

Uninsured Workers With Wage Credits Under Old-Age and Survivors Insurance

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AT THE BEGINNING OF 1944, an estimated 66.6 million living persons had wage credits under old-age and survivors insurance. About 31.8 million of them, it is estimated, were neither fully nor currently insured. Although they had paid some contributions based on wages received in covered employment, these workers, comprising almost half of the estimated total, failed to meet the requirements for insured status specified by the Social Security Act.

The total number of uninsured workers is indeed large. It is well known, however, that many of the uninsured group are young persons and others who have only recently entered covered employment and who soon will acquire insured status. Included among the uninsured, too, are large numbers of highly seasonal and intermittent workers having only slight attachment to covered employment; and persons who have not been in covered employment for several years, including women who have become housewives and workers who have shifted to noncovered jobs. Until recently, the relative importance of these various types of short-term workers in the composition of the uninsured group has not been known. From data now tabulated by the Bureau of Old-Age and Survivors Insurance, it is possible not only to ascertain the age, sex, race, and geographic distribution of the uninsured workers but also to appraise the personal and economic factors that have contributed to their failure to be insured. This information has significance for any consideration of the eligibility requirements of the system.

Data on the insurance status of workers are derived from the continuous work-history sample¹ de-

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¹For a detailed description of this sample, see Perlman, Jacob, and Mandel, Benjamin, "The Continuous Work History Sample Under Old-Age and Survivors Insurance," *Social Security Bulletin*, Vol. 7, No. 2 (February 1944), pp. 12-22.

veloped from wage and employment records maintained to determine eligibility and benefit amounts under the system. From this sample, tabulations are made regularly to show employment and wage characteristics of covered workers. These statistics are needed for actuarial and administrative planning as well as for appraisal of the system's operation from the viewpoint of its broad social objectives. At present, tabulations in considerable detail cover the 4-year period 1937-40, while summary tabulations are available for the 5 years 1937-41. Within a few months, the data will be extended to include the 6 years 1937-42. The tabulated data are based on a random sample including approximately 1 percent of all individuals who received taxed wages² during the years covered by the tabulation.

In analyzing these data, several limitations should be borne in mind. The wage and employment records of persons with wage credits who had died or had become entitled to benefits are not excluded. Moreover, despite efforts to eliminate the practice, some workers have had wages reported under more than one social security account number. Whenever these "multiple" accounts have been identified, all records of a worker's employment and earnings in both or all his accounts have been combined in the sample; nevertheless, there is

²The terms "taxed wages," "taxable wages," and "wage credits" are used interchangeably in this article. For all but a small proportion of the wages shown in the data, these terms are all technically correct. Strictly speaking, "taxed wages" refers to wages on which employees and employers have paid taxes under the Federal Insurance Contributions Act, whether or not they were legally taxable and whether or not they will be included in the wage base on which benefit amounts are computed. "Taxable wages" refers to wages taxable under that act whether or not taxes have been paid and whether or not they will be included in the wage base for benefits. "Wage credits" refers to taxable wages which will be included in the wage base for benefits. Practically, the limitations of the tabulated data do not permit a perfect segregation of the wages described by any one of these terms as thus strictly defined.

reason to believe that many such accounts have not been discovered. Finally, for a small proportion of the workers, delays or errors in employers' reports of taxable wages have resulted in some incompleteness in wage records, particularly for the most recent year included in the tabulation. All these limitations, in addition to those inherent in the sampling method, introduce some error into the patterns of covered employment and taxed earnings shown by the tabulations; to a lesser extent they affect the classification of workers by insurance status. The extent of the error, however, is believed not to be large enough to invalidate general conclusions drawn from the data.

Meaning of Insured Status

To be eligible for retirement benefits, a worker must have attained age 65 and must also be fully insured. Moreover, a widow who has attained age 65 and meets other requirements stated in the act can become entitled to a widow's insurance benefit only if her deceased husband was fully insured at the time of his death. The Social Security Act defines a fully insured individual as (1) a person who has had not less than 1 quarter of coverage³ for each 2 of the calendar quarters elapsing after 1936 or after the quarter in which he attained the age of 21, whichever quarter is later, and up to but excluding the quarter in which he attained age 65 or died, whichever first occurred, and in no case less than 6 quarters; or (2) one who has had at least 40 quarters of coverage.

A worker's survivors—his widow and young children—can become entitled to survivors' insurance benefits only if the worker at the time of his death was fully or currently insured. A currently insured individual is defined by the act as one to whom taxable wages of not less than \$50 have been paid for each of not less than 6 of the 12 quarters immediately preceding the quarter in which he died.

In the following discussion, the term "uninsured" is used to designate persons who have received some taxable wages since 1936 but are neither fully nor currently insured. "Insured" is

³A quarter of coverage is a calendar quarter in which the worker has been paid not less than \$50 in taxable wages.

Table 1.—Percentage distribution of male and female workers with wage credits by insurance status at the beginning of each year 1940-42¹

Year	Total	Fully insured	Currently insured only	Uninsured
Total:				
1940.....	100.0	55.7		44.3
1941.....	100.0	53.2	1.5	45.3
1942.....	100.0	50.0	3.4	46.6
Male:				
1940.....	100.0	59.0		41.0
1941.....	100.0	56.8	1.5	41.7
1942.....	100.0	54.1	3.5	42.4
Female:				
1940.....	100.0	47.5		52.5
1941.....	100.0	44.5	1.7	53.8
1942.....	100.0	40.9	3.1	56.0

¹ Percentages computed from 1-percent continuous work-history sample. Data are not adjusted to exclude deaths or retirements, but are partially adjusted for duplication of workers with more than 1 account. Data cover wage records of workers with taxable earnings identified for posting to individual accounts as of July 1, 1942.

used to designate those who are either fully or currently insured, or both.

The tabulated data classify workers by their insurance status at the beginning of the specified year. Many workers uninsured in 1 quarter of the year, however, become currently or fully insured in the next, and many who are insured lose their insured status. Insured status once lost may be later regained by additional quarters of coverage.⁴ The uninsured group, therefore, is one whose membership, in substantial part, changes from quarter to quarter and from year to year.

Proportion of Workers Uninsured

At the beginning of 1940, 44 percent of all persons who had received wage credits at some time during the 3 years 1937-1939 were uninsured (table 1). At the beginning of 1941, the uninsured constituted 45 percent of all workers with wage credits; at the beginning of 1942, 47 percent. This increase in the relative number uninsured resulted partly from the fact that persons who had died or otherwise had withdrawn permanently from covered employment formed a growing proportion of all persons with wage credits. In addition, the number of persons who entered covered employment for the first time increased in both 1940 and 1941.

⁴ See Immerwahr, George E., and Mehlman, Harry, "Old-Age and Survivors Insurance: Insured Workers and Their Representation in Claims," *Social Security Bulletin*, Vol. 7, No. 5 (May 1944), pp. 9-17.

Generally speaking,^a a worker who has received taxable wages in only 1 year cannot be insured.

Of all men with wage credits, 42 percent were uninsured at the beginning of 1942, as compared with 58 percent of the women. Women constituted 31 percent of all persons with wage credits but 37 percent of the uninsured group. The increase from year to year in the proportion uninsured was somewhat larger for women than for men. Besides greater irregularity of employment and lower wage rates of women, the relatively large number who leave the labor force permanently on account of marriage is probably responsible for the difference.

Among workers who had some covered employment in 1941, the most recent year covered by the tabulation, the proportion uninsured at the beginning of 1942 was 35 percent—32 percent for men and 44 percent for

^a Strictly speaking, a worker may be currently insured although he has received \$50 in taxable wages in fewer than the minimum of 6 quarters. The statutory requirements for currently insured status provide merely that a worker must have been paid \$50 in taxable wages for 6 of the 12 quarters immediately preceding the quarter in which he died. For obvious technical reasons, it was necessary to classify workers on the basis of the number of quarters in which taxable wages were paid. The resulting error is believed to be small.

women. These proportions are not seriously affected by deaths or retirements in 1941, but they would be considerably lower were it not for the large number of persons who had recently entered covered employment. About one-fourth of all the workers uninsured at the beginning of 1942—women as well as men—had received wage credits for the first time in 1941; these new entrants comprised 44 percent of all uninsured workers with wage credits in 1941—men 42 percent, and women 48 percent.

Insurance Status by Age

As might be anticipated, the proportion of persons uninsured was highest among young workers, most of whom had only recently entered the labor force (table 2). Thus, at the beginning of 1941 almost 90 percent of the workers who were under age 20 at their birthday in 1940 were uninsured; the proportion was 52 percent for persons aged 20-24. In these age groups, the percentage differences between the sexes were small. Workers under age 25 accounted for 37 percent of all persons uninsured at the beginning of 1941 but only 26 percent of all persons with wage credits in 1937-40.

In the age groups above 25, the proportion who were uninsured was substantially smaller among men

Table 2.—Percentage distribution of workers with wage credits in 1937-40 by insurance status at the beginning of 1941 and by age, for each sex¹

Age at end of 1940	Total	Fully or currently insured	Uninsured	Total	Fully or currently insured	Uninsured
Total, all ages.....	100.0	54.8	45.2	100.0	100.0	100.0
Under 20.....	100.0	10.6	89.4	7.6	1.6	15.3
20-24.....	100.0	47.9	52.1	18.6	16.1	21.8
25-29.....	100.0	58.1	41.9	16.8	17.6	15.8
30-39.....	100.0	63.7	36.3	11.5	37.4	33.9
40-49.....	100.0	63.3	36.7	10.5	12.0	8.7
50-59.....	100.0	59.0	41.1	2.9	3.1	2.6
60-64.....	100.0	59.4	40.6	2.1	2.3	1.9
65 and over.....	100.0	58.4	41.6	100.0	100.0	100.0
Male, all ages.....	100.0	58.4	41.6	100.0	100.0	100.0
Under 20.....	100.0	10.8	89.2	6.7	1.2	14.8
20-24.....	100.0	49.1	50.9	16.0	13.2	20.0
25-29.....	100.0	62.2	37.8	15.8	16.5	14.6
30-39.....	100.0	67.7	32.3	13.0	19.2	31.2
40-49.....	100.0	65.6	34.4	12.3	13.6	10.4
50-59.....	100.0	61.2	38.8	3.5	3.6	3.3
60-64.....	100.0	59.9	40.1	2.7	2.7	2.7
65 and over.....	100.0	59.9	40.1	2.7	2.7	2.7
Female, all ages.....	100.0	46.4	53.6	100.0	100.0	100.0
Under 20.....	100.0	10.4	89.6	9.6	2.1	16.2
20-24.....	100.0	46.0	54.0	21.0	24.5	25.2
25-29.....	100.0	50.4	49.6	19.3	20.7	18.0
30-39.....	100.0	53.3	46.7	17.7	13.1	33.1
40-49.....	100.0	52.7	47.3	6.3	7.1	6.6
50-59.....	100.0	52.7	47.3	1.4	1.6	1.3
60-64.....	100.0	52.7	47.3	1.4	1.6	1.3
65 and over.....	100.0	55.0	45.0	.8	.0	.0

¹ See table 1, footnote 1.

Table 3.—Percent of workers with wage credits who were uninsured at the beginning of 1941, by age, sex, and race¹

Age at end of 1940	Total		Male		Female	
	White	Negro	White	Negro	White	Negro
Total.....	43.6	62.5	30.7	60.2	52.5	72.9
Under 20.....	89.1	93.9	88.9	93.2	80.4	97.7
20-24.....	50.2	75.9	48.5	73.3	52.7	86.0
25-29.....	30.7	63.5	35.0	60.8	48.3	73.6
30-39.....	34.6	63.2	30.3	60.5	45.6	64.7
40-49.....	35.5	55.6	33.1	53.9	46.3	67.4
50-64.....	30.1	56.6	37.9	55.0	46.4	68.8
65 and over.....	30.5	63.3	39.0	61.5	43.3	77.6

¹ See table 1, footnote 1.

than among women. In the case of men, the proportion fell as low as 32 percent in ages 30-49, and in no older group did it rise above the 40-percent figure shown for ages 65 and over. Among women, the proportion uninsured was 47 percent in each age group from 30 to 64, and 45 percent in ages 65 and over.

Insurance Status by Race

Negroes constituted 11 percent of all persons uninsured at the beginning of 1941, although they comprised only 8 percent of all persons with wage credits in 1937-40. Of all Negroes with wage credits, 63 percent were uninsured as compared with only 44 percent of all white workers (table 3). Among Negro women the proportion uninsured was 73 percent; among Negro men, 60 percent. The corresponding figures for white workers were 53 and 40 percent. For both men and women, the difference in the percentage of white and Negro workers uninsured was highest at ages 20-29, but it was large in every age group. These differences result from differences in amount of covered employment as well as in wage rates. To some extent they reflect the heavy concentration of Negro workers in the agricultural States of the South.

Geographic Differences

As compared with 45 percent for the United States as a whole, the proportion of workers uninsured at the beginning of 1941 ranged from 35 percent in Rhode Island to 68 percent in Mississippi. These figures, however, are based on tabulations in which persons who received no wage credits in 1940 were classified by the State in which their social security account

number was issued. Only workers with wage credits in 1940 could be classified by State of employment in that year;⁶ for these workers alone, the range in proportion uninsured was from 24 percent in Rhode Island and Connecticut to 53 percent in Arkansas, compared with 32 percent for the United States. In 14 States, almost all of which were located in the industrial regions of the North and East, the percentage uninsured was smaller than the national figure. Most of the States with the highest percentages uninsured were in agricultural regions of the South and West. In almost all States, the relative number of women with wage credits in 1940 who were uninsured at the beginning of 1941 was larger than that of men.⁷

Length of Employment of Uninsured Workers

A worker may be uninsured either because he has not received taxable wages for or in a sufficient number of quarters, or because in too many quarters his taxable wages were less than \$50. Thus, failure to be insured may result from insufficient covered employment or from an abnormally low rate of wages, or a combination of the two.

A distribution of uninsured workers by number of years in which they received taxed wages suggests that the chief cause of failure to be insured was insufficient duration of covered employment. Of all workers uninsured at the beginning of 1942, 48 percent had wage credits in only 1 year, and 27 percent in only 2 years. The corresponding figures for workers uninsured at the beginning of 1941 were 48 and 30 percent. Only 3.5 percent of the workers uninsured at the beginning of 1942 had wage credits in all 5 years from 1937 to 1941. Differences between the sexes in this respect were small, but relatively more women than men had wage credits in only 1 year, while proportionately more men had wage credits in 3 or 4 years (table 4).

⁶ A worker's State of employment is generally obtained from an employer report for the third quarter of the year or, if the worker was not employed in the third quarter, from an employer report for the first, second, or fourth quarter, in that order.

⁷ A detailed discussion of State differences in insurance status will be presented in a subsequent issue of the *Bulletin*.

Table 4.—Percentage distribution of workers with wage credits who were uninsured at the beginning of 1941 and 1942 by number of years in which taxable wages were received, for each sex¹

Number of years with wage credits	Persons uninsured at beginning of 1942			Persons uninsured at beginning of 1941		
	Total	Male	Female	Total	Male	Female
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
1.....	47.7	40.7	40.5	47.9	47.3	49.0
2.....	27.3	27.3	27.2	20.5	29.4	20.7
3.....	14.3	14.8	13.5	14.8	15.4	13.7
4.....	7.2	7.7	6.2	7.8	7.9	7.6
5.....	3.5	3.5	3.6

¹ See table 1, footnote 1.

The extent to which short duration of covered employment has been responsible for lack of insured status can be determined with greater precision from tabulations showing a distribution of workers by number of quarters in covered employment. At least 81 percent of the workers uninsured at the beginning of 1941 had not received taxed wages in the minimum of 6, 7, or 8 quarters necessary (depending on date of birth) in order to be fully insured; moreover, they had not received wage credits in as many as 6 out of the 12 quarters in 1938-40, and therefore in practically all cases they could not possibly have been currently insured. These workers would not have been insured if all of the quarters in which they had wage credits had been quarters of coverage.

Even for the uninsured workers who received taxed wages in a sufficient number of quarters—not more than 19 percent of all persons uninsured at the beginning of 1941—short duration of covered employment *within quarters* was probably the chief reason for lack of insured status. Most of them, no doubt, were part-time or short-term workers in some or all of the quarters in which they received taxed wages. Although the available data do not show the number of uninsured persons who had worked full time in covered employment at wage rates so low that they failed to receive as much as \$50 a quarter, their relative number must have been very small indeed. A regularly employed worker will acquire a quarter of coverage if he receives as little as 10 cents an hour for a 40-hour week.

The data give some indication of

the level of taxable earnings among workers who had sufficient quarters in covered employment but yet were uninsured at the beginning of 1941 because in too many quarters they had taxable wages of less than \$50. If receipt of only \$25 in taxable wages in a calendar quarter, instead of \$50, had been sufficient for a quarter of coverage, between 40 and 50 percent of them would have been insured. The result, however, would have been a reduction of only 7.6 percent in the total number of uninsured workers. This percentage is small because, as already indicated, more than four-fifths of all the uninsured did not have a sufficient number of quarters with any wage credits.

Analysis of the duration of covered employment in terms of quarters in employment is limited by the fact that, in 1937, employers reported taxable wages semiannually instead of quarterly. For 1937, therefore, workers can be distributed only by number of half years with wage credits. In the tabulations covering the period 1937-40, number of quarters in employment can be shown only for the 3 years 1938-40.

Of all workers uninsured at the beginning of 1941, 79 percent received taxed wages in not more than 4 of the 12 quarters in 1938-40. Only 13 percent had 6 or more quarters, and only 4.4 percent had 8 or more quarters with wage credits in those 3 years. Fifty-one percent of all the uninsured did not receive wage credits in 1937; of these workers about a third had taxed wages in only 1 quarter, and about four-fifths in fewer than 5 quarters.

The number of quarters, of course, varied with the number of years with wage credits (table 5). Fifty-three percent of the uninsured workers who were in covered employment in only 1 of the years 1938, 1939, or 1940 received taxed wages in only 1 quarter, and 27 percent in only 2 quarters. Of the uninsured workers who had wage credits in only 2 of those years, 58 percent were in covered employment in fewer than 5 quarters; of those employed in 1937 and in 1 of the years 1938-40, 45 percent had only 1 quarter with wage credits in 1938-40.

Among uninsured workers who received taxed wages in 3 of the 4 years 1937-40, 30 percent received wage

Table 5.—Percentage distribution of workers with wage credits who were uninsured at the beginning of 1941 by number of quarters with wage credits in 1938-40, by number of years with wage credits 1937-40, and by number of half years with wage credits in 1937¹

Number of quarters with wage credits, 1938-40	4-year workers		3-year workers			2-year workers			1-year workers
	2 half years in 1937	1 half year in 1937	2 half years in 1937	1 half year in 1937	No wage credits in 1937	2 half years in 1937	1 half year in 1937	No wage credits in 1937	No wage credits in 1937
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1.....						40.7	40.9		52.9
2.....						31.3	28.0		27.1
3.....	3.8	8.1	23.4	21.7	7.4	10.9	13.9		20.6
4.....	8.8	10.8	24.2	22.0	12.7	8.1	8.2		20.4
5.....	13.7	15.3	20.0	22.0	16.7				21.9
6.....	16.2	19.5	10.2	10.9	19.4				12.1
7.....	15.2	15.6	4.3	3.5	17.0				3.8
8.....	11.0	11.4	2.2	1.3	12.4				1.1
9.....	10.0	8.5			8.2				
10.....	7.0	4.9			3.7				
11.....	0.0	3.1			1.8				
12.....	7.4	2.8			.7				

¹ See table 1, footnote 1.

credits in 6 or more quarters in 1938-40; of those who had no wage credits in 1937, 63 percent were in covered employment in 6 or more quarters and 27 percent in 8 or more quarters. For uninsured workers with wage credits in all 4 years 1937-40, 71 percent were in covered employment in 6 or more quarters in 1938-40 and 37 percent in 8 or more quarters. It appears that for these 3 and 4-year workers regular part-time employment *within* quarters and, to some extent perhaps, low wage rates were significant factors in failure to acquire a sufficient number of quarters of coverage to be insured.

Differences between men and women in the number of quarters with wage credits are not large. Among uninsured workers who were in covered employment in 3 or 4 years, however, the proportion with more than 8 quarters with wage credits in 1938-40 was larger among women than among men. This situation may result from a relatively large amount of part-time employment among women; it may also reflect their lower wage rates.

Pattern of Years in Covered Employment

The preceding analysis points to the conclusion that the major cause of lack of insured status for some 31.8 million living persons at the beginning of 1944 was the brief duration of their covered employment. Why did so many workers have such short-term employment in covered occupations? What groups in the labor force do

these short-term workers represent? At least a partial answer to these questions is provided by data showing the specific years in which these persons received taxed wages.

Only 3.5 percent of all workers uninsured at the beginning of 1942 had received taxed wages in all 5 years 1937-41; all the others had been absent from covered employment for a year or more (table 6). The uninsured who had wage credits in fewer than 5 years may be classified into five or six major categories, according to the pattern of their years in covered employment. Analysis of the groups comprising these patterns, by age and sex, throws considerable light on the factors responsible for their failure to be insured.

The largest single group of uninsured workers, 26 percent of the total, were persons who received their first taxed wages in 1941. None of these new entrants could have been insured under existing eligibility requirements. More than half of them were under age 22; and a little more than two-thirds were under 32. No doubt a majority of the uninsured workers in these age groups entered the labor force for the first time in 1941. Many of the women in ages over 32 had probably been absent from the labor force during the years 1937-40 but found work in 1941 in defense industries. A substantial proportion of the new entrants, however, must have been previously engaged in noncovered employments. For some of these, the shift to covered employ-

ment was permanent; for many others, only temporary.

Similar to the new entrants in their characteristics were the workers who received their first wage credits in 1938, 1939, or 1940 and were in covered employment in each year following their year of entry. Of all workers uninsured at the beginning of 1942, 11 percent received wage credits only in 1940 and 1941; 3.8 percent, only in 1939, 1940, and 1941; and 1.7 percent, only in the 4 years 1938-41. Each of these groups of recent entrants included a relatively large proportion of young workers; undoubtedly many were students employed part time after school or for short periods during school vacations. The presence of many persons above school age, however, indicates that a substantial number of the recent entrants must have been workers who had shifted from noncovered employ-

ments or, among women, who had entered the employed labor force since 1937. It is probable that in this uninsured group those with wage credits in 3 or 4 years were mostly persons who had only seasonal or part-time covered employment.

Quite different from the new workers and recent entrants were the uninsured workers who received taxed wages in 1937—the year in which the program was inaugurated—and who left covered employment before 1941. Persons with wage credits only in 1937 constituted 12 percent of all the workers uninsured at the beginning of 1942. Moreover, 6.2 percent of all the uninsured received wage credits only in 1937 and 1938; 3.5 percent, only in 1937, 1938, and 1939; and 2.0 percent, only in the 4 years 1937-40. The relatively high proportion of older workers among this group of persons who had terminated their covered

employment before 1941 suggests that death, disability, and retirement are important reasons for their failure to have covered employment in the more recent years. The high percentage of women among those employed only in 1937-38 or 1937-39 suggests that marriage and family responsibilities were also important reasons for terminating covered employment. Among the men, shifting to noncovered employments undoubtedly was a major factor; many, particularly among those with wage credits in 1937 alone, had probably been for only a short time in jobs which are covered by the system and left to resume their regular occupations. Some young men who left covered employment in 1940 were inducted into the armed forces. As in the case of the recent entrants, short-term and part-time employment, rather than low wage rates, must have been largely responsible for lack of insured status among the persons who had wage credits in 3 or 4 years. This conclusion is supported by the distribution of 3 and 4-year workers by number of quarters in covered employment (table 5).

A substantial proportion of all the uninsured are persons whose attachment to covered employment is only temporary. Of the workers uninsured at the beginning of 1942, as many as 2.8 percent had received wage credits only in 1938, 3.2 percent only in 1939, and 3.7 percent only in 1940. An additional 4.7 percent had taxed wages only in the 2 years 1938-39 or 1939-40 or in the 3 years 1938-40. A relatively large proportion of these temporary workers were women, many of whom were in the labor force for a brief period before marriage or were housewives who had found jobs of short duration. Most of the men, on the other hand, were probably workers usually engaged in noncovered employment who had temporarily found a covered job in industry. A substantial number of workers with wage credits in 1939 only or in 1939-40 only were persons who had reached 65 years of age before 1937 and therefore were excluded from coverage until the adoption of the amendments to the Social Security Act in 1939; it may be assumed that many of the 1 or 2-year workers in

Table 6.—Pattern of years in covered employment of all workers with wage credits in 1937-41 and of all workers who were uninsured at the beginning of 1942¹

Years in covered employment	Percentage distribution by years in covered employment		Uninsured workers					
	All workers	Uninsured workers	Percent of all workers	Percent female	Distribution by age at end of 1941			
					Total	Under 22	22-51	52 and over
Total.....	100.0	100.0	40.0	30.0	100.0	27.4	61.0	11.0
1937, 1938, 1939, 1940, 1941.....	40.3	3.5	4.1	37.4	100.0	8.8	77.4	13.8
1941.....	12.0	25.0	100.0	37.7	100.0	51.4	41.1	7.6
1940, 1941.....	6.9	19.9	74.2	35.8	100.0	40.0	44.4	6.0
1939, 1940, 1941.....	5.1	3.8	34.5	37.0	100.0	42.8	40.0	8.2
1938, 1939, 1940, 1941.....	3.5	1.7	22.0	35.2	100.0	30.2	62.6	7.2
1937.....	5.7	12.3	100.0	37.0	100.0	2.0	78.4	18.7
1937, 1938.....	2.0	0.2	97.6	43.2	100.0	3.1	78.0	18.0
1937, 1938, 1939.....	2.5	3.5	61.0	43.0	100.0	4.1	70.1	16.8
1937, 1938, 1939, 1940.....	3.3	2.0	27.7	37.5	100.0	7.2	70.5	13.3
1940.....	1.7	3.7	100.0	41.2	100.0	29.6	58.5	12.0
1939.....	1.5	3.2	100.0	40.0	100.0	18.0	62.2	19.2
1938.....	1.3	2.8	100.0	45.0	100.0	11.3	75.1	13.0
1939, 1940.....	1.2	2.1	85.2	41.3	100.0	27.2	59.7	13.1
1938, 1939.....	.8	1.6	99.1	44.0	100.0	14.3	74.0	11.7
1938, 1939, 1940.....	.6	1.0	71.3	40.5	100.0	20.4	69.7	9.0
1937, 1941.....	1.0	2.2	90.0	25.0	100.0	5.8	80.8	13.4
1937, 1940, 1941.....	1.1	1.6	65.0	22.0	100.0	8.4	80.7	10.9
1937, 1939, 1941.....	.2	.6	94.5	19.8	100.0	7.3	79.0	13.7
1937, 1938, 1941.....	.8	1.6	88.5	27.2	100.0	0.1	80.2	13.7
1937, 1939, 1940, 1941.....	1.0	1.0	25.1	27.0	100.0	8.3	80.3	11.4
1937, 1938, 1940, 1941.....	1.2	1.2	47.3	25.0	100.0	6.9	82.3	10.8
1937, 1938, 1939, 1941.....	1.0	1.2	57.2	28.4	100.0	7.8	70.3	12.0
1939, 1941.....	.7	1.0	98.0	27.0	100.0	33.0	57.3	8.8
1938, 1941.....	.4	.8	99.7	31.1	100.0	19.7	71.4	8.0
1938, 1939, 1941.....	.4	.7	90.7	31.4	100.0	23.5	69.3	8.2
1938, 1940, 1941.....	.4	.7	72.5	27.2	100.0	25.2	60.3	8.5
1937, 1940.....	.3	.0	92.4	20.1	100.0	5.0	81.3	13.1
1937, 1939.....	.4	.8	98.1	34.0	100.0	5.0	76.5	17.0
1937, 1939, 1940.....	.4	.0	80.0	32.1	100.0	0.5	80.9	12.0
1937, 1938, 1940.....	.3	.0	02.8	34.8	100.0	5.0	81.7	12.7
1938, 1940.....	.2	.3	100.0	34.2	100.0	17.0	72.5	10.6

¹ See table 1, footnote 1.

this oldest age group died or stopped working in 1939 or 1940.

Still another group of workers, comprising 9.1 percent of all persons uninsured at the beginning of 1942, received wage credits in 1937 and 1941 but had no covered employment in 1 or more of the intervening years. A relatively high percentage were men, most of whom presumably shifted between covered and non-covered employment; for many of them, work in covered occupations was probably highly seasonal or intermittent. Similarly, for the women in this group, the taxed wages represented to a substantial extent short-term covered employment of housewives not usually in the labor force or of women workers normally attached to noncovered employments such as domestic service in private homes.

The workers whose records fall in the remaining patterns of years in employment comprised only 6.8 percent of all the uninsured. They probably had an even smaller degree of attachment to covered employment than did those already described. A relatively large proportion of them were workers in the ages 22-31, when occupational mobility is undoubtedly high.

Among the workers in all the patterns of years in covered employment, unemployment undoubtedly played a part in swelling the ranks of the uninsured. The incidence of unemployment was of course particularly heavy in the years prior to 1940, and it probably affected women and workers in the youngest and oldest age groups more than it did others. The data, however, do not permit the direct measurement of the extent to which unemployment was a factor in

the failure of workers to acquire insured status.

Distribution by Number of Quarters of Coverage

The tabulations of continuous work-history data include a distribution of uninsured workers by number of quarters of coverage. The number of quarters of coverage each worker acquires is determined, of course, not only by the number of quarters in which he has received taxable wages but also by the amount of such wages, because only quarters in which at least \$50 is received can be quarters of coverage.^a

In table 7, the number of quarters of coverage is shown by number of years in which the uninsured workers received taxed wages. It must be remembered that all workers with more than 9 quarters of coverage were fully insured at the beginning of 1942; moreover, workers acquiring 6 to 9 quarters of coverage in 1939-41 were in practically all cases currently insured and were so classified in the tabulations. Some of the workers in the youngest and oldest age groups who had 6 to 9 quarters of coverage were fully insured. These facts are reflected in the percentage distributions of uninsured workers shown in table 7.

As many as 28 percent of the workers uninsured at the beginning of 1942 had failed to acquire a single quarter of coverage; 62 percent had acquired fewer than 3. Even among those who had some covered employment in each

^aFor purposes of the tabulations, the number of quarters of coverage acquired by a worker in each half year of 1937 was estimated on the basis of the amount of his taxable earnings in such period.

of the 5 years 1937-41, 6.7 percent had no quarters of coverage, and 21 percent had fewer than 3. The proportions who failed to average at least 1 quarter of coverage for each year in covered employment were 43 percent for the 5-year workers, 37 percent for the 4-year workers, 34 percent for the 3-year workers, and 33 percent for the 2-year workers. As might have been expected, uninsured women tended to have fewer quarters of coverage than did uninsured men.

Among uninsured workers with any specified number of quarters of coverage, there was a wide variation in the number of quarters with any wage credits. For example, table 8 shows a distribution of the uninsured workers who were in covered employment in only the 3 years 1938-40 by number of quarters of coverage crossed with number of quarters with wage credits. Among those with no quarters of coverage, 21 percent received taxed wages in 8 or more of the 12 possible quarters. Of those with 3 quarters of coverage, 59 percent had wage credits in 8 or more quarters, while of those with 5 quarters of coverage, 21 percent had wage credits in 9 or more quarters. Probably, most of these workers had only brief periods of employment in the quarters which were not quarters of coverage.

Taxed Earnings of the Uninsured

It is possible for a worker to become currently insured with total taxable earnings of only \$300, that is, \$50 in each of 6 quarters. At the beginning of 1942, a worker might have been fully insured after receiving taxable wages of only \$500. At the beginning of 1941, the corresponding figure was

Table 7.—Percentage distribution of workers with wage credits in 1937-41 who were uninsured at the beginning of 1942, by number of quarters of coverage, and number of years with wage credits, for each sex¹

Number of quarters of coverage	All workers			5-year workers			4-year workers			3-year workers			2-year workers			1-year workers		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
0	27.8	25.3	32.1	6.7	5.2	0.2	7.7	6.1	11.1	10.9	9.3	13.9	17.9	15.7	21.6	43.0	40.6	47.0
1	18.4	18.0	19.0	6.2	6.5	7.3	7.4	6.7	0.0	10.6	10.2	11.5	14.8	14.0	15.3	25.3	25.3	25.2
2	15.8	16.2	15.0	8.0	7.6	8.5	9.0	9.3	11.1	12.5	12.2	12.6	16.2	16.7	15.4	18.0	18.9	16.4
3	11.1	11.0	10.2	9.6	9.2	10.3	12.1	11.0	12.6	14.1	14.4	13.0	14.2	14.8	13.2	8.3	8.0	7.4
4	9.0	10.7	8.6	12.1	12.1	12.3	14.0	14.0	13.8	14.8	15.2	13.7	13.8	14.4	12.7	6.4	6.3	4.0
5	8.2	8.7	7.5	16.0	16.0	16.2	16.1	16.7	15.2	15.5	16.0	14.2	15.7	16.3	14.8	-----	-----	-----
6	2.9	3.1	2.6	11.5	11.6	11.3	9.5	9.0	8.6	6.2	6.0	5.0	3.0	3.6	3.4	-----	-----	-----
7	2.4	2.0	2.0	11.2	12.2	9.5	8.5	9.2	6.0	5.4	5.8	4.8	2.2	2.2	2.2	-----	-----	-----
8	1.0	2.1	1.0	9.9	10.0	8.2	7.2	7.9	5.7	4.0	4.7	4.4	1.0	1.7	1.4	-----	-----	-----
9	1.6	1.7	1.4	8.8	9.7	7.2	7.0	7.4	6.0	5.6	5.0	5.7	-----	-----	-----	-----	-----	-----

¹ See table 1, footnote 1.

Table 8.—Percentage distribution of workers with wage credits in only the 3 years 1938–40 who were uninsured at the beginning of 1941, by number of quarters with wage credits and number of quarters of coverage¹

Number of quarters with wage credits	Number of quarters of coverage						
	Total	None	1	2	3	4	5
Number of workers (1-percent sample).....	8,003	1,400	1,234	1,371	1,010	1,529	1,744
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3.....	7.4	20.2	13.0	8.2	25.0	7.1	0
4.....	12.7	21.1	22.6	10.7	12.5	25.3	0
5.....	10.7	14.9	20.7	22.0	22.0	16.2	0.2
6.....	10.4	12.1	15.6	18.2	21.7	25.0	22.2
7.....	17.0	10.6	11.3	12.5	14.0	21.8	28.5
8.....	12.4	7.5	25.8	8.1	11.3	10.4	21.8
9.....	8.2	20.6	25.1	20.8	6.2	0.6	13.2
10.....	3.7	23.7	23.0	22.8	23.3	23.7	25.0
11.....	1.8	22.0	21.4	21.4	21.0	21.4	22.0
12.....	2.7	21.3	21.0	2.3	2.0	2.6	2.5

¹ See table 1, footnote 1.

² Fewer than 100 persons in sample.

\$400. In the case of workers in certain younger and older age groups, as little as \$300 in wage credits may suffice for fully insured status. Many workers, however, who had received wage credits totaling much more than these minimum amounts were uninsured because they did not have such credits in sufficient quarters.

At the beginning of 1942, 5.9 percent of the uninsured had received taxed wages totaling \$1,500 or more; 1.0 percent had received \$3,000 or more (table 9). A relatively small number had total wage credits of at least \$8,000.

A more detailed distribution by amount of cumulative wage credits is shown in the tabulations covering the 4 years 1937–40. Among all workers uninsured at the beginning of 1941, 1.2 percent had received taxed wages of \$2,400 and over. On the other hand, 35 percent had received less than \$100; 59 percent, less than \$300; and 78 percent, less than \$600.

The relationship between the amount of taxed wages and the duration of covered employment is only roughly measurable. Although wage credits are recorded with a high degree of accuracy, the tabulations measure duration of employment only in terms of number of quarters in which payments of taxed wages have been received. The data do not indicate differences in length of employment within quarters.

Regardless of the number of quarters worked in covered employment, a large proportion of the workers uninsured at the beginning of 1941 had received relatively little in taxed wages; whether they were employed

in only a few or in most of the quarters during 1938–40, 40 percent or more had received less than \$600. A relatively large proportion of those with fewer than 8 quarters in covered employment in 1938–40 had received \$1,200 or more, presumably because these workers included relatively few part-time workers.

As would be expected, the uninsured group apparently did not include many workers with both a substantial amount of wage credits and also more quarters in covered employment than the minimum number of quarters of coverage required for insured status. Of the uninsured workers who had \$2,400 or more in wage credits at the beginning of 1941, 35 percent had been in covered employment in fewer than 3 quarters in 1938–40, and 86 percent in fewer than 5 quarters.

Conclusion

Analysis of the covered employment experience of persons with wage credits who were uninsured under old-age and survivors insurance confirms the conclusion that the large majority failed to become insured because of the short duration of their covered employment. At least 81 percent of all who were uninsured at the beginning of 1941 would not have been insured even if every quarter in which they received wage credits had been a quarter of coverage. The proportion who were uninsured because their wage rates were too low cannot be determined from available data, but there is ample evidence to support the conclusion that it was extremely small. In all probability, short-term employment in covered

occupations will continue to be the chief cause of lack of insured status.

A large percentage of the uninsured are workers who have only recently entered covered employment. Of those uninsured at the beginning of 1942, 26 percent had wage credits only in 1941, and 11 percent only in 1940 and 1941. The recent entrants include young persons of both sexes and women over 25 who have just entered the employed labor forces and also workers who have shifted from noncovered to covered employment. Many of them will remain in covered employment and soon will acquire currently, and later fully, insured status.

Another large group, however, are persons who have ceased to work in covered employments after a more or less extended period in such employment. Workers who had received wage credits only in 1937 or only in 1937 and 1938 comprised 18 percent of all the uninsured at the beginning of 1942. Some workers left covered employment before acquiring insured status; others had insured status when they terminated their employment but have lost it with the passage of time. Many in this group, par-

Table 9.—Percentage distribution of workers with wage credits in 1937–40 and in 1937–41 who were uninsured at the beginning of 1941 and 1942, respectively, by cumulative amount of wage credits received, for each sex¹

Cumulative amount of wage credits	Total	Male	Female
Workers with wage credits 1937–40, uninsured at the beginning of 1941			
Total.....	100.0	100.0	100.0
\$1–99.....	35.2	33.3	38.9
100–199.....	14.1	13.5	15.3
200–299.....	9.7	9.4	10.3
300–399.....	7.0	7.4	7.8
400–599.....	11.3	11.1	11.7
600–899.....	10.2	10.5	9.6
900–1,199.....	5.0	5.7	3.7
1,200–1,799.....	4.3	5.5	2.1
1,800–2,399.....	1.4	1.9	.4
2,400–4,799.....	1.1	1.0	.2
4,800–7,199.....	.1	.1	(?)
7,200 or more.....	(?)	(?)	(?)
Workers with wage credits 1937–41, uninsured at the beginning of 1942			
Total.....	100.0	100.0	100.0
\$1–1,000.....	91.1	91.0	97.0
1,500–2,000.....	4.0	6.7	1.0
3,000–5,000.....	.9	1.2	.2
6,000 or more.....	.1	.2	(?)

¹ See table 1, footnote 1. ² Less than 0.05 percent.

ticularly among the men, have shifted to noncovered employments, including the civilian and armed services of the Government. Probably a majority of the women, on the other hand, have become housewives. In the older ages, among both men and women, disability and unemployment are also important factors in the termination of covered employment.

The number of persons who have lost insured status because of early termination of covered employment is affected, of course, by the newness of the system. The data at hand do not provide a basis for estimating the proportion of all workers who, over a lifetime, will lose benefit rights on this account. The act's provision of permanently insured status for workers who acquire 40 or more quarters of coverage will tend to limit their number somewhat. Nevertheless, as long as important groups of occupations, particularly self-employment and agricultural labor, are excluded from coverage, there will always be many persons who lose insured status by shifting to those employments. Moreover, it is highly probable that the majority of women will fail to acquire 40 quarters of coverage before leaving the labor force on account of marriage. Any benefits they receive under the act will have to be based on their status as wives or widows of fully or currently insured husbands.

Hardly less important numerically are the uninsured workers whose total covered employment is brief because it has been temporary or intermittent. For example, almost 10 percent of the workers uninsured at the beginning

of 1942 had wage credits in only 1 of the years 1938-40. Workers of this type include persons who shift back and forth between covered and noncovered employment, and also persons who move in and out of the employed labor force. Many farmers, farm laborers, and domestic workers have seasonal or irregular employment in covered occupations; moreover, workers in other noncovered industries, such as railroad transportation and public service, not infrequently take covered jobs for brief periods. On the other hand, a substantial proportion of the temporary or intermittent workers in covered employment are persons not regularly in the labor force. They include young students, housewives, and other marginal workers who take seasonal or occasional jobs. Others are workers who for one reason or another are frequently unemployed and can get jobs only when the demands for labor are great.

Many of these temporary and intermittent workers will never acquire insured status; some, perhaps, will become insured but only for brief periods. Still others will maintain insured status for some years only to lose it when, because of business recession or some other reason, their participation in covered employment becomes less frequent. From data now available, it is not possible to estimate the proportion of this group who will ultimately acquire 40 quarters of coverage and so become permanently insured; but the percentage will probably not be large.

At the beginning of 1942, the taxed

wages received—and therefore the contributions paid—by the vast majority of uninsured workers were small in absolute amount. Only 6 percent had received as much as \$1,500 in wage credits. The average cumulative taxed earnings of the uninsured may be expected to rise, however, as the number of quarters of coverage required for fully insured status increases. The uninsured group will include a growing number of persons, particularly women, who will have worked regularly in covered employment for several years and whose total taxed earnings, consequently, will be substantial in amount. Their number, no doubt, will be materially increased by the war workers who will leave the labor force when the war ends.

It is clear that the proportion of workers with wage credits who lack insured status under old-age and survivors insurance would be greatly reduced if the coverage of the system were extended to the major employment groups now excluded by the act, so that a worker's earnings in almost any gainful employment would be credited to his social security account. On the other hand, it is probable that the insurance status of women and others who shift in and out of the employed labor force could be improved substantially only by reducing the number of quarters required for a worker to become permanently insured. To liberalize the requirement for permanently insured status, however, would increase the total cost of benefits, and would perhaps make necessary a reexamination of the financial basis of the system.