad earnings.

The cost of operating the unit to January 1, 1940, amounted to \$7,929.19. Besides this some extra personnel and equipment has been needed in the benefit paying, file and statistical sections making the total cost for the first year about \$10,000. With all payments now on a current charge-back basis, this will be reduced about 25% in 1940.

With the complete charging back of all benefits to date we are now setting up the employers experience rating ledgers, which will consist of a record of payrolls, contributions received and benefits charged. With the personnel available, it will take about four months to summarize the benefits charged against each employer and record the necessary data on the experience rating ledgers. At the end of this period the results of the 1938 and 1939 experience may be made available to employers and periodic statements thereafter rendered.

The final classification of employers by experience will be made after the third quarter of 1940 inasmuch as contributions for the last quarter of 1940 will not be received in time to incorporate in the report on merit rating due February 1, 1941. The final report, therefore, will be based on $2\frac{3}{4}$ years of benefit payment experience.

Legal Division

The personnel of the Legal Division consists of:

The General Counsel for the Commission who is also a liaison officer with respect to the functions of the Attorney General of the State under the Unemployment Compensation Law by virtue of his status as Assistant Attorney General: an attorney performing the functions of collector; three investigators; two secretaries.

The functions of the Legal Division are:

(1) Consultation and advice as to problems of law arising under the Unemployment Compensation Law of the State and under the

Social Security Act and the Federal Unemployment Insurance Act. The consulting and advising function applies not only to the work of the Commissioners but also to the work of each and every one of the division executives employed by the Commission;

(2) Collecting delinquent accounts from employers subject to the Unemployment Compensation Law;

(3) Investigating alleged fraudulent claims for unemployment benefits;

(4) Miscellaneous procedural functions with respect to the handling of unemployment benefit checks which have been stolen, forged and cashed by persons other than the payees; securing restitution from claimants who have wrongfully received unemployment benefits; preparing leases for the various offices of the Commission and attending to the approval of such instruments by various offices of the Commission and attending to the approval of such instruments by various departmental State officials.

The administration of the Legal Division will be reviewed in the order of the functions outlined above.

(1) *Consultation and Advising*: During the beginning of the present calendar year, an extreme amount of time was devoted to the preparation of amendments to the Unemployment Compensation Law which were felt to be desirable as a result of two years of experience in the administration of the program. Several major amendments to the law were proposed, the most important of which were the amendments placing the basis of compensation upon a radically different foundation than the previously existing conception.

Considerable study was given to the Federal-State relationship so that the Commission might be informed as to those matters which the Commission was at liberty to undertake with or without the approval of Federal authorities. This was necessary because many of the amendments proposed departed from theoretical concepts of representatives of the Social Security Board. We were able to successfully maintain our position with respect to recommending these amendments by virtue of the fact that they applied to fields of unemployment activity which the Social Security Board is powerless to disapprove.

During the present calendar year, the regulations of the Unemployment Compensation Commission have been codified and gathered together into workable form.

Literally, hundreds of conferences have been held with attorneys, employers, heads of executive divisions in the Unemployment Compensation Commission, including the Field Department, the Benefit Department, the Benefit Appeals Department, the Accounting Office and the Employment Service, which conferences pertain to every field of the Commission's activities, with the exception of employment of personnel.

The enactment by Congress late in its regular session of 1939 of extensive amendments to the Social Security program has necessitated conferences with the Attorney General and research work with respect to conflicts between the Federal Law and the State Law and looking toward action by this State eliminating conflicts between the State and the Federal program.

(2) *Collections*: Sixty-five suits returnable to various courts of the State during the year 1939 have been started. These are civil actions against delinquent employers and involve a total of \$14,226.66. In 34 of the 65 cases, the contributions sued for have been paid in full and the total amount collected in the 34 cases is \$8,887.96. Of the remaining cases, there are not more than eight involving serious questions as to liability. In some of these cases trials will be necessary. In the balance of the cases there is apparently no defense to the Commission's action and in many of the cases installment payments or other arrangements have been made to ultimately dispose of the actions.

Prior to bringing suit, collection letters are addressed to every delinquent employer. No record is kept in this office of the results accomplished prior to bringing suit as many of these delinquents are disposed of by direct payment to the accounting office.

By virtue of the action of Congress in granting relief to delinquent taxpayers for the years 1936, 1937 and 1938, the bringing of suit against delinquent employers was temporarily suspended and the division instituted a more or less educational program designed to inform each and every subject employer in this State as to his rights with respect to the unemployment taxes. Two personal letters were written to every delinquent account giving notification of the Act of Congress and by coöperation with the Field Department of the Commission, each delinquent was called upon by a Field Advisor who informed the delinquents as to their rights and explained to the delinquent how he could save 90% of every Federal tax dollar levied under the Federal Unemployment Insurance Act. As a result of this program, over \$43,000 of delinquent accounts

were paid up which sum of money is an actual saving in Federal taxes to Maine employers.

(3) *Investigation of Fraudulent Claims*: The first investigator was assigned to this division on July 5, 1939, a second was assigned on September 6, 1939, and a third on October 23, 1939. During the short period of time in which these investigators have been working 183 cases have been investigated. Sixty-eight cases have been referred to the various County Attorneys for prosecution. Forty-one convictions have been obtained in the courts. Cash payments totaling \$3,355.07 have been made to the Commission by persons who wrongfully received unemployment benefits as restitution for the amounts obtained by them. A total of \$676.83 has been charged against claimants' rights to receive future benefits in cases where it has been impractical or impossible to secure cash repayment. The total of restitution in cash and set-off against future claims in these cases is \$4,031.90.

It is believed that wrongful claiming of unemployment benefits is already beginning to recede and representatives of the Commission report that claimants are obviously taking their unemployment compensation benefits more seriously.

(4) *Miscellaneous Procedures*: During the early part of 1939 a comparatively large number of complaints as to the forgery of unemployment compensation benefit checks were received. In accordance with arrangements previously made with the State Controller and the State Police, each case of alleged forgery was investigated by the State Police. During the present year 68 cases have been investigated. This office has had no responsibility with respect to the prosecution of offenders inasmuch as the offense involved comes within the general statutes of the State.

In each case where forgery has been established, this office has secured restitution from the responsible person under the Negotiable Instruments Law and new checks have been issued and sent to the payee to replace the benefit check or checks which had been stolen, forged and cashed. The total of these transactions is \$837.30.

We have no record as to the number of offenders prosecuted as a result of efforts of the State Police but we believe that the work of the State Police in conjunction, in some cases, with the work of the Post Office Department Inspectors has had a beneficial effect so far as our administration is concerned for the reason that in recent months complaints of forgeries are no longer daily occurrences but are becoming more or less unusual.

Appealed Benefit Cases

Two hundred and two appeals were taken either by claimants or employers from decisions rendered by local office claims deputies during 1939. Of this number 136 were heard by the Commission's salaried examiner known as the Appeal Tribunal, 45 others being withdrawn before hearing. Of the 136 cases heard by the Appeal Tribunal appeals were allowed in 59 cases and disallowed in 77 cases. Seven of the cases heard by the Appeal Tribunal were appealed to the Commission for further hearing and two of these were subsequently appealed to the courts.

Cases involved in the hearings before the Appeal Tribunal fall in the following categories: able and available for work, 19; whether or not subject to the law, 13; accuracy of the benefit determination, 18; misconduct, 26; whether or not referred to suitable work, 11; whether total or partial unemployment, 9; voluntary quitting of employment, 38; miscellaneous, 2.

The Commission in addition to hearing seven cases appealed from the Appeal Tribunal gave hearing also in eight cases involving question of a labor dispute.

Hearings conducted by the Appeal Tribunal were held at places convenient to the interested parties and testimony was given under oath before the Commission's reporter. Usually at such hearings the claimant and representatives of the employer have been present and both parties were permitted to introduce witnesses and material relevant to the case. More interest was shown by employers during the past year in appeal matters than in 1938, and representatives of employers at such hearings cooperated materially in assisting the Commission's examiner to arrive at fair decisions in conformity with the law.

As required by the Social Security Board mimeograph copies of all decisions were sent to the Social Security Board, the names of interested parties in such decisions being deleted before transmittal. Twenty-eight of the total number of decisions rendered by the Appeal Tribunal of the Maine Commission during 1939 were published in the Interpretation Service compiled for all the States by the Social Security Board.

Field Advisory Section

This unit consists of a Chief Field Advisor and two stenographers, located in Augusta, and 11 Senior Advisors, having bases in various parts of the State.

Two former District offices, located at Portland and Bangor, were discontinued as of January 1, 1939, and the field personnel was reduced during the year from 15 advisors to the present total. These changes were made in the interest of economy.

The primary duties of the advisory section are to make periodic audits of the pay rolls of contributing employers, investigate the status of potential new employers, seek collection of delinquent employer contributions, and advise employers as to their responsibilities under the unemployment compensation law and their rights in the employment service and benefit payment phases of the law.

Field advisors often serve in emergency capacities. During sudden peaks in claim filing in the early months of 1939 advisors were temporarily assigned to the central office in Augusta to expedite the handling of claims. At other times when the temporary closing of one or more large industries throw unexpected loads upon local employment offices advisors are called in to help speed the processing of claims.

The advisors also have been able to collect many overdue accounts by directly contacting delinquent employers.

In the Fall of 1939 a training program was inaugurated by the Commission through the appointment of a Training Supervisor. It is the duty of this officer to assist in the development of manuals of approved procedure, and to formulate plans for, and assist in, the training of all employees of the Commission.

Before training could be undertaken on a state-wide basis, it was necessary to determine the approved procedure for use in local offices. This approved procedure was compiled by the Training Supervisor and has recently been issued to all local office employees.

The department heads in the Central Office and managers of local offices have attempted more or less successfully to train those under their supervision. However, this work has been done spasmodically in the past due to the lack of a continuous training program. During the current year the Training Supervisor proposes to set up such a state-wide training program, plans for which have already been formulated.

In January, 1939, the Chief Field Advisor, through the coöperation of the Internal Revenue Department, made a survey of all employing units in the State filing under Title VIII of the Federal Social Security Act, showing eight or more employees. This list

was segregated and turned over to the field advisors for contacts. Many new accounts were derived from this procedure.

Instructions were issued to all advisors to make a thorough check of all employing units not heretofore filing status reports. Up to December 1 of this year, 5,834 units have been contacted relative to liability.

On January 1, 1939, this Agency had 3,583 employer accounts. During 1939, 731 new accounts were added, making a total of 4,314. However, during the same period, 304 accounts have been closed. One hundred eighty-two employers applied for termination of coverage and upon investigation were found eligible. The balance, due to transfer of business and discontinuance of business, leaves a total of 4,010 employers as of December 31, 1939.

Four hundred sixty-five new accounts were established by this department through its field advisors due to a survey and requests from the Benefits Department due to claims for unemployment benefits. Eighty applications for voluntary election were approved and 186 out of State employers subject to the Federal Government were employing units in this State, and therefore were liable to make contributions to this agency.

During September, the field advisors contacted every delinquent employer and advised each one as to his rights under the Federal ruling pertaining to claiming credit for contributions paid this agency before October 9, 1939.

From January 1 to December 1, 1939, the Department examined 12,502 accounts and has found 432 new accounts, totalling \$70,988.46; also 951 accounts that were underpaid in the amount of \$12,967.25; and 219 accounts overpaid in the amount of \$2,821.01, making a total net revenue of \$81,134.70.

The Field personnel traveled 74,186 miles from January 1 to December 1. The total expense, including salaries, mileage, meals, rooms, postage and miscellaneous items was \$24,252.29, or an average of 91 cents per call.

Research and Statistics

The Research and Statistics unit consists of one senior statistician, who is acting chief of the unit, and five clerks. It compiles all required statistics for both divisions of the Commission and for the Federal Social Security Board, is now conducting a study of seasonality in employment, and is cooperating in the Commission's study of benefit payment experience as the basis for next years' report on merit rating.

Following are selected tables showing pertinent data relative to benefits, employment, and fluctuations of the unemployment fund during the past year.

Table I shows the percentage of claimants by counties filing their first initial claim within the fixed benefit year extending from April 1, 1939, to March 31, 1940. It is apparent from the other data given in this table that the percentage of claimants has no relation to the relative population of any county or to the population per square mile.

The number of initial claims filed has depended principally on industry. During the second calendar quarter of 1939 Androscoggin County had the highest percentage of claimants and York County had the second highest. During the third quarter, York County had the highest percentage of claimants and Androscoggin had the second highest. The principal industry in York County is textile, while in Androscoggin County both textile and the boot and shoe industries are important. York County also has a few large shoe plants. The principal textile centers of Maine are Biddeford and Sanford in York County, and Lewiston in Androscoggin County. The shoe manufacturing center of the State is located in the Lewiston-Auburn area of Androscoggin County.

Cumberland County, although it has both the largest percentage of population of any county in the State and also the largest population per square mile, was only third in the percentage of claimants filing new initial claims during both the second and third calendar quarters of 1939.

TABLE I

County	Per cent of Population	Per cent of Area	Population per Sq. Mi.	Percentage of Claimants Filing for First Time in Benefit Year	
				2nd Quarter	3rd Quarter
Androscoggin	9	2	155	20.7	24.1
Aroostook	11	21	13	6.5	3.8
Cumberland	17	3	158	14.5	9.9
Franklin	2	6	11	2.1	2.4
Hancock	4	5	20	1.9	.8
Kennebec	9	3	80	10.5	9.3
Knox	4	.1	79	1.9	1.7
Lincoln	2	2	34	.4	.4
Oxford	5	7	21	3.8	3.8
Penobscot	11	11	28	8.4	7.1
Piscataquis	2	13	5	2.4	.9
Sagadahoc	2	1	68	1.0	1.1
Somerset	5	12	10	6.1	2.3
Waldo	3	2	28	1.2	1.1
Washington	5	8	14	4.3	.6
York	9	3	74	17.3	30.7
	100	100	26	100.0	100.0

Table II gives an indication of the improved employment conditions in 1939 over 1938. As noted at the foot of this table, the reports of employers filing more than 15 days after the due date have not been included in order that the data for both years may be comparable. In each of the first 9 months of 1939 employment of covered workers was higher than in the corresponding months of 1938. The smallest percentage of increase in covered workers for any month was 4 per cent. over that month in the previous year.

Considering all reports for 1938 filed before the last day of April, 1939, the month of highest employment in 1938 was August, in which month 142,949 covered workers were reported as wage earners.

The high rate of labor turnover in Maine is indicated by the fact that the unduplicated number of covered workers during the calendar year of 1938 was 215,000. This means that approximately 50 per cent. more workers were covered during the calendar year of 1938 than during the month of greatest employment of that year.

The average Maine worker can expect only about nine month's work during a calendar year. This realization was a basis for establishing a uniform duration of 16 weeks of benefits when amending our law last year.

TABLE II
Covered Workers by Months*

Month	1938	1939	Increase in Employment
January.....	123,572	129,656	5%
February.....	123,543	128,544	4%
March.....	119,596	127,690	7%
April.....	119,358	128,355	8%
May.....	122,312	138,401	13%
June.....	124,155	144,160	16%
July.....	131,563	141,337	7%
August.....	133,379	141,400	6%
September.....	133,423	139,344	4%

*Reports delinquent by more than 15 days have not been included in order that the data may be comparable.

Tables III and IV present employment and pay rolls by industry groups for the first and second quarters of 1939. The high average wages, of the manufacturing industries, paid the pulp and paper workers are apparent from both these tables.

The average wages paid during the second quarter of 1939 dropped from the first quarter average in almost all industry groups. The principal reason for this was the increasing employment in most groups during the second quarter and the tendency for the upswing in wages to lag behind increasing employment.

The number of covered workers increased more than 17,000 in the second quarter over the first quarter, while the amount of wages paid increased only a little over a million dollars.

TABLE III
Employment and Payrolls

1ST QUARTER 1939

Industry	Reporting Units *	Covered Workers	Wages for Quarter	Average Quarterly Wages
Mining and Quarrying	11	321	\$ 68,072.89	\$212.07
Contracting Constructions	222	5,049	690,557.27	136.77
Textile Mill Products	65	26,305	5,287,254.43	200.99
Paper and Allied Products	28	13,576	4,186,969.11	308.40
Leather and Its Manufacturers	80	23,168	4,444,549.36	191.84
All Other Manufacturing	547	29,293	6,290,040.53	214.72
Transportation	130	11,373	3,220,772.54	283.19
Communication	24	2,542	748,675.12	296.62
Utilities	59	2,667	1,002,210.90	375.78
Trade	1,427	26,299	6,213,321.23	236.26
Finance	81	977	426,252.69	436.29
Insurance	100	1,107	544,949.42	492.28
Real Estate and Combination Groups	47	490	107,018.37	218.40
Administrative Offices and Auxiliary Units	17	126	75,025.80	595.44
Service	427	7,557	1,358,747.63	179.80
Professional Services	15	213	26,950.26	126.53
Miscellaneous †	222	6,661	625,280.35	92.37
	3,502	157,724	\$35,306,647.90	\$223.85

*Units reporting No Employment during the Period have been excluded.
†Miscellaneous Group consists principally of Pulpwood Operators.

TABLE IV
Employment and Payrolls

2ND QUARTER 1939

Industry	Reporting Units *	Covered Workers	Wages for Quarter	Average Quarterly Wages
Mining and Quarrying	10	462	\$ 119,371.14	\$258.38
Contract Constructions	222	8,983	1,189,888.15	132.46
Textile Mill Products	66	26,073	4,843,091.42	185.75
Paper and Allied Products	30	15,303	4,327,780.02	282.81
Leather and Its Manufacturers	80	21,558	3,743,308.79	173.63
All Other Manufacturing	543	35,587	7,029,831.69	197.53
Transportation	127	10,857	3,330,683.99	306.77
Communication	24	2,686	822,741.83	306.31
Utilities	59	2,918	1,009,664.75	346.01
Trade	1,435	29,245	6,679,602.62	228.40
Finance	88	1,024	417,700.50	407.91
Insurance	114	1,126	557,004.23	494.68
Real Estate and Combination Groups	46	733	128,647.38	175.51
Administrative Offices and Auxiliary Units	17	129	70,037.68	542.93
Service	454	9,843	1,529,280.90	155.37
Professional Services	15	262	29,001.00	110.69
Miscellaneous †	247	8,115	510,694.68	62.93
	3,577	174,904	\$36,338,330.77	\$207.76

*Units reporting No Employment during the Period have been excluded.
†Miscellaneous Group Consists principally of Pulpwood Operators.

Tables V, VI, VII and VIII present benefit amounts by counties of all eligible claimants who filed during the second and third quarters of the calendar year of 1939. Because of the markedly higher weekly benefit amounts of claimants for partial unemployment, these tables have been separated into claimants initiating a series of total unemployment and those initiating a series of partial unemployment.

Tables V and VII provide the benefit amounts of claimants for total unemployment, while Tables VI and VIII give the benefit amounts of those filing for partial unemployment.

Claimants filing during the third quarter had generally higher benefit amounts than those filing during the second quarter. Over 50 per cent. of the claimants declared eligible during the second quarter had weekly benefit amounts below \$7.00. During the third quarter the lower half of eligible claimants fell below the \$8.50 weekly benefit amount.

Chart I presents a five-week moving average of continued claims received in the Central Office. The first six months of 1938 and 1939 are not strictly comparable for several reasons. Prior to the latter half of 1938, all continued claims were forwarded to the Central Office. During the latter half of 1938 and all of 1939, only compensable continued claims have been forwarded to the Central Office.

TABLE V

Benefit Amounts by Counties of Eligible Claimants Filing for Total Unemployment during the Second Quarter of 1939

BENEFIT AMOUNTS	Androscoggin	Aroostook	Cumberland	Franklin	Hancock	Kennebec	Knox	Lincoln	Oxford	Penobscot	Piscataquis	Sagadahoc	Somerset	Waldo	Washington	York	TOTAL
\$3.00	130	196	164	35	36	98	25	15	65	136	51	15	56	22	176	67	1,287
3.50	134	208	176	44	33	102	46	9	27	131	67	10	60	25	128	68	1,268
4.00	110	163	153	28	32	83	50	8	36	152	49	11	46	36	92	65	1,114
4.50	118	169	128	38	32	111	43	20	47	125	45	14	49	33	85	96	1,153
5.00	111	154	104	26	23	111	49	6	46	135	49	16	50	20	62	75	1,037
5.50	115	123	109	23	24	111	45	3	47	143	44	15	46	25	59	87	1,019
6.00	140	90	90	29	23	97	36	8	41	139	31	7	42	26	39	48	886
6.50	143	74	96	14	36	119	25	6	39	151	44	4	35	22	34	60	902
7.00	123	78	107	20	25	116	31	2	32	98	28	4	34	20	22	53	793
7.50	133	48	103	10	19	106	21	6	35	124	29	7	53	9	14	50	767
8.00	125	37	57	17	19	94	26		26	92	41	9	22	10	17	39	631
8.50	91	46	63	6	26	89	15	3	7	54	23	10	26	6	10	31	506
9.00	74	27	57	3	24	61	9	4	16	60	16	7	23	7	4	21	413
9.50	62	19	62	2	15	66	7	3	14	42	6	7	24	4	4	31	368
10.00	43	15	49	4	15	61	6		7	34	8	7	8	5	5	22	289
10.50	35	12	44	2	15	38	17		14	38	6	9	12	1	5	11	259
11.00	29	9	49	2	3	39	2	2	6	36	5	8	8		7	5	211
11.50	19	13	36		6	25	6		6	19	3	7	8		2	5	155
12.00	17	7	18	1	4	30	4		3	18	1	4	12			5	124
12.50	9	22	29		3	21	2		5	12	3	6	1	2			115
13.00	12	3	19	2	3	16	2		3	14	3	4	3	1		7	93
13.50	9	4	15	1	1	14	2		1	8	3		1	1	1	3	67
14.00	6	2	15	1	2	10	1		6	3		2				48	
14.50	4	9	17			5			1	4			1			1	42
15.00	23	8	87	3	8	21	1		7	9	4	2	4	5	3	7	192
Total	1,815	1,536	1,847	311	427	1,644	471	95	537	1,777	559	186	627	281	769	857	13,739

TABLE VI

Benefit Amounts by Counties of Eligible Claimants Filing for Partial Unemployment during the Second Quarter of 1939

BENEFIT AMOUNTS	Androscoggin	Aroostook	Cumberland	Franklin	Hancock	Kennebec	Knox	Lincoln	Oxford	Penobscot	Piscataquis	Sagadahoc	Somerset	Waldo	Washington	York	TOTAL
\$3.00	96	3	43	8	4	36		1	13	9	2	6	28		2	250	501
3.50	107	4	57	15	1	42		1	22	11	1	3	38	2	3	233	545
4.00	162	9	53	9		48	5	1	14	10	16	5	34		2	219	587
4.50	125	2	45	17	2	35	3	1	9	19	15	5	53	1	3	238	571
5.00	157		73	20	4	67	3		22	8	5	7	78	3	3	371	818
5.50	203	5	88	16	5	69	6		19	14	13	6	80	3	6	315	848
6.00	221	2	95	29	2	85	2		29	11	9	13	91	3	9	296	897
6.50	331	2	81	23	5	109	12		21	10	4	8	62	3	1	353	1,037
7.00	321	2	94	24		128	14		20	12	9	5	55	1	2	375	1,065
7.50	461	2	70	21		152	13		33	17	10	2	80	2	5	363	1,231
8.00	377	3	89	19	1	142	11		43	16	6	6	98	5	5	333	1,150
8.50	367		59	17		119	10		56	19	5	3	103	1	3	249	1,005
9.00	247	3	72	13	15	82	6		39	18	5	4	58	4	4	197	763
9.50	226	4	52	6	11	62	4		31	33	5	3	53	1	3	120	614
10.00	183	3	35	4	4	76	3		27	48	1	1	62	5	5	94	550
10.50	155	2	33	6	2	57	4	2	19	47	5	5	35	1	2	59	434
11.00	129	1	47	3		31	4		16	42	2	2	28		2	42	351
11.50	93		36	2	2	29	2		26	28	1	6	19			55	301
12.00	76		26	1	1	23	2		17	20			28	2		25	220
12.50	49		14		2	30	1		13	17		1	29			17	176
13.00	33		15	2		13	1		4	11	3	1	16			21	117
13.50	24		15			10			1	3	3		17			3	76
14.00	10		1			9			6	3		1	8			9	49
14.50	15		6			3			2	9		1	3			4	43
15.00	18		4			10				11	4	1	5			12	65
Total	4,186	48	1,203	257	65	1,467	112	6	502	438	126	98	1,161	18	74	4,253	14,014

TABLE VII

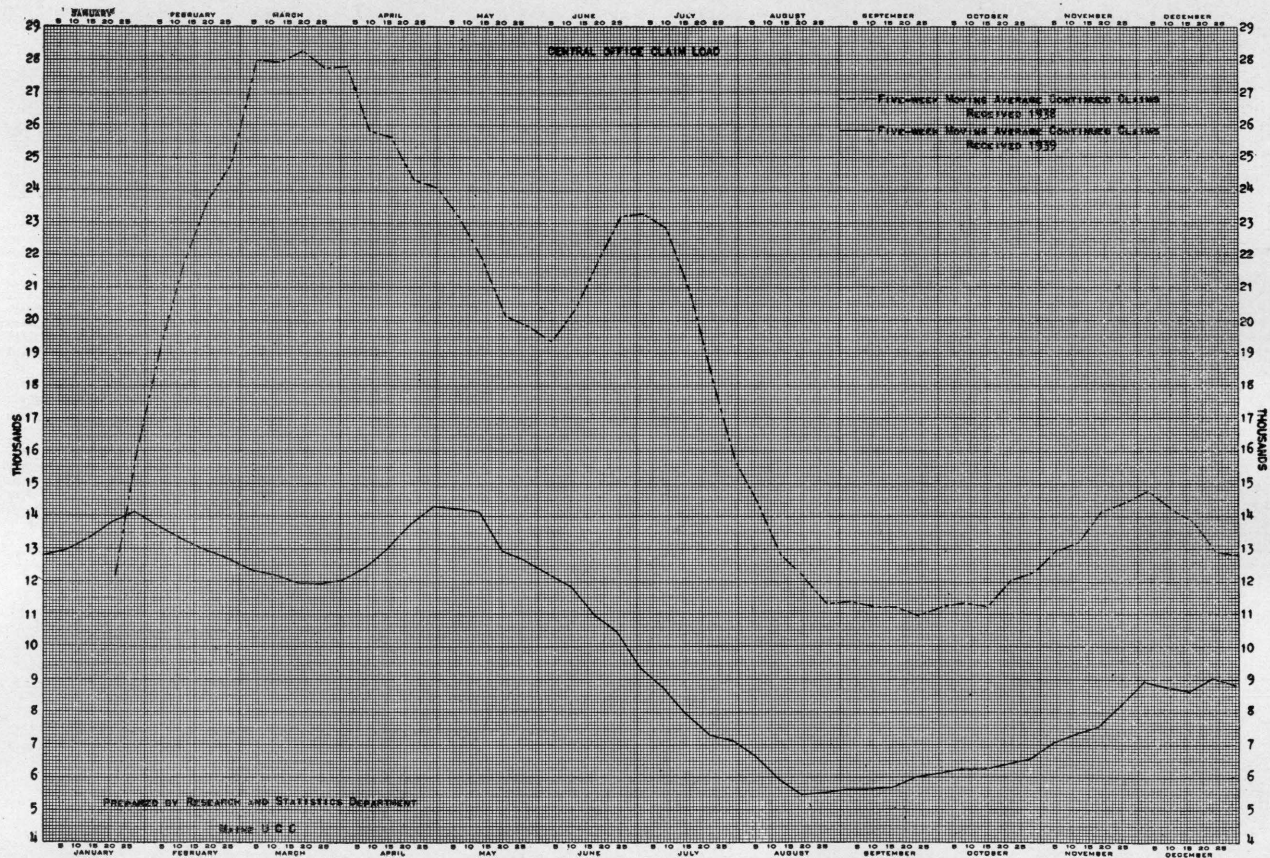
Benefit Amounts by Counties of Eligible Claimants Filing for Total Unemployment during the Third Quarter of 1939

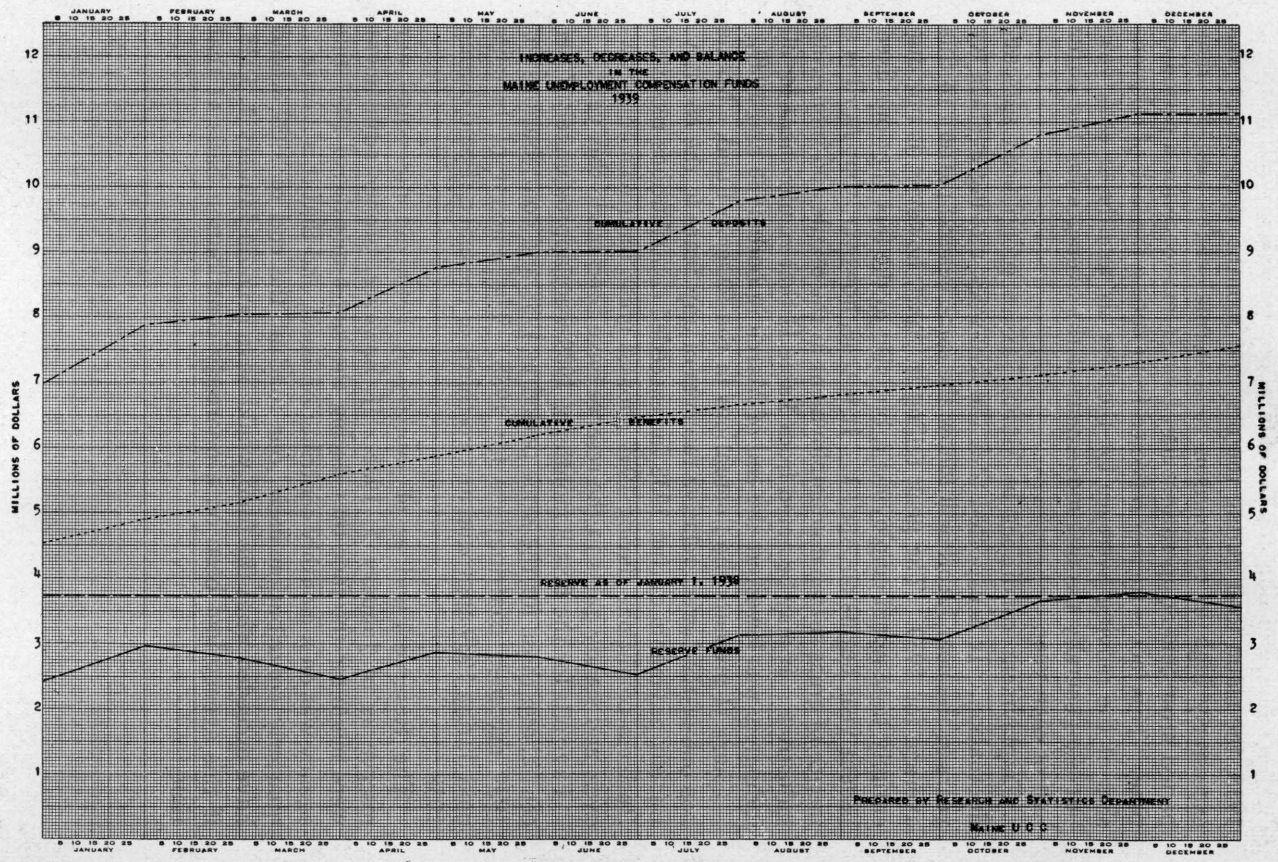
BENEFIT AMOUNTS	Androscoggin	Aroostook	Cumberland	Franklin	Hancock	Kennebec	Knox	Lincoln	Oxford	Penobscot	Piscataquis	Sagadahoc	Somerset	Waldo	Washington	York	TOTAL
\$3.00	45	26	43	2	5	22	7	5	10	17	1	6	5	5	7	16	222
3.50	47	27	45	6	7	24	12	2	10	32	3	3	5	8	3	3	257
4.00	52	18	48	4	5	17	13	1	6	27	8	5	11	6	2	2	237
4.50	49	21	42	4	1	24	15	2	12	26	1	2	10	6	2	1	234
5.00	41	15	40	3	7	22	11	1	10	31	7	1	4	11	3	3	221
5.50	61	22	38	8	6	16	11	1	10	28	3	4	5	12	4	4	247
6.00	97	17	25	5	3	38	9	1	12	38	5	3	9	7	6	10	285
6.50	103	16	33	7	1	34	9	3	8	28	7	2	3	11	1	1	278
7.00	46	16	29	8	4	41	11	2	11	26	3	2	7	10	2	1	237
7.50	37	16	36	6	6	46	6	1	8	21	3	6	4	11	1	1	222
8.00	33	35	29	1	2	32	3	1	7	30	5	1	5	3	3	2	209
8.50	42	17	37	1	2	26	8	1	10	23	3	3	1	3	4	7	188
9.00	19	7	37	4	4	36	5	1	7	29	1	3	2	4	4	10	165
9.50	26	12	27	3	3	32	4	4	8	18	2	7	5	3	3	3	150
10.00	21	12	32	1	2	20	2	1	1	19	1	2	3	2	2	9	131
10.50	14	11	22	2	2	30	3	5	3	20	3	5	3	3	1	9	134
11.00	10	8	16	1	1	11	2	2	4	13	2	3	3	3	6	6	78
11.50	11	5	15	2	2	11	1	1	8	8	3	3	1	1	4	4	61
12.00	6	2	11	2	2	14	2	2	1	3	2	2	1	2	4	4	52
12.50	6	4	17	2	2	10	2	4	3	3	1	1	3	1	1	4	49
13.00	13	5	15	1	1	6	1	1	9	9	1	1	3	1	2	2	58
13.50	8	1	3	1	1	3	3	3	3	3	3	1	3	3	3	3	20
14.00	4	2	14	2	2	5	5	1	1	5	1	2	1	1	1	1	35
14.50	4	1	3	1	1	3	2	1	1	1	1	2	1	1	1	1	20
15.00	19	5	36	2	2	13	4	1	1	14	3	3	2	2	1	4	104
Total	814	321	693	55	74	536	140	39	141	472	61	67	88	110	40	243	3,894

TABLE VIII

Benefit Amounts by Counties of Eligible Claimants Filing for Partial Unemployment during the Third Quarter of 1939

BENEFIT AMOUNTS	Androscoggin	Aroostook	Cumberland	Franklin	Hancock	Kennebec	Knox	Lincoln	Oxford	Penobscot	Piscataquis	Sagadahoc	Somerset	Waldo	Washington	York	TOTAL	
\$3.00	23		6	1		8			6	8			9	1			41	103
3.50	34	1	13	1		7		1	3	3			3				56	123
4.00	41		15			5			1	7			6				60	141
4.50	37	2	5	1		10	2		4	9			4	1			71	146
5.00	66		6	1		6			8	9			13				71	183
5.50	72	1	6	2		21	1	2	7	5		2	12				85	221
6.00	72		8	4		29	2		6	8		4	9				100	245
6.50	96		10	1		31	3	1	7	5		1	7				120	283
7.00	146		10	7		34	1		13	5		2	14				187	422
7.50	149		8	3		49	2		25	8		2	6				293	548
8.00	161	1	19	15		36	1		15	15		1	7	1			333	607
8.50	141		15	20		35	3		16	8		5	7	1			299	550
9.00	145		11	31		19	3		18	10		1	1	1			331	571
9.50	124		15	23		23	1		17	9		1	5	1			249	469
10.00	110	1	16	30		22	5		18	12		1	2				164	381
10.50	64	1	8	16		17			11	13		1	5				211	347
11.00	51	1	5	14		13	4		13	12			3				108	224
11.50	55		5	4		8	4		20	3		1	1				82	183
12.00	38	1	4	6		10			9	1		2	4				66	142
12.50	18		6	4		11			11	1	1	5	2	1			55	114
13.00	16		2	3		9	1		3	2		1	2				52	91
13.50	6					8			4	2		2					35	57
14.00	8		1	1		5			6								9	30
14.50	2			2		5			1								7	21
15.00	16		3	1		10			3	2			1				10	46
Total	1,691	9	197	191	0	431	34	5	245	161	24	34	123	8	0	3,095	6,248	





Moreover, as claims for benefits were first taken on January 1, 1938, the claim load during the first few months of operation was excessively high in comparison to a normal claim load for that period after benefit operations had been in existence for a period of time. This fact is further reflected from noting the lack of relationship of the moving averages for the first six months of each year but the generally parallel movement of the averages for the latter half of each year.

Employment conditions in Maine have a pronounced seasonal fluctuation. It is expected that the five-week moving average for years in the near future will follow the same general pattern of this average for 1939. The peak falling in April, however, is not due entirely to seasonal employment, but also to the fact that our fixed benefit year begins on April 1. It is true, however, that April is a month of great seasonal unemployment in the textile and lumbering industries. It may be noted from Table II that employment for all industries was lowest at the end of March in both 1938 and 1939.

Chart II presents the fluctuations in the Reserve Fund. Maine has one of the lowest relative reserves of any State in the country. Benefit payments during 1938 far exceeded contributions received. Business conditions during 1939 showed great improvement, however, and steady gains in the reserve have been made this year.

Pay rolls for the first 9 months of 1939 were approximately 7 per cent above those for the same period in 1938 and contributions for 1939 exceeded contributions for 1938. The amount of benefits paid during 1939 approximate two-thirds of the amount paid during 1938.

The Reserve Fund as of January 1, 1940, did not equal our reserve as of January 1, 1938. If, however, proper adjustment were made for the fact that during the last 6 months of 1937 this agency was on a monthly contribution basis, and that it is now on a quarterly contribution basis, our fund at the end of 1939 would have exceeded what the fund would have been on January 1, 1938, if this agency had been on a quarterly contribution basis at that time.

Fiscal Report

The gross cost of operations of the agency, covering both divisions, based on the net amount of contributions received for the calendar year 1939, (\$4,153,228.56) as against commitments made, (\$512,969.46, was 12.35 per cent.

Employees of the Commission numbered 311 at the close of business December 31, 1939 as against 345 at the close of business December 31, 1938.

Funds were made available to this Commission to cover the administrative costs of this agency in the total amount of \$527,436.52, grants having been received as follows:

Social Security Board	\$456,494.54
State of Maine	20,000.00
Wagner-Peyser Grant	20,000.00
Miscellaneous Receipts	18.04
Re-allotted from Prior Year	30,923.94

Commitments for the calendar year 1939 total \$512,969.46, leaving balance in the amount of \$14,467.06 available for re-allotment to subsequent periods.

All commitments were made in accordance with the rules and regulations of the State of Maine and the Social Security Board. All records of the Fiscal Department, handling the administrative accounts, have been audited by representatives of Federal Bureau of Accounts and Audits up to July 1, 1939.

TRIAL BALANCE

UNEMPLOYMENT COMPENSATION ADMINISTRATION ACCOUNTS

At Close of Business December 31, 1939

ASSETS		
	Debit	Credit
*Cash.....	\$39,008.79	\$
LIABILITIES		
*Unallotted Grants.....		\$23,867.06
Unliquidated Encumbrances.....		15,141.73
	\$39,008.79	\$39,008.79

*Includes \$9,400.00 applicable to subsequent periods.

SUMMARY

	M.S.E.S.	M.U.C.C.	Total
Total Funds Available for Period January 1, 1939 - December 31, 1939	\$166,583.76	\$360,852.76	\$527,436.52
Less Total Expenditures for Period January 1, 1939 - December 31, 1939	161,641.55	351,327.91	512,969.46
Funds Available for Re-allotment	\$4,942.21	\$9,524.85	\$14,467.06

GRANTS

	Maine State Employment Service	Unemployment Compensation Division	Total
Social Security Board	\$113,791.92	\$342,702.62	\$456,494.54
State of Maine	20,000.00	. . . . .	20,000.00
Wagner-Peyser Grant (Federal Funds)	20,000.00	. . . . .	20,000.00
Miscellaneous Receipts . . . . .	. . . . .	18.04	18.04
Re-allotments from prior year	13,556.84	17,367.10	30,923.94
Transfer of funds between divisions	765.00	765.00	_____
Total	\$166,583.76	\$360,852.76	\$527,436.52

EXPENDITURES

January 1, 1939 - December 31, 1939

	M. S. E. S.	M. U. C. C.	Total
Personal Services	\$126,487.85	\$265,401.65	\$391,889.50
Consumable Supplies	2,315.25	14,966.35	17,281.60
Telephone	4,199.89	2,993.54	7,193.43
Telegraph	162.09	65.17	227.26
Postage	3.65	24,773.32	24,776.97
Travel	8,730.66	13,787.17	22,517.83
Transportation of Things	120.32	198.47	318.79
Printing and Binding	6.50	607.25	613.75
Advertising	17.41	_____	17.41
Light	2,586.38	1,910.31	4,496.69
Rent of Premises	15,792.81	7,762.66	23,555.47
Rent of Equipment . . . . .	. . . . .	590.00	590.00
Repairs and Alterations	235.55	797.87	1,033.42
Other Expense	961.61	13,069.79	14,031.40
Equipment	21.58	4,404.36	4,425.94
Total	\$161,641.55	\$351,327.91	\$512,969.46

MAINE UNEMPLOYMENT COMPENSATION COMMISSION
Comparative Schedule of Personnel and Pay Rolls for Period
January 1 to December 31, 1939

Month Ending	M. S. E. S.		M. U. C. C.		TOTAL	
	No. of Employees	Amount of Pay Roll	No. of Employees	Amount of Pay Roll	No. of Employees	Amount of Pay Roll
January 31	101	\$10,907.29	238	\$22,944.52	339	\$33,851.81
February 28	99	10,159.16	238	21,180.19	337	31,339.35
March 31	100	11,372.99	238	23,856.58	338	35,229.57
April 29	99	10,496.99	232	21,675.12	331	32,172.11
May 31	98	11,309.30	229	23,385.16	327	34,694.46
June 30	99	10,866.49	227	22,074.90	326	32,941.39
July 31	95	10,366.60	219	21,479.76	314	31,846.36
August 31	96	10,824.69	216	22,302.81	312	33,127.50
September 30	94	10,157.06	219	21,547.45	313	31,731.51
October 31	90	9,896.38	217	21,636.70	307	31,533.08
November 30	94	10,037.62	215	21,583.98	309	31,621.60
December 30	93	10,093.28	218	21,707.48	311	31,800.76
Total	1,158	\$126,487.85	2,706	\$265,401.65	3,684	\$391,889.50

Respectfully submitted,

CLIFFORD A. SOMERVILLE
Chairman

MYRON E. BENNETT
Employer Representative

CHARLES E. FORTIN
Employee Representative

Maine Unemployment Compensation Commission