

# State and Local Government Workers Covered Under Social Security, 1987

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Most State and local government employees in the United States are covered under the Social Security (Old-Age, Survivors, and Disability Insurance—OASDI) program by means of voluntary agreements entered into by the States with the Secretary of Health and Human Services. However, legislation enacted in 1990 mandatorily extended Social Security coverage to State and local government employees not covered by a public employee retirement system. Even after this coverage extension, it is expected that coverage will vary widely by State (see History of State and Local Coverage, page 46).

This note presents the latest available data on Social Security coverage provided to State and local government employees under the Social Security Act. Using different data sources, the note describes three sets of coverage estimates for State and local government employment. Also, data are shown on the extent of coverage from State to State and on selected demographic characteristics of covered workers.

## Data Sources

Table 1 presents estimates of State and local coverage by "major job" that have been previously prepared by the Social Security Administration (SSA). The estimates are based on two sources. First, the total number of workers with State and local government employment was obtained

from the March Income Supplement of the Current Population Survey (CPS). This annual supplement to the monthly CPS collects data on income from wages and other sources and work experience for the previous year. A "major job" is defined in the CPS as the job in which the employee worked the most number of weeks during the year.

Second, the number of covered workers and their characteristics were derived from the assigned segment of the 1-percent employee-employer file of the Continuous Work History Sample (CWHS) maintained by SSA. When an employee works at more than one job during the year, this file assigns that employee a major job based on the position resulting in the highest amount of earnings. Table 1 shows that 10.9 million, or 72 percent, of those employees with State and local government employment as their major job worked in covered employment in 1987.

Table 2 is adapted from data that the Bureau of the Census publishes in their *Census of Governments, Public Employment* series.<sup>1</sup> The data were based on the *Census of Governments'* mail survey questionnaires that are sent out to State and local governments every 5 years.

Governments were requested to provide information on their costs for employee benefits for the one payment interval that included the date of October 12, 1987 (if the payment interval was for a period longer than 1 month); each reported amount for a period other than 1 month was converted to a 1-month equivalent during data processing operations. Two

groups of small governments are not sent questionnaires requesting information on employee benefits: municipal and township governments in areas that have populations of fewer than 2,500 persons and special district governments with fewer than 10 employees. These data also exclude employees who worked at any time other than the payment interval specified in the questionnaire.

Table 2 shows that 9.1 million, or 65 percent, of the State and local employees worked in covered employment in October 1987. Table 1 and table 2 differ in the number and percentage of covered workers because of differences in the data files. Table 1 contains only workers who had most of their 1987 earnings in a State and local government job. This excludes many part-time employees who may not be covered under Social Security. Table 2 contains all State and local government employees who were employed in the October 1987 payment interval, which includes part-time employees.

Table 3 presents data for all State and local government employees who worked at any time in the year regardless of length of time worked or the amount of earnings. Both the total number and the number covered were derived from the 1-percent employee-employer segment of the CWHS file—so the table is based on consistent definitions. The CWHS contains a record for each job that an employee held during the year. Employees who worked part-time, during the summer, or for more than one State are included in this file. The inclusion of all State and local government employees represents the best data on coverage.

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Table 1.—Estimated number of workers with State and local government employment as their major job: Number and percent with Social Security coverage, 1987

[Based on 1-percent sample: Numbers in thousands]

State	All workers <sup>1</sup>	Covered workers <sup>2</sup>	
		Number	Percent
Total	15,204	10,882	72
Alabama	241	231	96
Alaska	51	22	42
Arizona	204	184	90
Arkansas	142	133	93
California	1,625	646	40
Colorado	207	50	24
Connecticut	194	122	63
Delaware	40	26	65
Florida	684	637	93
Georgia	400	348	87
Hawaii	70	44	63
Idaho	64	64	100
Illinois	646	352	55
Indiana	312	289	93
Iowa	213	196	92
Kansas	185	181	98
Kentucky	214	173	81
Louisiana	292	63	21
Maine	75	32	43
Maryland	286	257	90
Massachusetts	378	15	4
Michigan	582	545	94
Minnesota	292	216	74
Mississippi	161	156	97
Missouri	292	234	80
Montana	61	57	95
Nebraska	118	116	98
Nevada	56	4	7
New Hampshire	54	52	97
New Jersey	498	465	93
New Mexico	115	105	91
New York	1,373	1,197	87
North Carolina	424	396	93
North Dakota	57	52	91
Ohio	646	15	2
Oklahoma	205	190	93
Oregon	191	180	94
Pennsylvania	591	546	92
Rhode Island	46	37	79
South Carolina	232	225	97
South Dakota	52	50	97
Tennessee	264	232	88
Texas	1,003	518	52
Utah	117	107	91
Vermont	39	38	97
Virginia	373	351	94
Washington	327	264	81
West Virginia	113	107	95
Wisconsin	351	319	91
Wyoming	47	46	99

This file contains 19.2 million persons who were employed in State and local government at any period of time in 1987. Of these persons, 12.8 million, or 67 percent, were in covered employment.

### Data Limitations

On a State by State basis, the percentages of covered workers are similar in table 2 (Bureau of the Census data) and table 3 (SSA data). However, there are 5 States where the Census proportion is higher than SSA's figure by 10 percentage points or more, and 13 States where the SSA proportion exceeds the Census figure by more than 10 percentage points. Possible reasons for these differences are detailed below:

- SSA data are constrained by a posting cutoff date. If, for whatever reason, a large State entity has not had its earnings data posted by the cutoff date, the coverage measure for the State would be affected.
- Coding of employers as State and local government employers in the SSA data may not be accurate. On one hand, it is known, for example, that not all State and local employers with no covered workers have been correctly identified as government jurisdictions. On the other hand, nongovernment employers may be erroneously identified as State or local employers with covered workers.
- The *Census of Governments*' data may be affected by response problems. In some States, a change in imputation procedures for nonrespondents suggested the possibility of higher Social Security coverage proportions. Such a change occurs if imputation methods for nonrespondents were adjusted to rates comparable to the same category of responding jurisdictions rather than using a Statewide rate for all nonrespondents.

<sup>1</sup> A major job is defined in the CPS as the job in which the employee worked the most number of weeks during the year.

<sup>2</sup> A major job is defined in the CWHS as the job in which the worker received the most earnings during the year.

## Data on Covered Workers

In 1987, 10.9 million, or 72 percent, of the 15.2 million workers who had State and local government employment as their major job were in Social Security covered employment (table 1). One-fourth of the total number of State and local workers were in California, New York, and Texas. Another one-fourth were in Florida, Illinois, Ohio, Pennsylvania, Michigan, and New Jersey.

New York, with the second highest number of State and local workers, had the largest number of covered workers—1.2 million. California was second with 646,000 covered workers. Ohio, one of the States with the highest number of State and local workers (646,000), had the lowest percentage of covered workers (2 percent).

The proportion of workers who were in covered employment varied among the States. The number of OASDI covered jobs exceeded 2.3 million in New York, California, and Pennsylvania, with the percentages of covered jobs in these three States ranging from 40 percent to 92 percent.

Table 2, which presents data from the *Census of Governments*, shows that in October 1987, about 9.1 million, or 65 percent, of the 14.1 million State and local employees worked in covered employment. Both of the figures for covered workers and percentages covered are lower than those in tables 1 and 3 but the percentage distribution among the States were similar. One-half of the total number of State and local government workers were located in nine States (California, New York, Texas, Florida, Illinois, Ohio, Pennsylvania, Michigan, and New Jersey). California, with the highest number of State and local workers, had the second highest number of covered workers—696,000; it was second to New York, which had 1.1 million. The percentages of covered workers ranged from a low of 2 percent (Ohio) to a high of 94 percent (Washington). The three States with the highest number of State and local workers (California, New York, and Texas) had coverage

Table 2.—Estimated number of State and local government employees: Number and percent with Social Security coverage, October 1987

[Numbers in thousands]

State	All workers	Covered workers	
		Number	Percent
Total .....	14,062	9,073	65
Alabama .....	231	191	83
Alaska .....	46	16	35
Arizona .....	193	172	89
Arkansas .....	130	98	75
California .....	1,532	696	45
Colorado .....	211	61	29
Connecticut .....	172	103	60
Delaware .....	40	32	82
Florida .....	597	488	82
Georgia .....	372	275	74
Hawaii .....	63	58	92
Idaho .....	62	52	83
Illinois .....	630	243	39
Indiana .....	312	238	76
Iowa .....	187	160	86
Kansas .....	175	148	84
Kentucky .....	190	115	60
Louisiana .....	263	28	11
Maine .....	73	19	26
Maryland .....	259	224	86
Massachusetts .....	328	13	4
Michigan .....	548	390	71
Minnesota .....	252	176	70
Mississippi .....	163	139	85
Missouri .....	267	187	70
Montana .....	60	43	72
Nebraska .....	117	103	88
Nevada .....	55	15	27
New Hampshire .....	57	48	84
New Jersey .....	438	313	72
New Mexico .....	103	75	73
New York .....	1,241	1,121	90
North Carolina .....	378	341	90
North Dakota .....	54	38	71
Ohio .....	631	12	2
Oklahoma .....	204	159	78
Oregon .....	176	146	83
Pennsylvania .....	541	436	81
Rhode Island .....	52	41	79
South Carolina .....	202	167	83
South Dakota .....	53	40	75
Tennessee .....	260	183	70
Texas .....	937	429	46
Utah .....	100	89	89
Vermont .....	34	26	77
Virginia .....	350	312	89
Washington .....	269	254	94
West Virginia .....	106	93	87
Wisconsin .....	306	230	75
Wyoming .....	42	37	88

Source: Bureau of the Census, *1987 Census of Governments*, "Public Employment, Government Costs of Employee Benefits," GC87(3)-84, tables 1 and 2, pp. 1-3.

percentages that ranged from 45 percent to 90 percent.

The data for all persons with any State and local government employment in 1987 (table 3) shows a higher

number of workers (19.2 million) and a higher number of workers in covered employment (12.8 million) than data in tables 1 and 2. Even though the numbers and overall percentages differ,

the distributions by States were similar. Almost 50 percent of the total number of State and local government workers were located in nine States (California, New York, Texas, Florida, Illinois, Ohio, Pennsylvania, Michigan, and New Jersey). California, with the highest number of State and local workers, had the third highest number of covered workers—697,000. New York was first with 1.3 million covered workers and Florida was second, with 715,000.

The percentages of covered workers ranged from a low of 3 percent (Ohio) to a high of 96 percent (Vermont). The three States with the highest number of State and local government workers (California, New York, and Texas) had coverage that ranged from 34 percent to 80 percent (table 3).

Table 4 compares selected demographic characteristics of State and local government employees with all other workers covered under Social Security in 1987. State and local coverage data in table 4 are consistent with those in table 1.

Among workers whose major OASDI covered job was in State and local government, 56 percent were women. Overall, about 46 percent of all workers in covered employment are women. By race, 13 percent of the covered State and local employees were black, compared with 11 percent among other covered employees.

Covered State and local government workers tend to be older than other covered workers. Only 18 percent were under age 30, compared with 41 percent of the other workers. The median age of State and local government employees was about 41 years, compared with 34 years for all other covered workers.

### *History of State and Local Coverage*

State and local government employees were excluded from Social Security coverage from 1935 (the date of the original Act) until 1950. In 1950, States were given the option of

Table 3.—Estimated number of State and local government employees: Number and percent with Social Security coverage, 1987

[Based on 1-percent sample: Numbers in thousands]

State	All workers <sup>1</sup>	Covered workers	
		Number	Percent
Total .....	19,213	12,784	67
Alabama .....	313	276	88
Alaska .....	78	29	37
Arizona .....	289	257	89
Arkansas .....	167	153	92
California .....	1,079	697	34
Colorado .....	286	99	35
Connecticut .....	242	145	60
Delaware .....	60	44	73
Florida .....	898	715	80
Georgia .....	525	410	78
Hawaii .....	83	52	63
Idaho .....	96	90	94
Illinois .....	897	418	47
Indiana .....	403	333	83
Iowa .....	261	227	87
Kansas .....	234	210	90
Kentucky .....	270	202	75
Louisiana .....	350	74	21
Maine .....	95	43	45
Maryland .....	383	340	89
Massachusetts .....	461	19	4
Michigan .....	751	622	83
Minnesota .....	376	237	63
Mississippi .....	202	184	91
Missouri .....	375	280	75
Montana .....	80	66	83
Nebraska .....	154	138	90
Nevada .....	78	21	27
New Hampshire .....	88	77	88
New Jersey .....	585	549	94
New Mexico .....	153	114	75
New York .....	1,664	1,339	80
North Carolina .....	526	464	88
North Dakota .....	71	62	87
Ohio .....	797	22	3
Oklahoma .....	250	214	86
Oregon .....	250	224	90
Pennsylvania .....	717	663	92
Rhode Island .....	66	40	61
South Carolina .....	289	258	89
South Dakota .....	69	62	90
Tennessee .....	357	286	80
Texas .....	1,192	589	49
Utah .....	140	129	92
Vermont .....	50	48	96
Virginia .....	465	435	94
Washington .....	378	316	84
West Virginia .....	154	139	90
Wisconsin .....	406	319	79
Wyoming .....	60	54	90

<sup>1</sup> Includes seasonal and part-time workers for whom State and local government employment was not the major job or not included in the 1987 pay interval in the *Census of Governments* data.

covering employees, except police and firefighters, who were not under another retirement system. Coverage continued to expand in 1954 when it was extended to all employees (except firefighters and police officers) even if they were covered by a pension plan. Legislation enacted in 1956 permitted designated States to extend coverage to groups of police and firefighters. This legislation also allowed specified States to divide State and local employees into two separate groups: those who desired coverage and those who did not. Coverage was required for new members of both groups. Optional coverage was extended to groups of firefighters in positions under retirement systems in all States in 1967. Coverage was then available to all major full-time employed groups of State and local employees.

Before legislation enacted in 1983, States could terminate their agreement and withdraw coverage for their workers. A State did this by giving 2 years advance notice. The coverage had to have been in effect for at least 5 years when the notice was given. Once it was terminated, the coverage for this group of workers could not be reinstated. The 1983 Amendments to the Social Security Act (Public Law 98-21) prohibited States from terminating coverage on or after April 20, 1983. An exception is made when an entity is legally dissolved or is no longer in existence.

Medicare coverage for Hospital Insurance (HI) was mandated for all newly hired State and local employees by the 1986 Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272). This provision became effective in April 1986. The number of employees who qualify for this coverage will increase as older employees retire and are replaced. It is estimated that there were 450,000 State and local workers with Medicare coverage in 1986 and 850,000 in 1987. The 1986 law also provided optional Medicare-only coverage for employees hired before April 1, 1986 (unless covered under the Federal-State Social Security coverage agreement), if the

Table 4.—Number and percentage distribution of State and local government employees and other workers covered under Social Security, by selected characteristics, 1987

[Based on 1-percent sample: Numbers in thousands]

Selected characteristics	Covered State and local government employees	Other workers covered under Social Security
Total number (in thousands).....	10,882	107,318
Total percent.....	100	100
Sex:		
Men.....	44	54
Women.....	56	46
Race:		
White.....	84	83
Black.....	13	11
Other.....	3	5
Age:		
Under 20.....	4	10
20-29.....	14	31
30-39.....	29	6
40-49.....	25	17
50-59.....	18	11
60 or older.....	11	6
Median age.....	41	34

State modified the agreement to provide for such coverage. There are no estimates for the number of employees that were covered under this provision.

Some States provide coverage for most employees while other States provide coverage for a small number. Each State has its own unique pension plan with coverage that varies from State to State. The Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) required that service by State and local employees would be mandatorily covered under Social Security, if not covered under a public employee retirement system. Employees covered under this Act who are not covered under the HI portion of Medicare (those hired before April 1, 1986) are also covered under Social Security. In order for service in the employ of a State or local government to qualify for exemption from covered employment under Social Security, the employee must be a member of a retirement system that provides at least a minimum level of retirement benefits to that employee. A retirement system will generally satisfy this minimum benefit requirement if the employee has a total accrued benefit comparable to

the basic retirement benefit the employee would have under Social Security, based on his or her total compensation and periods of service with the entity.

This legislation also provided exceptions for certain emergency workers, election workers, patients in hospitals, and other individuals. It does not affect prior-law exceptions from covered employment such as those provided for services performed by certain students employed in public schools, colleges and universities, and certain other groups. It is estimated that in 1991, 3.8 million State and local government employees were not covered by a retirement plan. However, this figure includes an estimated 1.5 million students.

#### Note

<sup>1</sup> Bureau of the Census, *1987 Census of Governments*, "Public Employment, Government Costs of Employee Benefits," GC87(3)-84, tables 1 and 2, pp. 1-3.