

in 3 or 4 quarters who would have received additional monthly benefits because of the increase in the exempt amount. Further increases in the exempt amount would undoubtedly continue to be accompanied by even more rapid increases in the proportion of 4-quarter workers, including full-time workers, who would be able to draw benefits.

One of the inequities of the retirement test before the 1954 amendments was the dual exemption given to persons with both wages and earnings from self-employment. Such workers represented about 1 percent of all beneficiaries aged 65-74 with earnings from covered employment in 1952. Since the retirement test for wage employment differed from that for self-employment, each test was applied separately to the corresponding category of earnings. Such persons could therefore earn as much as \$1,800—\$900 in wages and \$900 in net earnings from self-employment—during the year without losing any benefits. As a result, they enjoyed an advantage over other beneficiaries.

The data in the survey clearly show the existence of such an advantage (table 3). As a group, beneficiaries with both wages and net earnings from self-employment had higher earnings than other groups of beneficiaries. Yet the former averaged fewer benefit deductions than other beneficiaries at the same level of earnings, especially in the higher brackets. Additional data from the survey supplement the picture drawn in table 3. At earnings levels between \$900 and \$1,725, 26 percent of the beneficiaries with both wages and self-employment income had no bene-

fit deductions, compared with 4 percent of the beneficiaries with net earnings from self-employment but no covered wages. Of course, at these earnings levels all beneficiaries with wages alone had some deductions.

Since the earnings of beneficiaries with both self-employment income and wages were on the whole higher than the earnings of other beneficiaries, the smaller number of benefit deductions that they generally suffered must reflect the double exemption given them under the dual test. This advantage has disappeared as a result of the 1954 amendments.

### *Conclusions*

The annual retirement test has many advantages over the monthly test. It also has certain disadvantages, since it accentuates some of the problems that are associated with any retirement test. First, the task of withholding the proper number of benefits concurrently with earnings is complicated because the reporting requirements of the annual test are more difficult for beneficiaries to understand. As a result, the proportion of beneficiaries for whom too many or too few current deductions are imposed increases significantly under the annual test, and the problem of "dry spells" and the administrative problem of recovery of excess payments are also magnified. In fact, the proportion of self-employed beneficiaries for whom "dry spells" were possible as a result of too few current deductions under the annual test in 1952 was three times that for wage-earner beneficiaries under the monthly test.

By the time of the 1954 amend-

ments, however, the difference between the proportion of self-employed beneficiaries with too few current deductions and the proportion of wage earners with too few current deductions was probably less marked. Both the increased familiarity of self-employed beneficiaries with the annual retirement test and administrative improvements instituted by the Bureau had probably served to narrow the gap.

The problems raised by the annual test should not, however, overshadow its many advantages in terms of its greater equity and its incentive to productive work on the part of retired aged persons. Estimates based on the employment and earnings experience of wage-earner beneficiaries during the 12 months October 1952-September 1953 showed that about 4 out of 10 of all beneficiaries with wages and almost 6 out of 10 of those with deductions would have received more benefits under the annual test provided in the 1954 amendments than they did under the monthly retirement test actually in effect. The estimates also indicate that the annual test will be especially advantageous for short-term workers and will therefore tend to encourage more aged persons who would not otherwise work to accept temporary and part-time jobs.

The disadvantages of the annual retirement test will become relatively less important as further administrative improvements are introduced, as beneficiaries become more familiar with it, and as the Bureau's program to inform beneficiaries of their rights and responsibilities continues to bear fruit.

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## *Notes and Brief Reports*

### **Assistance Expenditures Per Inhabitant, 1954-55**

For the country as a whole, public assistance payments from Federal, State, and local funds in the fiscal year 1954-55 totaled \$2,712 million. This amount represented expenditures of \$16.52 per inhabitant—63 cents or 4 percent more than per

capita expenditures in 1953-54. Though the percentage rise in the cost per inhabitant was small, it amounted to \$140 million—most of it (almost 80 percent) from State and local funds. Total State and local expenditures were up \$119 million (9.6 percent) from those in the preceding year, primarily because of a \$66-million rise in payments for gen-

eral assistance, a program in which there is no Federal financial participation. The total increase in Federal funds was \$30 million, or 2.3 percent more than the Federal share in 1953-54.

Total expenditures from all sources combined were greater under each assistance program in 1954-55 than they had been a year earlier, and except in old-age assistance this increase was proportionately greater than the increase in population. The

cost per inhabitant thus went up for all programs except old-age assistance. The largest increase, both percentagewise and in amount, took place in the per capita cost of general assistance, which rose 38 cents or 27.9 percent. Rises of 30 cents (8.6 percent) occurred in aid to dependent children and of 12 cents (15.4 percent) in aid to the permanently and totally disabled; the increase in aid to the blind was only 1 cent. Changes in per inhabitant expenditures for all programs combined and for the individual programs were as follows:

Program	Amount including vendor payments for medical care		Percentage change
	1954-55	1953-54	
All programs.....	\$16.52	\$15.89	+4.0
OAA.....	9.68	9.86	-1.8
ADC.....	3.78	3.48	+8.6
AB.....	.42	.41	+2.4
APTD.....	.90	.78	+15.4
GA.....	1.74	1.36	+27.9

Underlying the shifts in expenditures for each program were changes in caseloads and average payments to recipients. The rise in caseloads in all programs except old-age assistance accounted for almost all (\$126 million) of the increase in expenditures. The largest increase in the number of recipients (30 percent) occurred in general assistance. Average payments to recipients likewise turned upward in all but one program, general assistance; for all programs combined, the net increase attributable to this reason was \$23 million. Changes from 1953-54 in the average monthly number of recipients and in the average monthly payments to recipients are shown in table 1 for each program.

Changes in per capita costs for the Nation reflect, of course, shifts in the individual States. Thus, 41 States spent more per inhabitant for all programs combined in 1954-55 than in 1953-54. Shifts in total expenditures were for the most part moderate, amounting to less than 50 cents per capita in one-third of the States. The increase was \$1.50 or more in five States, however, and two States had decreases of more than \$1.00. States

are classified below according to the amount of change from the fiscal year 1953-54 to 1954-55 in per capita expenditures for all programs combined.

Change in expenditures per inhabitant	Number of States <sup>1</sup> with specified--	
	Increase	Decrease
Total number of States.....	41	11
Less than \$0.50.....	11	7
0.50-0.99.....	13	2
1.00-1.49.....	12	2
1.50 or more.....	5	0

<sup>1</sup> Excludes Idaho, where general assistance data were incomplete for 1954-55.

The increases of \$1.50 or more in expenditures for all programs combined were largely attributable to a rise in the per capita cost of old-age assistance in four of the States—Alabama, Arkansas, Oklahoma, and the Virgin Islands—and to an upturn in general assistance in the fifth State, Hawaii. Arkansas raised assistance standards in May 1954 by including \$3.00 for personal incidentals in the budget of recipients of old-age assistance; expenditures per capita for this program were \$1.27 higher in 1954-55 than in 1953-54. Alabama, Oklahoma, the Virgin Islands, and Hawaii eliminated or revised their reductions in assistance payments to recipients. In the calendar year 1954, Alabama, Oklahoma, and the Virgin Islands began meeting 100 percent of need in old-age assistance within the State maximum on the payment to an individual, and the respective increases in the per capita cost of this program in 1955 were \$1.04, \$1.21, and \$1.13. In July 1954, Hawaii was able to eliminate a 30-percent cut in general assistance payments; payments under that program rose \$1.43 per capita in 1954-55.

Changes in expenditures for old-age assistance accounted for most of the decrease in Colorado and Washington—the two States with a reduction of more than \$1.00 in the per capita cost of all programs combined. In Colorado a drop of \$1.29 in per inhabitant expenditures for old-age assistance occurred (even though total payments were 2.2 percent higher) because the percentage increase in population was greater than that in

expenditures for old-age assistance. Colorado's expenditures per capita in 1954-55 (\$34.07) nevertheless continued to be the highest in the Nation. Washington, however, was able to aid its older citizens for \$1.37 less per inhabitant largely because of the decline in cases that resulted from the expansion in the old-age and survivors insurance program.

### Program and State Variations, 1955

The individual States varied considerably in per capita expenditures during 1954-55 for each program and for all programs combined. Per inhabitant assistance payments for all programs combined ranged from \$4.71 in Virginia to \$43.25 in Colorado; 17 States spent more than the average of \$16.52 for the Nation (table 2). Costs were less than \$12.00 per capita in 11 States, and in 14 States they were between \$12.00 and \$15.00. The other 28 States spent \$15.00 or more per inhabitant.

Expenditures for old-age assistance greatly affect the total amount spent per inhabitant for all assistance. Somewhat more than two-fifths of all the persons aided by public assistance during the year were on the old-age assistance rolls, and the per capita expenditures of \$9.68 for this program, in the country as a whole, comprised almost three-fifths of the \$16.52 spent for all programs combined.

Virginia and Colorado, with expenditures for old-age assistance of \$1.73 and \$34.07, respectively, represented the bottom and top of the scale in per capita costs for aid to the aged as for all programs com-

Table 1.—Average monthly number of assistance recipients and average monthly payments, 1954-55 and 1953-54, by program

Programs	Average monthly number of recipients		Average monthly payment per recipient	
	Number, 1954-55	Percentage change from 1953-54	Amount, 1954-55	Change from 1953-54
OAA.....	2,562,322	-1.0	\$51.70	+\$0.54
ADC.....	2,179,579	+9.9	23.73	+ .16
AB.....	102,534	+2.7	56.34	+ .61
APTD.....	225,614	+14.8	54.33	+ .91
GA.....	827,500	+30.1	28.76	-.04

bined. Old-age assistance payments amounted to less than \$3.00 per inhabitant in seven States and to more than five times as much (\$15.00) in seven other States. Costs ranged from \$3.00 to \$7.49 in 11 States, from \$7.50 to \$9.99 in 19 States, and from \$10.00 to \$14.99 in nine States. In about 5 out of 8 States the amount was less

than the average for the Nation.

Variations in per capita expenditures among the States are affected by their relative income position. Because per capita income has a bearing not only on the proportion of the population who are needy but also on the amount of funds available to meet need, it influences State laws

and policies governing eligibility for assistance and the amount of assistance that can be granted. Old-age assistance costs are also affected by differences in the proportion of the population receiving old-age and survivors insurance benefits and the average amount of benefits paid.

Of the seven States with low per capita costs in 1955, five—Delaware, the District of Columbia, Hawaii, Maryland, and Pennsylvania—had per capita income near or above the national average, had relatively high proportions of the aged population receiving old-age and survivors insurance or some form of public employees' retirement benefits, provided old-age assistance to a relatively low proportion of the aged population, and made assistance payments that were near or below the Nation's average. The other two States—Virginia and Puerto Rico—were among the lowest in per capita income and in old-age and survivors insurance beneficiary rates. Virginia aided a small proportion of its population, but more than half the aged in Puerto Rico were on the assistance rolls. Both States made relatively low assistance payments. In Puerto Rico the average payment in June 1955 was only \$7.86, which accounted for the low expenditure per inhabitant despite the high recipient rate.

Of the seven States with per capita expenditures of more than \$15, four—California, Colorado, Massachusetts, and Washington—had relatively high per capita incomes and old-age and survivors insurance beneficiary rates. All four States, however, made relatively high assistance payments, and all but Massachusetts gave assistance to relatively large proportions of their aged population. The other three States—Louisiana, Missouri, and Oklahoma—were below the national average in both per capita income and old-age and survivors insurance rates. All three were in the upper third of the States in recipient rates for old-age assistance; Louisiana and Oklahoma were first and fourth among the States in the proportion of aged persons on the assistance rolls in June 1955. Average payments for assistance were only slightly less than the national average for June 1955 in Louisiana

Table 2.—Amount expended per inhabitant<sup>1</sup> for assistance programs, including vendor payments for medical care, by State and by program, fiscal years 1953-54 and 1954-55

State	Total		Old-age assistance		Aid to dependent children		Aid to the blind		Aid to the permanently and totally disabled		General assistance	
	1953-54	1954-55	1953-54	1954-55	1953-54	1954-55	1953-54	1954-55	1953-54	1954-55	1953-54	1954-55
U. S. average.....	\$15.89	\$16.52	\$9.86	\$9.68	\$3.48	\$3.78	\$0.41	\$0.42	\$0.78	\$0.90	\$1.36	\$1.74
Alabama.....	10.47	12.26	6.85	7.89	2.60	2.93	.15	.20	.86	1.22	.01	.01
Alaska.....	11.45	12.81	5.85	6.13	4.39	5.19	.18	.18	(2)	(2)	1.02	1.31
Arizona.....	16.19	16.90	10.01	9.97	4.64	5.38	.57	.59	(2)	(2)	.97	.95
Arkansas.....	14.10	16.35	10.61	11.88	2.43	2.85	.46	.52	.43	.86	.17	.25
California.....	27.16	26.90	18.53	17.75	6.04	6.45	1.01	1.01	(2)	(2)	1.57	1.68
Colorado.....	44.68	43.25	35.36	34.07	4.79	4.86	.19	.17	2.10	2.14	2.23	2.01
Connecticut.....	12.54	13.82	7.21	7.68	2.99	3.57	.16	.16	1.29	.92	1.89	1.50
Delaware.....	6.56	7.80	2.22	2.14	2.22	2.81	.42	.42	.16	.30	1.53	2.12
Dist. of Col.....	7.52	8.28	2.22	2.28	3.22	3.50	.20	.21	1.39	1.82	.60	.47
Florida.....	15.38	16.48	10.91	11.56	3.64	4.08	.52	.51	(2)	(2)	.31	.33
Georgia.....	16.45	17.45	11.85	12.16	3.15	3.48	.44	.47	.86	1.15	.14	.18
Hawaii.....	10.37	12.96	1.78	1.93	6.07	6.77	.12	.14	1.47	1.77	.93	2.36
Idaho.....	16.80	15.59	9.71	9.64	4.37	4.63	.23	.23	.97	1.02	1.53	1.08
Illinois.....	15.21	16.19	7.88	7.46	3.32	3.48	.31	.30	.54	.60	3.17	4.35
Indiana.....	8.31	8.85	5.20	5.07	1.86	2.15	.26	.29	(2)	(2)	.99	1.34
Iowa.....	16.54	15.98	11.52	10.84	3.25	3.25	.45	.46	(2)	(2)	1.31	1.43
Kansas.....	18.11	18.57	13.28	13.21	2.59	2.85	.25	.26	1.21	1.32	.78	.92
Kentucky.....	13.19	13.32	7.83	7.86	4.64	4.68	.39	.43	(2)	(2)	.32	.35
Louisiana.....	33.96	33.89	25.48	25.36	4.79	4.76	.40	.41	2.17	2.15	1.12	1.19
Maine.....	16.36	17.11	7.93	7.94	4.47	4.80	.36	.37	(2)	1.01	3.60	3.99
Maryland.....	6.18	6.67	2.22	2.19	2.37	2.71	.11	.11	.94	1.04	.55	.62
Massachusetts.....	25.08	25.65	17.08	16.85	3.65	3.92	.37	.39	2.12	2.34	1.88	2.15
Michigan.....	13.51	14.79	7.36	7.05	3.28	3.67	.19	.19	.22	.26	2.46	3.62
Minnesota.....	18.40	19.55	12.95	13.05	3.12	3.48	.35	.37	1.02	.12	1.97	2.53
Mississippi.....	12.72	13.91	8.82	10.63	1.96	2.17	.59	.65	.29	.40	.06	.07
Missouri.....	26.53	27.15	19.37	19.43	3.85	4.22	.59	.64	2.12	2.17	.59	.68
Montana.....	21.00	20.99	11.11	10.39	4.34	4.31	.59	.56	1.57	1.76	3.38	3.97
Nebraska.....	12.22	12.19	8.89	7.92	2.03	2.06	.40	.36	(2)	(2)	1.89	1.84
Nevada.....	12.72	13.40	8.75	8.65	1.05	1.05	.30	.42	(2)	(2)	3.61	4.28
New Hampshire.....	14.25	13.31	8.94	8.23	3.19	2.89	.40	.38	.24	.33	1.47	1.48
New Jersey.....	5.92	6.68	2.97	3.04	1.28	1.46	.13	.13	.41	.52	1.13	1.52
New Mexico.....	17.31	17.19	8.45	7.84	6.93	7.51	.31	.29	1.18	1.06	.43	.49
New York.....	15.19	16.21	6.17	6.07	4.78	5.39	.28	.29	2.24	2.50	1.72	1.97
North Carolina.....	9.22	10.10	4.40	4.56	2.90	3.27	.53	.54	.85	1.08	.55	.64
North Dakota.....	14.50	14.90	9.56	9.69	3.13	3.20	.12	.19	.98	1.14	.72	.75
Ohio.....	13.43	14.59	8.41	8.16	1.65	1.88	.28	.29	.47	.53	2.61	3.74
Oklahoma.....	38.20	39.96	29.56	30.77	6.05	6.37	.79	.79	1.41	1.61	.40	.42
Oregon.....	17.78	17.86	9.90	9.44	2.90	3.32	.19	.19	1.38	1.69	3.40	3.22
Pennsylvania.....	8.80	10.11	3.20	2.94	2.88	3.32	.92	.91	.66	.75	1.13	2.19
Puerto Rico.....	4.54	5.11	1.84	1.88	1.93	2.27	.05	.06	.64	.84	.06	.06
Rhode Island.....	17.35	18.43	7.23	6.92	5.08	5.34	.20	.19	1.05	1.45	3.80	4.53
South Carolina.....	11.13	11.09	7.51	7.22	1.79	1.97	.34	.34	1.15	1.23	.34	.33
South Dakota.....	15.59	15.60	9.13	8.72	4.04	4.12	.16	.16	.40	.52	1.86	2.08
Tennessee.....	14.23	14.04	8.50	8.59	5.04	4.84	.46	.48	1.10	.19	.12	.14
Texas.....	14.70	14.75	12.34	12.23	1.72	1.86	.38	.40	(2)	(2)	.26	.27
Utah.....	18.22	18.32	9.32	8.93	5.45	5.56	.23	.23	1.67	1.76	1.55	1.82
Vermont.....	14.27	15.03	9.60	9.68	2.47	2.62	.26	.25	.46	.64	1.49	1.84
Virgin Islands.....	7.04	9.48	4.15	5.28	1.52	2.46	.23	.28	.42	.76	.72	.71
Virginia.....	4.36	4.71	1.65	1.73	1.75	1.92	.16	.16	.53	.59	.28	.31
Washington.....	28.52	27.49	19.06	17.69	4.41	4.49	.30	.29	1.95	1.87	2.81	3.16
West Virginia.....	15.45	15.67	4.79	4.39	8.03	8.43	.25	.24	1.24	1.60	1.13	1.00
Wisconsin.....	15.18	15.64	9.47	8.93	3.27	3.44	.26	.25	.31	.33	1.87	2.69
Wyoming.....	14.51	15.22	9.47	9.55	2.14	2.36	.18	.18	1.02	1.09	1.69	2.05

<sup>1</sup> Based on population data from the Bureau of the Census; excludes Armed Forces overseas.

<sup>2</sup> No program approved by the Social Security Administration.

<sup>3</sup> Program not in operation for full year. State plans approved for Federal participation as follows: Con-

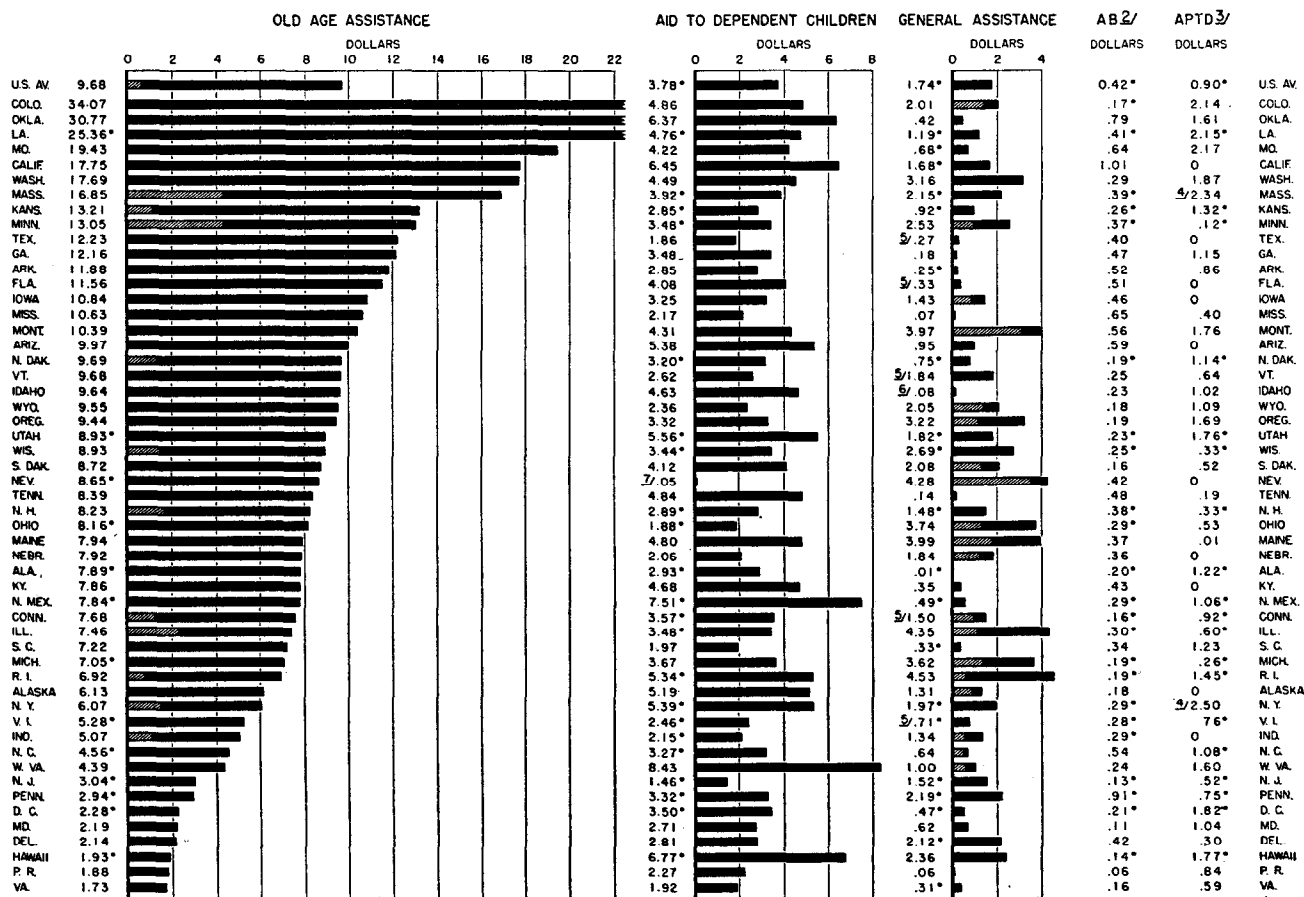
necticut and Minnesota, January 1954; Maine, April 1955; and Tennessee, August 1953.

<sup>4</sup> Data incomplete.

<sup>5</sup> Represents data for January-June 1954 only.

<sup>6</sup> Program administered under State law without Federal participation.

Chart 1.—Amount expended per inhabitant<sup>1</sup> for assistance payments, including vendor payments for medical care, fiscal year 1954-55



1/ BASED ON TOTAL POPULATION ESTIMATED BY BUREAU OF CENSUS AS OF JULY 1, 1954; EXCLUDES ARMED FORCES OVERSEAS. 2/ AID TO THE BLIND. 3/ AID TO THE PERMANENTLY AND TOTALLY DISABLED.  
 4/ VENDOR PAYMENTS FOR MEDICAL CARE OF \$106 PER INHABITANT FOR MASSACHUSETTS AND 55 CENTS PER INHABITANT FOR NEW YORK. 5/ ESTIMATED. 6/ INCOMPLETE. 7/ PROGRAM ADMINISTERED UNDER STATE LAW WITHOUT FEDERAL PARTICIPATION.

■ TOTAL PAYMENTS ■ VENDOR PAYMENTS

\*VENDOR PAYMENTS FOR MEDICAL CARE OF LESS THAN 50 CENTS PER INHABITANT

and Missouri and above it in Oklahoma.

Differences among the States in recipient rates and average payments for each of the other assistance programs also resulted in considerable variation among the individual States within each program. In aid to dependent children, for example, West Virginia, with a high of \$8.43 per inhabitant, spent 161 times as much as Nevada (5 cents) and almost six times as much as New Jersey (\$1.46). Nevada operated its program without Federal participation in 1954-55. West Virginia, which was one of 10 States that spent more than \$5.00 for aid to dependent children, has a high incapacity rate among fathers of children receiving aid to dependent children—a rate that probably reflects

the preponderance of heavy industry, including mining. In about half the States the cost ranged between \$2.00 and \$4.00. Expenditures per inhabitant for aid to dependent children averaged \$3.78 for the country as a whole, less than two-fifths of the average cost in old-age assistance.

Much lower costs than those of old-age assistance and aid to dependent children were incurred under the programs of aid to the blind and aid to the permanently and totally disabled. Expenditures for aid to the blind were only 42 cents per capita for the United States, and about 7 out of every 10 States spent less than this amount. In 25 of the 43 States with a program in 1954-55 for aid to the permanently and totally disabled, per capita costs were more than 90

cents—the average for the Nation. No State spent as much as \$3.00 to aid the disabled, and payments exceeded \$1.50 per inhabitant in only 13 States.

Nationally, general assistance payments amounted to \$1.74 per inhabitant, almost twice the expenditure for aid to the permanently and totally disabled but less than half that for aid to dependent children. State costs for general assistance varied more than those for any other program and ranged from 1 cent in Alabama to \$4.53 in Rhode Island. Expenditures were less than 50 cents in 15 States but \$3.00 or more in nine States. The distribution of States by amount of assistance expenditures per inhabitant for each of the public assistance programs in 1954-55 is shown in the following tabulation.

Expenditures per inhabitant	OAA	ADC	AB	APTD	GA
Total number of States.....	53	53	53	43	53
Less than \$0.50.....	0	1	43	8	15
0.50-0.99.....	0	0	9	11	7
1.00-1.49.....	0	1	1	11	6
1.50-1.99.....	3	4	0	8	7
2.00-2.99.....	4	13	0	5	9
3.00-3.99.....	1	13	0	0	6
4.00-4.99.....	2	11	0	0	3
5.00-7.99.....	8	8	0	0	0
7.50-9.99.....	19	2	0	0	0
10.00-14.99.....	9	0	0	0	0
15.00-19.99.....	4	0	0	0	0
20.00 or more.....	3	0	0	0	0

### Vendor Payments for Medical Care

For the country as a whole, the \$212 million paid to vendors of medical care in 1954-55 under all programs combined amounted to \$1.30 per inhabitant, 21 cents more than in the preceding year. Vendor payments were less than 8 percent of total public aid but constituted almost one-fourth of all expenditures from general assistance funds in the Nation and more than half of general assistance expenditures in one-third of the 39 States that used funds from this program to pay vendors of medical care. Nationally, at least 14 percent of general assistance payments to vendors of medical care was used to aid recipients of the special types of public assistance, but the total proportion was undoubtedly much higher than that since another 29 percent of general assistance vendor payments cannot be allocated to individual programs. Of the 40 States making vendor payments, 15 used only general assistance funds for such payments and six others met more than half the cost from general assistance funds.

Table 3.—Distribution of States by amount of expenditures per inhabitant for vendor payments for medical care and by program, fiscal year 1954-55

Expenditures per inhabitant for vendor payments for medical care	Total, all programs	Old-age assistance	Aid to dependent children	Aid to the blind	Aid to the permanently and totally disabled	General assistance
Average, all States.....	\$1.30	\$0.64	\$0.12	\$0.02	\$0.12	\$0.40
Total number of States.....	53	53	53	53	43	53
No vendor payments.....	13	29	31	30	22	14
Vendor payments.....	40	24	22	23	21	39
Less than \$0.50.....	13	13	22	23	19	20
0.50-0.99.....	5	1	0	0	1	8
1.00-1.49.....	6	5	0	0	1	8
1.50-1.99.....	6	2	0	0	0	1
2.00 or more.....	10	3	0	0	0	2

The cost per inhabitant in States making vendor payments for medical care was less than 50 cents for more than half the States in old-age assistance and general assistance, for all the States in aid to dependent children and aid to the blind, and for almost all the States in aid to the permanently and totally disabled. Expenditures for this purpose were more than \$1.50 per capita, however, in old-age assistance for five States and in general assistance for three States (table 3).

### Proposed Social Security Budget, 1956-57

The Budget of the United States Government for the fiscal year ending June 30, 1957, was submitted to Congress on January 16, 1956. Budgetary expenditures for the year are estimated at \$66.3 billion, of which major national security and related programs made up \$42.4 billion or 64 percent, which is about the same proportion as had been proposed for the fiscal year 1955-56.

The budget for the Social Security Administration contains appropriation recommendations for all existing programs and for two new programs of grants to the States that would be initiated under proposed legislation. One of these programs is for combating juvenile delinquency; the other is for cooperative research and demonstration projects on the reduction of dependency. The budget includes \$3.3 million for the proposed juvenile delinquency grants and \$500,000 for the research and demonstration project grants.

Also assumed in the proposed budget is legislation to extend to June 1959 the 1952 amendments to the public assistance titles of the Social Security Act. These amendments, providing for an increased rate of Federal participation in public assistance payments, had originally been approved for 2 years. In 1954 they were extended for another 2 years, and they are presently scheduled to expire in September 1956. If the provision is extended again, a supplemental appropriation of \$165 million will be required in 1956-57. Another legislative proposal, to increase the dollar limitations now in effect for public assistance grants to Puerto Rico and the Virgin Islands, would add \$1.1 million to the public assistance supplemental appropriation request contemplated for the fiscal year 1956-57. The Budget also foresees legislation on grants for medical care payments in behalf of public assistance recipients, but since it is proposed that they begin in the fiscal year 1957-58, no authorizations for funds for that purpose are included in the present Budget.

Extension of the scope of child welfare services by amendment of the Social Security Act is also envisaged. If such an amendment is enacted, the Budget foresees a supplemental appropriation request of \$1.6 million for the Children's Bureau for the fiscal year 1956-57.

Estimated expenditures<sup>1</sup> for the Social Security Administration total \$1,522 million for 1956-57, excluding the operations of the old-age and survivors insurance trust fund and of the Bureau of Federal Credit Unions,

<sup>1</sup> Estimated expenditure data in the Budget reflect the sums to be paid out by the Treasury in a given fiscal year rather than the total amount expended in the operation of any program for that year. For example, estimated expenditures for grants to the States for public assistance payments and administration under existing legislation in the fiscal year 1956-57 are \$1,311.8 million, but the total amount of Federal participation in State public assistance administration and in payments that will reach recipients during that fiscal year is estimated at \$1,344.5 million. Of this sum, \$1,328.0 million is to be provided by new budgetary authorizations and \$16.5 million from Federal balances in the States arising out of previous grant payments.