

## Notes and Brief Reports

### Effect of 1954 OASI Eligibility Provision on Public Assistance\*

Amendments to the Social Security Act that became effective in September 1954 included provisions increasing benefit payments to beneficiaries currently on the old-age and survivors insurance rolls and making eligible for the first time a specified group of survivors.<sup>1</sup> These survivors were the surviving parent, widow, or child of a worker who died after 1939 and before September 1, 1950, and who, though not fully insured under the act at the time of death, had at least 6 quarters of coverage. The purpose of this eligibility provision was to give the same advantage to this group of survivors as the new-start provision of the 1950 amendments had given to survivors of covered workers who died after September 1950. One out of every 1,000 old-age assistance recipients and 3 out of every 1,000 families receiving aid to dependent children in September 1954 were subsequently reported receiving benefits as a result of the new old-age and survivors insurance eligibility provision enacted in 1954. For these cases, the new benefits usually resulted in a reduction in the amount of assistance received and, in some instances, were sufficient to eliminate the need for assistance entirely.

The effect of these new survivor benefits on the public assistance rolls was reflected more gradually than the effect of the increase in benefits to current beneficiaries. Welfare agencies could act fairly promptly when benefits were increased because they knew which recipients were also getting insurance benefits. Many of the recipients newly eligible for survivor benefits qualified, however, on the basis of the wage record of an individual who had died at least 4 years

before the effective date of the amendment. Because of this retroactive feature, the assistance agencies had to review case records and to discuss with recipients the amended eligibility provisions in order to identify cases whose eligibility for benefits might otherwise have escaped notice. In many States these steps were usually combined with the normal process of review of eligibility for assistance. Assistance payments could not, of course, be adjusted until claims for benefits were filed and adjudicated, even though the recipient had been identified as possibly eligible for a benefit.

All States submitted quarterly reports beginning with the period October-December 1954 and continuing through July-September 1955. The reports showed (1) the number of assistance recipients on the rolls in September 1954 who became newly eligible for old-age and survivors insurance benefits, (2) the type of initial action taken by the assistance agencies when a benefit was received, (3) the monthly amount of the benefits, and (4) the amount of assistance payments to these cases for the month preceding and for the month in which the revised budget, which took into consideration the insurance benefit, became effective.<sup>2</sup> These reports were continued for a full year to ensure that all cases on the rolls in September 1954 would have been reviewed for continuing eligibility under regular agency policy. The following paragraphs summarize and analyze all the State reports received for this annual period. Because the number of recipients affected by the new eligibility provision is small, no attempt is made to analyze data for the individual States.

While agency action on all assistance payments affected by increases in benefits to current beneficiary-recipients had been virtually completed by the end of 1954, only about

Table 1.—Effect of the newly awarded OASI benefits on payments of persons receiving OAA and families receiving ADC in September 1954<sup>1</sup>

Item	OAA recipients	Families receiving ADC
Total number on rolls.....	2, 578, 207	588, 088
Newly eligible for OASI:		
Number.....	3, 214	1, 772
Percent of total.....	0.12	0.30
Monthly OASI benefits awarded.....	\$109, 977	\$117, 590
Monthly decrease in assistance payments.....	\$90, 444	\$92, 371
Average OASI benefit per case affected.....	\$34.22	\$66.36
Average decrease in assistance payment per case affected.....	\$28.14	\$52.13

<sup>1</sup> Based on initial actions taken October 1954-September 1955.

one-third of the cases involving recipients newly eligible for benefits had been considered by that time. As a result, the reported effects of the newly awarded benefits on assistance payments were influenced to a greater extent by other developments than were the effects of the benefit increases. During the year in which these adjustments in assistance payments were made, some agencies increased amounts provided under their assistance standards by recognizing new items of individual need or raising the amounts provided to meet requirements for basic items. This type of change tended to reduce the savings in assistance funds attributable to the new benefits.

Other factors tended to increase the amount reported as savings in assistance funds. Many recipients, unaware of their newly acquired eligibility, did not apply promptly for benefits. When they did apply and became entitled, many of them received an amount that included benefits for earlier months. These retroactive benefit payments were considered in different ways by the different State public assistance agencies. Some of them deducted the amount of the benefit from the assistance payment either by temporarily discontinuing assistance entirely or by prorating a deduction over several months. Other States considered the retroactive payment as an allowable addition to the recipient's cash reserve or as a permissible allocation to the needs of his dependents. Assistance payments that were not

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<sup>1</sup> The effect of increased benefits was discussed in the *Bulletin* for July 1955, pages 11-13.

<sup>2</sup> Because only a few recipients of aid to the blind and aid to the permanently and totally disabled were potentially affected by the 1954 amendments, the States were not asked to report on these programs.

reduced or were reduced by only part of the amount of the new benefit largely reflected instances in which the recipient previously had unmet need that absorbed all or part of the new benefit. This situation occurred most often in the States that place a maximum on individual assistance payments.

**Effects on old-age assistance.**—Of the more than 2.5 million recipients on the old-age assistance rolls in September 1954, 3,214 were found newly eligible for insurance benefits in the following year—October 1954–September 1955 (table 1). Benefit payments to these aged persons amounted to slightly less than \$110,000 a month, or \$34.22 per person affected. Reported reductions in payments of old-age assistance amounted to \$90,400, or about 18 percent less than the newly awarded insurance benefits.

Assistance was discontinued for 776 recipients—almost a fourth of those who were receiving insurance benefits for the first time (table 2). For 14.3 percent, payments were temporarily suspended. Many of the suspensions probably resulted from retroactive initial benefit payments that were large enough to permit the beneficiaries to manage without assistance for at least a month. It is probable that assistance payments for many of this group were subsequently reinstated in reduced amounts.

Of all the recipients found newly eligible for survivor benefits, 1,849 or 57.5 percent remained on the rolls but had their payments reduced. In the few remaining cases (4.1 percent of the total) the receipt of an insurance benefit did not reduce the amount of the assistance payment. Many of these recipients had needs in excess of the maximum amount of assistance paid by the State, and their benefits were not large enough to bring their budgetary deficits below the maximum assistance payment. Others in the group had changes in their requirements or resources that occurred at the same time that they began to receive an insurance benefit.

**Effects on aid to dependent children.**—Of the 588,000 families who received aid to dependent children in September 1954, only 0.3 percent, or 1,772 families, subsequently received

**Table 2.—Persons receiving OAA and families receiving ADC in September 1954 who were newly eligible for OASI benefits, by type of action taken on assistance payments<sup>1</sup>**

Type of action taken	OAA recipients		Families receiving ADC	
	Number	Percent	Number	Percent
Total.....	3,214	100.0	1,772	100.0
Cases closed.....	776	24.1	580	32.7
Payments suspended.....	468	14.3	168	9.5
Payments reduced.....	1,849	57.5	927	52.3
Payments not reduced.....	131	4.1	97	5.5

<sup>1</sup> Based on initial actions taken October 1954–September 1955.

survivor benefits under the new eligibility provision in the 1954 amendments. By September 1955 their benefits amounted to \$117,590 a month—an average of \$66.36 per family. Reductions in assistance payments reported over the same period amounted to \$92,371, or about one-fifth less than the total monthly amount of the insurance benefits.

The proportion of cases closed (32.7 percent) was larger than for old-age assistance. Assistance payments were suspended for almost one-tenth of the families newly in receipt of benefits, and, as in old-age assistance, the majority (52.3 percent) had their payments reduced. In the remaining cases (1 out of every 18), assistance payments were unaffected.

## Recent Publications\*

### Social Security Administration.

BUREAU OF PUBLIC ASSISTANCE. DIVISION OF TECHNICAL TRAINING. *Characteristics of Staff Development Provisions in State Public Assistance Plans.* Washington: The Bureau, 1956. Processed.

Selected provisions of staff development plans, grouped under the position to which responsibility for staff development planning is as-

\* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

signed, and educational leave provisions. Limited free distribution; apply to the Bureau of Public Assistance, Social Security Administration, Washington 25, D. C.

CHILDREN'S BUREAU. *Studies in Juvenile Delinquency: A Selected Bibliography, 1939-1954.* Washington: The Bureau, 1956. 37 pp. Processed. Limited free distribution; apply to the Children's Bureau, Social Security Administration, Washington 25, D. C.

### General

BIGGS, ROBERT M. *National-Income Analysis and Forecasting.* New York: W. W. Norton & Co., Inc., 1956. 610 pp. \$7.95.

"Characteristics of the Insured Unemployed." *Monthly Labor Review*, Washington, Vol. 79, June 1956, pp. 660-663. 55 cents.

GARFINKLE, STUART. "Tables of Working Life for Women, 1950." *Monthly Labor Review*, Washington, Vol. 79, June 1956, pp. 654-659. 55 cents.

HOLBORN, LOUISE W. *The International Refugee Organization, A Specialized Agency of the United Nations, Its History and Work.* London and New York: Oxford University Press, 1956. 805 pp. \$6.75.

"Recent Social Security Developments in the Netherlands." *Industry and Labour*, Geneva, Vol. 15, May 1, 1956, pp. 387-388. 25 cents.

U. S. CONGRESS. JOINT COMMITTEE ON THE ECONOMIC REPORT. SUBCOMMITTEE ON TAX POLICY. *The Federal Revenue System: Facts and Problems.* (Joint Committee Print, 84th Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1956. 201 pp. Includes a section on Federal-State-local government fiscal relations—historical development, issues, and proposals.

U. S. DEPARTMENT OF LABOR. BUREAU OF EMPLOYMENT SECURITY. UNEMPLOYMENT INSURANCE SERVICE. *Comparison of State Unemployment Insurance Laws as of December 1955.* Washington: U. S. Govt. Print. Off., 1956. 141 pp. 40 cents.

YLVISAKER, PAUL N. *Intergovernmental Relations at the Grass Roots: A Study of Blue Earth County, Minnesota, to 1946.* (Intergovernmental Relations in the United States, Research Monograph No. 7.) Minneapolis: University of Minnesota Press, 1956. 186 pp. \$3.

Social Security