

# Notes and Brief Reports

## Proposed Social Security Budget, 1959-60\*

President Eisenhower transmitted to Congress on January 19, 1959, the Budget of the United States for the fiscal year ending June 30, 1960. As in previous years, the largest part of the budget is devoted to the major national security programs, which include the military functions of the Department of Defense, development and control of atomic energy, stockpiling and expansion of defense production, and military assistance (part of the mutual security program). Of the \$76.8 billion in new obligational authority requested for 1959-60 under existing and proposed legislation, \$45.2 billion or about 59 percent of the total administrative budget is for these programs. Appropriation requests of \$2.1 billion for Social Security Administration programs represent 2.7 percent of the total administrative budget.

In earlier years, the BULLETIN report on the Social Security Administration budget has been in terms of actual and estimated expenditures. With this report the base is shifted to enacted and proposed appropriations in the belief that, for readers interested in studying program developments, these data will be more useful. Expenditures data alone give no indication of when Congress appropriated the money, when the obligation to pay was incurred, or when goods were delivered or services rendered. Estimated expenditures data reflect the expected demands on the Treasury for ready cash for disbursements in the period under consideration. Information of this nature is of undisputed value for monetary management purposes and for the formulation of the broadest national economic policy; it may not, however, be as useful for analyses of the growth of social insurance or public social welfare programs as the appropriations data.

Three types of new obligational

authority are defined in the Budget document—appropriations, contract authorizations, and authorizations to expend from debt receipts. Appropriations are defined as "authorizations to make expenditures from the general fund of the Treasury or from the various special funds." The authorizations and expenditures from the general fund alone form the so-called administrative budget, and these are the totals most often quoted in newspaper and other discussions of the Budget. Authorizations and expenditures from the general fund and from the trust funds, the public enterprise funds, and other special funds make up the cash consolidated budget, which gives a more comprehensive view of the scope of Government operations. This year's report includes the pertinent data from trust and public enterprise funds as well as from general funds, which together yield the cash consolidated budget for the Social Security Administration.

Proposed appropriations for the Social Security Administration for 1959-60 total \$2.3 billion on the cash consolidated basis and \$2.1 billion on the basis of the administrative budget. Details of the proposals, with similar data for 1957-58 and the current fiscal year, are set forth in table 1.

Total appropriations for the grant programs of the Social Security Administration are budgeted at \$2,078.8 million for 1959-60. This sum represents 99.8 percent of the general funds requested under the administrative budget and 91.2 percent of the cash consolidated budget. The remainder consists of the salaries and operating expenses of the Office of the Commissioner of Social Security and of the Bureaus.

Total Federal, State, and local expenditures for public assistance payments and administration in 1959-60 are estimated at \$3,523.6 million and the Federal share at \$2,051.0 million. An appropriation of \$2,033.5 million is requested, with the remaining \$17.5 million to be supplied out of Federal balances in the States from collections and adjustments of

earlier years.<sup>1</sup> The estimate of total Federal expenditures calls for \$1,167.7 million for old-age assistance, \$654.8 million for aid to dependent children, \$50.9 million for aid to the blind, and \$177.9 million for aid to the permanently and totally disabled. The Federal total is \$58.7 million higher than the \$1,974.8 million (including a supplemental appropriation of \$168.4 million) estimated for 1958-59. This rise is accounted for by increases in average monthly payments to recipients, in the number of recipients, and in State and local administrative costs and especially by the combined net effect of amendments to the old-age, survivors, and disability insurance and the public assistance provisions, which will be in force for the full year 1959-60 but for only part of 1958-59. The number of recipients is expected to increase in all assistance programs except that for the aged; the decrease there reflects the continuing growth in the number of aged persons who receive old-age and survivors insurance benefits.

President Eisenhower's Budget Message stated the administration's position on Federal participation in public assistance payments:

Under the authority of recent legislation, an advisory council is being appointed by the Secretary of Health, Education, and Welfare to study the whole structure and financing of our public assistance programs. I have asked the Secretary to present to this council, at the earliest possible time, the issue of what constitutes an appropriate Federal share of these programs. I have also requested him to develop recommendations, after consulting the council, which can be presented to the Congress to increase State and local participation in the cost of the public assistance programs beginning in 1961. In this

<sup>1</sup> These public assistance balances available to the Federal Government fluctuate widely from year to year. They have ranged from more than \$50 million to less than the \$17.5 million estimated for 1959-60. Although their size in any given year is fortuitous, for that year their size affects the size of the appropriation proposal. For public assistance, therefore, and especially for the individual programs, expenditures data mirror program development more closely than do appropriations data.

\* Prepared by Sophie R. Dales, Division of Program Research, Office of the Commissioner.

connection, I believe we must keep in mind the fact that the Federal share of such expenditures has increased to more than 57 percent on an overall basis and runs as high as 80 percent in many cases. I believe that this trend is inconsistent with our American system of government. If it continues, the control of these programs will shift from our State and local governments to the Federal Government. We must keep the financing and control of these programs as close as we possibly can to the people who pay the necessary taxes and see them in daily operation.

For the third time an appropriation is budgeted for grants for training and studies in the field of social security. Legislative authority for these grants was provided in the Social Security Amendments of 1956, but the implementing budget requests for 1956-57 and 1957-58 were not approved by Congress and were omitted from the budget presented for 1958-59. The present proposal calls for \$1.8 million: \$1.0 million for training grants to provide about 350 fellowships and traineeships for State and local public welfare personnel to make them better able to help assistance recipients attain self-support and self-care—one of the stated objectives of the 1956 amendments—and \$700,000 for the initiation of about 30 research and demonstration projects and studies of social security under grants, contracts, and jointly financed cooperative arrangements with public or nonprofit organizations and with States.

Grants to the States under the continuing Children's Bureau programs are proposed at the same level for 1959-60 as in the current fiscal year—\$43.5 million. Of this total, \$16.5 million is requested for maternal and child health services, including \$1.0 million for special projects for mentally retarded children—a program started in 1957; \$15.0 million is requested for crippled children's services; and \$12.0 million for child welfare services. Also requested is \$1.5 million for open heart surgery for children with congenital heart disease; this sum is proposed for later transmission in 1958-59 as a supplemental appropriation for

crippled children's services and would be available until the close of 1959-60.

Benefit payments from the old-age and survivors insurance and disability insurance trust funds are not subject to congressional appropriation. The Social Security Act, as amended, sets forth the conditions of eligibility, and all qualified applicants are paid benefits according to the specifications in the act. Administrative expenses, including the present construction of a headquarters building in Baltimore for the Bureau of Old-Age and Survivors Insurance, are subject to congressional approval in the form of annual overall limitations on expenditures, which are, in effect, appropriations from the trust funds.<sup>2</sup>

For 1959-60 the proposed limita-

<sup>2</sup> The 1956 amendments to the Social Security Act, which established the disability insurance trust fund, provide for disbursement of administrative expenses for the entire old-age, survivors, and disability insurance program from the old-age and survivors insurance trust fund and for subsequent reimbursement by the disability insurance trust fund of its share of these costs.

tion on salaries and expenses for the Bureau of Old-Age and Survivors Insurance is \$191.6 million, compared with \$173.5 million for 1958-59 and \$144.7 million for 1957-58. In addition, \$276,000 is proposed for reimbursement from the trust funds of salaries and expenses of the Office of the Commissioner of Social Security; this amount is in addition to the appropriation requested for the Commissioner's Office from general funds. Budgets of previous years had placed an overall limitation of \$31.0 million on construction expenditures. An added \$1.3 million is now proposed for later transmission in 1958-59 to meet additional space requirements. Completion of the building is expected in 1960.

For 1959-60, \$3.6 million is budgeted for the activities of the Bureau of Federal Credit Unions. Operating funds for this Bureau are derived from the fees it charges for services performed. These services include chartering new Federal credit unions, supervising established Federal credit unions, and making periodic examinations of their financial condition and operating practices. Since 1953

**Table 1.—Appropriations<sup>1</sup> budgeted for Social Security Administration programs, fiscal years 1957-58, 1958-59, and 1959-60**

[In thousands]

Bureau, item, and source of appropriation	1957-58, enacted	1958-59			1959-60, proposed
		Enacted	Proposed for later transmission	Total	
Total, cash consolidated budget.....	\$1,966,400	\$1,997,043	\$206,010	\$2,203,053	\$2,279,488
General funds, total (administrative budget)...	1,813,000	1,854,344	170,287	2,024,631	2,083,967
Bureau of Public Assistance.....	1,769,157	1,808,380	168,587	1,976,967	2,035,845
Grants to States for public assistance.....	1,707,177	1,806,400	168,400	1,974,800	2,033,500
Salaries and expenses.....	1,980	1,980	187	2,167	2,345
Children's Bureau.....	43,543	45,650	1,672	47,322	46,000
Grants to States for maternal and child health and child welfare.....	41,500	43,500	1,500	45,000	43,500
White House Conference on Children and Youth.....		150		150	200
Salaries and expenses.....	2,043	2,000	172	2,172	2,300
Office of the Commissioner:					
Salaries and expenses <sup>2</sup> .....	300	314	28	342	337
Grants for social security training and studies.....					1,785
Trust <sup>3</sup> and public enterprise <sup>4</sup> funds:					
Bureau of Old-Age and Survivors Insurance.....	150,642	139,377	35,723	175,100	191,876
Limitation on salaries and expenses.....	144,692	139,131	34,401	173,532	191,600
Limitation on construction.....	5,710		1,300	1,300	
Reimbursement, salaries and expenses of Office of the Commissioner.....	240	246	22	268	276
Bureau of Federal Credit Unions, operating fund.....	2,758	3,322		3,322	3,645

<sup>1</sup> New obligational authority.

<sup>2</sup> Excludes amounts reimbursed from old-age and survivors insurance and disability insurance trust funds.

<sup>3</sup> Old-age and survivors insurance trust fund and

disability insurance trust fund.

<sup>4</sup> Funds derived from Bureau of Federal Credit Unions operations.

Source: *The Budget of the United States Government for the Fiscal Year Ending June 30, 1960, 1959.*

the Bureau's income and outgo have been budgeted as a public enterprise fund. Expenditures of all Federal Government public enterprise funds are subject to the approval of the Bureau of the Budget; their operations are included in the Government's cash consolidated budget as are the operations of all trust funds and other special funds.

## Source of Funds Expended for Public Assistance Payments, 1957-58\*

Public assistance payments for needy persons in the United States amounted to \$3¼ billion in the fiscal year 1957-58. This total was \$280 million, or more than 9 percent, higher than payments in the preceding year. Expenditures for assistance payments went up in each of the five assistance programs. The largest increases took place in general assistance (22.6 percent) and aid to dependent children (16.4 percent), the programs most sensitive to changes in economic conditions. The relatively sharp rise in payments to the disabled—12.4 percent—resulted largely from the initiation of new programs for aid to the permanently and totally disabled in California and Texas and the expansion of programs in Illinois and Pennsylvania. Amounts spent for aid to the blind and old-age assistance rose 5.9 percent and 4.4 percent, respectively.

\* Prepared in the Division of Program Statistics and Analysis, Bureau of Public Assistance.

*More persons needed aid in 1957-58 than in 1956-57.*

The growth in expenditures for assistance during 1957-58 mainly reflected the fact that, because of the loss of jobs and the exhaustion of unemployment insurance benefits, more persons lacked sufficient income with which to buy the necessities of life. The average monthly number of persons receiving general assistance rose almost 248,000 or 34 percent, and in aid to dependent children the average number of recipients increased nearly 246,000 or 11 percent. More than one-fourth of the increase of 24,000 in the average monthly number of persons receiving aid to the permanently and totally disabled is attributable to the four States that either initiated or expanded their programs. Since the number of recipients of aid to the blind remained about the same and the number of aged recipients declined slightly, larger expenditures in these programs resulted from higher average payments per recipient.

*The Federal share of total assistance expenditures declined during 1957-58 but increased in the federally aided programs.*

Because expenditures for general assistance, which is financed entirely from State-local funds, rose much more sharply than expenditures for the federally aided categories, the Federal share in total assistance expenditures declined slightly—from 50.7 percent in 1956-57 to 50.5 percent in 1957-58 (table 1). In each of the federally aided programs the

Federal share went up, largely because the increase in Federal participation under the 1956 amendments was in effect for the entire fiscal year 1957-58 but for only the last 3 quarters of the preceding year. In addition, the 1956 amendments resulted in an increase in the amount of Federal funds used for vendor payments for medical care during 1957-58.

The Federal share of assistance payments for all programs combined varied considerably among the States in 1957-58, ranging from a low of 33.4 percent in Connecticut to a high of 79.7 percent in Mississippi (table 2). This wide variation in the amount of Federal participation reflects State differences in the size of payments to recipients under the four federally aided categories and in the scope of their general assistance programs. (The Federal Government does not participate in general assistance, and large expenditures for that program thus tend to reduce the proportion of total assistance expenditures that Federal funds represent.) Because of the Federal matching maximums in effect for the special types of public assistance during 1957-58, the Federal share was lowest in States making most of their payments in excess of those maximums. On the other hand, the more favorable Federal matching on the first part of the assistance payments led to the highest Federal participation in States with the lowest payments.

The level of assistance payments and the scope of the general assistance programs are, in turn, re-

Table 1.—Expenditures for assistance to recipients, by program and source of funds, 1957-58<sup>1</sup>

Program	Amount (in thousands) of expenditures from—				Percentage distribution by program				Percentage distribution by source of funds			
	Total	Federal funds	State funds	Local funds	Total	Federal funds	State funds	Local funds	Total	Federal funds	State funds	Local funds
Total.....	\$3,249,672	\$1,641,572	\$1,209,858	\$398,241	100.0	100.0	100.0	100.0	100.0	50.5	37.2	12.3
Special types of public assistance.....	2,911,176	1,641,572	1,043,742	225,862	89.6	100.0	86.3	56.7	100.0	56.4	35.9	7.8
Old-age assistance.....	1,798,374	1,002,652	684,071	111,651	55.3	61.1	56.5	28.0	100.0	55.8	38.0	6.2
Aid to dependent children.....	815,196	486,113	246,852	82,231	25.1	29.6	20.4	20.6	100.0	59.6	30.3	10.1
Aid to the blind.....	85,397	41,035	37,989	6,373	2.6	2.5	3.1	1.6	100.0	48.1	44.5	7.5
Aid to the permanently and totally disabled.....	212,209	111,773	74,830	25,607	6.5	6.8	6.2	6.4	100.0	52.7	35.3	12.1
General assistance.....	338,496	-----	166,116	172,380	10.4	-----	13.7	43.3	100.0	-----	49.1	50.9

<sup>1</sup> Includes all money payments and assistance in kind to recipients and vendor payments on behalf of recipients for goods and services to meet their maintenance needs and for medical care; excludes vendor payments for burial.

Data not comparable with annual data based on monthly series or with amount of Federal grants to States.