

## Notes and Brief Reports

### Size of Firms Covered by Old-Age and Survivors Insurance, March 1946\*

For the pay period ending nearest the middle of March 1946, about 2.3 million employing organizations<sup>1</sup> reported the employment of an estimated 32.5 million workers in jobs covered by old-age and survivors insurance (table 1). As compared with the 1945 mid-March pay period, the number of employing organizations<sup>2</sup> had increased by 273,100 (nearly 14 percent). The number of employees, however, had decreased slightly, falling by 320,000 or 1 percent. These changes were the result of a combination of several factors: the opening of new business enterprises; a slightly lower level of employment during the reconversion period after the war; and a greater number of work stoppages in March 1946 than in March 1945.

In both years the great majority of firms had a small number of employees, but the majority of the employees were in the large concerns. Nine-tenths of all employers had less than 20 employees, but only one-fifth of all workers during the pay period in 1945 and one-fourth in 1946 were in the employ of these concerns. By contrast, the approximately 1.5 percent of the employing organizations with 100 or more employees accounted for 63 percent of the workers in 1945 and 56 percent in 1946. Firms with 500 or more employees accounted for 47 percent of the workers in 1945 and 39 percent in 1946. Approximately two-fifths of the workers in 1945 and one-third in 1946 worked in concerns with 1,000 or more employees. These large firms represented only one-tenth of 1 percent of all the employing organizations in each of these years.

\*Prepared in the Analysis Division, Bureau of Old-Age and Survivors Insurance.

<sup>1</sup> The terms "employing organization," "employer," "firm," and "concern" are used interchangeably in this discussion; they refer to the legal entity filing the tax report.

<sup>2</sup> Excludes employers with covered workers at some time during the first calendar quarter but with no employees in the pay period nearest March 15.

Because these data on size of concern reflect the number of persons working for an entire employing organization in the mid-March pay period, there are many instances when the reported number of workers represents employees in more than one plant or place of business. A large business organization comprising several separately incorporated entities, however, is represented here as several employers, although it is ordinarily regarded as a single employer.

Between March 1945 and March 1946 both the number of firms and the number of employees increased

among concerns with less than 500 employees and decreased among the larger concerns with 500 or more employees (table 1). The reduction in the number of workers was particularly marked in concerns with 10,000 or more employees—from a total of approximately 6.6 million in March 1945 to slightly less than 4.3 million a year later. The increase in the relative importance of small employing organizations in the first quarter of 1946 may have been due, to some extent, to industrial disputes that caused work stoppages in a number of large firms and to other temporary conditions during the reconversion period.

*Taxable wages.*—The total of \$16.8

TABLE 1.—Estimated number and percentage distribution of employers, wage items, pay-period employment, and amount of taxable wages under old-age and survivors insurance by size of concern, first calendar quarter of 1945 and of 1946

[Although these data are based on tabulations of almost 100 percent of the quarterly employer tax reports, they are estimates in that they are adjusted to include employers who reported too late for inclusion in the tabulations, and the number of employees in the mid-March pay period was estimated for the employing organizations that failed to report such information. Estimates corrected to Feb. 15, 1948]

Item	Number of employees in concern <sup>1</sup>										
	Total	0	1-3	4-7	8-19	20-49	50-99	100-499	500-999	1,000-9,999	10,000 and over
	Number or amount										
Employers (in thousands): <sup>2</sup>											
1945.....	2,001.0	23.3	1,174.3	404.0	233.4	100.5	34.0	25.6	3.2	2.6	0.2
1946.....	2,280.0	29.2	1,288.0	482.1	293.3	115.9	38.1	27.7	3.1	2.5	.2
Employees (in thousands): <sup>3</sup>											
1945.....	32,803	0	1,949	2,078	2,759	3,018	2,322	5,269	2,233	6,554	6,623
1946.....	32,483	0	2,194	2,507	3,496	3,483	2,611	5,581	2,157	6,183	4,270
Taxable wages (in millions): <sup>4</sup>											
1945.....	\$17,938	\$23	\$662	\$793	\$1,148	\$1,408	\$1,165	\$2,740	\$1,242	\$4,043	\$4,715
1946.....	\$16,840	\$18	\$779	\$1,010	\$1,614	\$1,800	\$1,386	\$2,992	\$1,190	\$3,570	\$2,483
Wage items (in thousands): <sup>5</sup>											
1945.....	43,033	98	2,485	2,776	3,827	4,217	3,196	7,124	2,908	8,330	8,071
1946.....	43,579	88	2,777	3,349	4,899	5,038	3,685	7,602	2,850	7,903	5,388
	Percentage distribution										
Employers: <sup>2</sup>											
1945.....	100.0	1.2	58.7	20.2	11.7	5.0	1.7	1.3	0.2	0.1	( <sup>6</sup> )
1946.....	100.0	1.3	56.5	21.1	12.9	5.1	1.7	1.2	.1	.1	( <sup>6</sup> )
Employees: <sup>3</sup>											
1945.....	100.0	0	5.9	6.3	8.4	9.2	7.1	16.1	6.8	20.0	20.2
1946.....	100.0	0	6.8	7.7	10.8	10.7	8.0	17.2	6.6	19.0	13.1
Taxable wages: <sup>4</sup>											
1945.....	100.0	.1	3.7	4.4	6.4	7.8	6.5	15.3	6.9	22.5	26.3
1946.....	100.0	.1	4.6	6.0	9.6	10.7	8.2	17.8	7.1	21.2	14.7
Wage items: <sup>5</sup>											
1945.....	100.0	.2	5.8	6.5	8.9	9.8	7.4	16.6	6.8	19.4	18.8
1946.....	100.0	.2	6.4	7.7	11.2	11.6	8.5	17.4	6.5	18.1	12.4

<sup>1</sup> Number employed during the mid-March pay period.

<sup>2</sup> An employer represents a legal entity, such as a corporation, partnership, or single ownership, which filed a single tax return for the entire concern. Only employers paying taxable wages for employments during the quarter are included. The estimated total number of employers differs slightly from previously released estimates based on a different source.

<sup>3</sup> Persons employed during the mid-March pay period.

<sup>4</sup> Wages paid for covered employment during first calendar quarter; excludes wages over \$3,000 paid by any 1 employer to any 1 worker.

<sup>5</sup> A wage item represents a single report of taxable wages as indicated on the individual employer tax return. Because the same worker may have been employed by more than 1 concern in a quarter and thus may have been reported more than once, these figures do not represent an unduplicated count of workers during the quarter.

<sup>6</sup> Less than 0.05 percent.

**TABLE 2.—Estimated average taxable wage<sup>1</sup> per wage item<sup>2</sup> by size of concern, first calendar quarter of 1945 and 1946**

[Although these data are based on tabulations of almost 100 percent of the quarterly employer tax reports, they are estimates in that they are adjusted to include employers who reported too late for inclusion in the tabulations, and the number of employees in the mid-March pay period was estimated for the employing organizations that failed to report such information. Estimates corrected to Feb. 15, 1948]

Number of employees <sup>3</sup>	1945	1946	Percentage change, 1945 to 1946
Total.....	\$417	\$386	-7.4
0.....	234	206	-12.0
1-3.....	266	280	+5.3
4-7.....	285	302	+6.0
8-19.....	300	329	+9.7
20-49.....	334	357	+6.9
50-99.....	365	376	+3.0
100-499.....	385	394	+2.3
500-999.....	427	417	-2.3
1,000-9,999.....	485	452	-6.8
10,000 and over.....	584	461	-21.1

<sup>1</sup> Wages paid for covered employment during first calendar quarter; excludes wages over \$3,000 paid by any employer to any 1 worker.

<sup>2</sup> A wage item represents a single report of taxable wages as indicated on the individual employer tax return.

<sup>3</sup> Number employed during the mid-March pay period.

billion in taxable wages reported for the first calendar quarter of 1946 was about 6 percent less than the amount reported for the corresponding period of 1945. The average taxable wage per wage item<sup>2</sup> decreased from \$417 in 1945 to \$386 in 1946 (table 2). This decline can be accounted for almost entirely by the smaller average among firms with 500 or more employees in the mid-March pay period of 1946 as compared with the corresponding figure for 1945. The decrease was especially large among firms with 10,000 or more employees. In firms with from 1 to 499 employees, by contrast, the average taxable wage per wage item during the first quarter increased in 1946.

Among the factors responsible for the decrease in the average per wage item were: an increase in work stoppages in the first quarter of 1946 over those in the same period in 1945,<sup>4</sup> higher labor turn-over, less overtime employment, and a postwar decrease

<sup>1</sup> A wage item represents a single report of taxable wages as indicated on the individual employer tax return.

<sup>4</sup> Bureau of Labor Statistics, *Work Stoppages Caused by Labor-Management Disputes in 1946*, Bulletin No. 918, 1947, p. 10, table 2.

in the number of wage bonuses. Apparently these factors were most significant among firms that employed 500 or more employees. Among firms with fewer employees the slight increase in the average reflects increasing continuity of operation after wartime restrictions on production had been lifted and the competitive position of the smaller employers had been improved.

Both in 1945 and in 1946 the average taxable wage per wage item increased with the size of the firm as measured by the number of employees in the pay period nearest March 15 (table 2). For the first quarter of 1946 the average increased from \$280 for concerns that had from one to three employees in this pay period to \$461 for those with 10,000 or more employees. The extent to which the differences in these averages are due to differences in the duration of covered employment during January-March or to differences in wage rates and types of labor employed cannot be determined from the data reported. Inasmuch as the same individual may have had wage items reported by more than one employer during the quarter, the average taxable wage per wage item does not indicate the average amount of taxable wages received by each person with wage credits during the quarter.<sup>5</sup>

<sup>5</sup> Data are not available on the number of employees in covered jobs during the quarter by size of firm. Data like those in table 1, classified by the industry, State, and county of the employing organization, are tabulated by the Bureau of Old-Age and Survivors Insurance.

### Nonrelief Income of Retired Insurance Beneficiaries in Boston\*

In the fall of 1946, representatives of the Bureau of Old-Age and Survivors Insurance interviewed 556 primary beneficiaries and aged widows in Boston to obtain information about their resources. All of them had become entitled to insurance benefits during the period 1940-44, and all had

\* Prepared in the Analysis Division, Bureau of Old-Age and Survivors Insurance.

received a benefit check each month of the year covered by the study—12 months ending in September to December 1946. Most of the beneficiaries were completely retired, but six earned less than \$15 in 1 month or more in jobs covered by the insurance program, and 53 worked in noncovered employment; a few of the latter group received relatively high earnings. Some indication of the economic situation of the 556 beneficiaries is provided by comparing their income, excluding any public assistance payments, with the cost of their requirements at the Massachusetts public assistance level.

A majority of the retired beneficiaries and aged widows interviewed had less income (exclusive of public assistance payments) than the amount budgeted for old-age assistance recipients in Boston. The proportion of beneficiaries with such low incomes varied somewhat according to beneficiary type. From 60 to 64 percent of the nonmarried men, the men whose wives were entitled to a wife's benefit, and the men whose wives were not entitled had nonrelief incomes below the local public assistance level. The corresponding proportion for aged widows was 68 percent and for aged women who were entitled on their own wage records, 74 percent.

The costs of the beneficiaries' requirements at the Massachusetts public assistance level were calculated from the basic data given in the Massachusetts Department of Public Welfare standard budget. To these amounts was added \$55 per person for medical care, an item not included in the standard budget.<sup>1</sup>

The following comparison of the median nonrelief incomes<sup>2</sup> of the insurance beneficiaries with the costs of their requirements at the public assistance level when living alone in their own home<sup>3</sup> indicates the rela-

<sup>1</sup> Massachusetts pays for medical care as required by each recipient. The \$55 allowance is the average annual cost of medical care for public assistance recipients in Massachusetts.

<sup>2</sup> Includes noncash income from an owned home.

<sup>3</sup> The budgeted costs of requirements at the public assistance level are less if aged persons share households with sons and daughters or if they room and board.