

# Concurrent Receipt of Public Assistance and Old-Age and Survivors Insurance

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*Old-age and survivors insurance and two of the public assistance programs—old-age assistance and aid to dependent children—have a common purpose in that they are income-maintenance programs for aged persons and for children. For this reason the concurrent receipt of both types of payment has been a matter of continuing interest, and information on that subject has been reported annually in the Bulletin in recent years. This year's article shows also the effect on public assistance of the 1954 liberalizations in old-age and survivors insurance and discusses some of the characteristics of aged beneficiary-recipients, comparing them with the characteristics of all recipients of old-age assistance.*

THE gradual maturing of old-age and survivors insurance and the Social Security Act amendments of 1950, 1952, and 1954 that extended the coverage of that program and increased benefits have had a considerable impact on the public assistance programs. Before 1951, more aged persons were receiving assistance than old-age and survivors insurance benefits. Today old-age and survivors insurance is the primary program of financial security for the aged. More than twice as many aged persons are beneficiaries under the insurance program as are recipients of old-age assistance. Insurance benefits currently being awarded are higher, on the average, than the benefits awarded in earlier years, and old-age assistance case-loads are declining. In addition, a substantial number of families that formerly would have received financial aid under the program for aid to dependent children are now receiving benefits under the insurance program. At the time the program for aid to dependent children was being set up under the Social Security Act, deprivation of care or support because of the death of a parent was one of the most important reasons for family dependency. Today, with the decrease in the number of paternal orphans and the almost universal coverage of the insurance program, only 1 recipient in 6 receives

aid to dependent children because of the death of the father.

Because the functions of both old-age and survivors insurance and public assistance include maintenance of income for the aged and for paternal orphans, and because public assistance provides a necessary supplement to insurance benefits when these benefits, with other resources, fail to meet the beneficiaries' needs, the relationship between the programs has been of continuing interest. This interest has been heightened in recent years by the liberalizations in old-age and survivors insurance. The following article brings out the interprogram relationship. It discusses also the effect the 1954 amendments have had on public assistance, shows the proportions of aged persons and dependent children receiving both assistance payments and insurance benefits,<sup>1</sup> and compares some of the characteristics of persons receiving both insurance benefits and old-age assistance with those of all old-age assistance recipients.

## Effect of 1954 Amendments

The 1954 amendments to the Social Security Act constitute an important advance in social insurance in this country. To assess adequately their impact on the public assistance programs, the immediate though some-

<sup>1</sup> These proportions are determined once each year on the basis of a sample of assistance recipients in each State.

what limited effects and the much more fundamental, long-range effects are considered separately.

## Immediate Effects

As a result of the 1954 amendments, persons getting both old-age assistance payments and insurance benefits received, on the average, an increase of \$5.00 in their benefit check. For most retired workers in the group the increase was \$5.00, but it was less than that amount for the wives of retired workers and for widows whose benefits had been in excess of \$25.00. The benefits for widows who had been getting \$25.00 or less were raised to \$30.00—the new minimum for a sole survivor beneficiary; for widows who had been receiving the old minimum (\$18.80) the increase amounted to \$11.20.

According to reports submitted by the States, about 86 percent of the old-age assistance cases that also received insurance benefits in September 1954 remained on the rolls but had their payments reduced, 2 percent were closed, and for 12 percent the increase in benefit did not reduce the amount of the assistance payment.<sup>2</sup> Many of the recipients whose payments were not reduced had received the maximum paid by the State, but their recognized need in excess of this amount was equal to or greater than the increase in benefit.

For families receiving aid to dependent children and also benefits under the insurance program, the average benefit increase was more than \$8 per family. Of the beneficiary families receiving assistance in September 1954, slightly more than 7 out of every 10 had their payments reduced, about 3 percent of the cases were closed, and for almost a fourth payments were not reduced.

The reduction in monthly payments to old-age assistance recipients on the rolls in September 1954 be-

<sup>2</sup> See the *Bulletin*, July 1955, pages 11-13.

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cause of this increase in insurance benefits totaled almost \$2.1 million. For families receiving aid to dependent children the total monthly reduction was \$197,000. In many cases the increase in benefits released some State and/or local funds to meet current unmet need of recipients.

Another provision amending the old-age and survivors insurance program also had an effect on the public assistance programs. This provision allowed the immediate entitlement of survivors of wage earners who had died after 1939 and before September 1950 and who, though not fully insured under the act at the time of death, had at least 6 quarters of coverage. The number of persons on the assistance rolls who are thus newly eligible is not yet known, as identification of such persons is in some instances difficult, and assistance payments cannot be adjusted until benefit claims are filed and adjudicated. The number is expected, however, to be small.

### Long-Range Effects

Perhaps the most important change in the old-age and survivors insurance system, as far as the effect on the public assistance programs is concerned, is the extension of coverage to about 10 million persons. This

Chart 1.—Number of aged persons receiving OAA, OASI, or both per 1,000 persons aged 65 and over, selected months, September 1950–February 1955

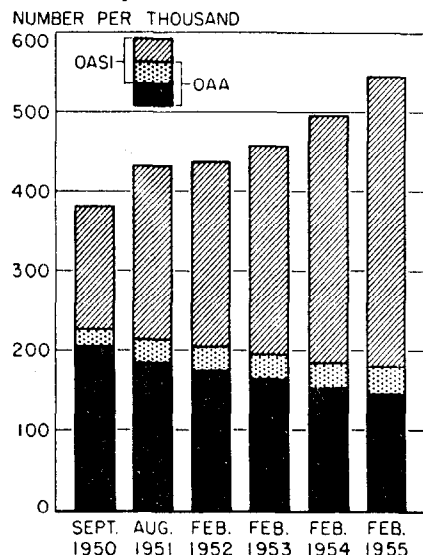


Table 1.—Aged persons and families with children receiving both OASI benefits and assistance payments, 1948–55<sup>1</sup>

Month and year	Aged persons receiving both OASI and OAA			Families with children receiving both OASI and ADC		
	Number	Percent of—		Number	Percent of—	
		Aged OASI beneficiaries	OAA recipients		OASI beneficiary families with children	ADC families
June 1948.....	146,000	10.0	6.1	21,600	6.7	4.8
September 1950.....	276,200	12.6	9.8	32,300	8.3	4.9
August 1951.....	376,500	11.9	13.8	30,700	6.7	5.0
February 1952.....	406,000	12.0	15.1	30,000	6.1	5.0
February 1953.....	426,500	10.7	16.3	30,600	5.7	5.3
February 1954.....	463,000	9.7	18.0	31,900	5.4	5.9
February 1955.....	488,800	8.7	19.2	32,100	4.9	5.2

<sup>1</sup> Data on ADC-OASI families are for November 1953; OASI families for February 1954.

extension is important not only because the number of persons involved is large and coverage for the first time has become almost universal, but also because the largest group (5.7 million) to which the amendments extended coverage are farm operators and additional farm workers. A large proportion of the old-age assistance recipients come from the agricultural groups. A majority of all recipients live in rural areas, towns, and small cities.<sup>3</sup> The extension of coverage to many self-employed farmers, additional farm workers, and other groups not formerly included is expected to reduce gradually the number of needy aged who are dependent on public assistance. It is estimated that by 1980 a very high proportion of the retired aged will receive old-age and survivors insurance benefits. Eventually most insurance beneficiaries who will need old-age assistance will need it only if they have high medical care costs or other special needs.

### Concurrent Receipt of PA and OASI

#### Aged Persons Receiving OASI and OAA

With the liberalizations in the old-age and survivors insurance program in 1950, 1952, and 1954, the proportion of the aged population receiving insurance benefits has increased continuously (chart 1). The rate was

177 per 1,000 persons aged 65 and over in September 1950, and in February 1955 it was 394 per 1,000—an increase of 123 percent. In contrast, the relative number of persons receiving old-age assistance has declined from 226 per 1,000 aged population in September 1950 to 179 per 1,000 in February 1955, a decrease of more than 20 percent.

In February 1955 almost 489,000 persons (34 persons per 1,000 aged population) were receiving benefits under the old-age and survivors insurance program and old-age assistance, an increase of more than 75 percent from the number in September 1950 (table 1). Insurance benefits awarded in 1950 and 1951 to persons who became newly eligible under the 1950 amendments were, on the average, at or near the minimum,<sup>4</sup> and many old-age assistance recipients then on the rolls who received benefits for the first time continued to need assistance. As a result, over 100,000 more aged persons were receiving both types of payments in August 1951 than in September 1950. Since then the increase has been somewhat more gradual. From August 1951 to February 1952 the number increased by 29,500, and for the 12 months ended February 1953 the net increase was only 20,500. Net increases for the 12-month periods ended February 1954 and February 1955 were 36,500 and 25,800, respectively.

<sup>3</sup> Recipients of Old-Age Assistance in Early 1953 (Part I—State Data), Public Assistance Report No. 26, June 1955.

<sup>4</sup> The minimum benefit then payable to retired workers was \$20.

By February 1955 the number of aged persons receiving insurance benefits reached 5.6 million, more than two and a half times the number in September 1950. Less than 9 percent of them were receiving payments under the old-age assistance program, compared with about 12 percent in September 1950, August 1951, and February 1952.

With declining old-age assistance caseloads and the increasing numbers of recipients with both assistance and insurance payments, the proportion of recipients with benefits has increased. By February 1955, more than 19 percent of all old-age assistance recipients were beneficiaries under the insurance program, almost twice the percentage in September 1950.

*State variations.*—In February 1955 the proportion of old-age assistance recipients who also received insurance benefits ranged from a high of 41.2 percent in Nevada to a low of 2.4 percent in Alabama.<sup>5</sup> Small State percentages reflect one or both of two conditions—(1) receipt of insurance benefits by a small proportion of the aged in the State, and (2) limited funds in relation to the number of needy persons, with the result that relatively few aged persons with insurance benefits are eligible for assistance.

In 10 States fewer than 10 percent of the aged recipients also received insurance benefits (table 2). Except in West Virginia, the aged-beneficiary rates in this group of States, ranging from 214 to 338 per 1,000 aged persons in the population, were well below the national rate of 394. West Virginia's rate of 471 per 1,000 was considerably above the national average, but because of limited assistance funds only the neediest aged persons received assistance. The average assistance payments in these 10 States ranged from \$27.66 to \$37.61; the national average was \$51.71.

In 12 States one-fourth or more of the old-age assistance recipients also received insurance benefits. The majority are industrial States, and nine of them have beneficiary rates that

<sup>5</sup> The analysis excludes Puerto Rico and the Virgin Islands, which reported no cases receiving both assistance payments and insurance benefits.

Table 2.—Number of aged OASI beneficiaries per 1,000 population aged 65 and over and percent of OAA recipients with OASI benefits, February 1955<sup>1</sup>

State and beneficiary rate group	OASI beneficiaries per 1,000 population aged 65 and over	Percent of OAA recipients with OASI benefits				
		Less than 10	10-14	15-19	20-24	25 or more
Less than 250:						
North Dakota.....	198		11.0			
Mississippi.....	213	6.0				
South Dakota.....	244		13.1			
250-299:						
Texas.....	264		12.4			
Louisiana.....	265			19.1		
Georgia.....	266	8.5				
South Carolina.....	266	5.1				
Oklahoma.....	271			15.7		
New Mexico.....	272		11.6			
Nebraska.....	274			15.5		
Arkansas.....	275	6.1				
Tennessee.....	283	6.7				
North Carolina.....	283	7.6				
300-349:						
Kansas.....	300			16.1		
District of Columbia.....	302				20.8	
Alabama.....	306	2.4				
Iowa.....	314			17.6		
Montana.....	316				20.9	
Wyoming.....	320					25.8
Kentucky.....	322	9.8				
Missouri.....	329				23.3	
Virginia.....	338	5.3				
Minnesota.....	339			17.1		
Colorado.....	344					26.9
Idaho.....	346				23.2	
350-399:						
Nevada.....	361					41.2
Utah.....	372			13.0		
Arizona.....	392				21.8	
Illinois.....	394			19.3		
400-449:						
Wisconsin.....	408				21.7	
Ohio.....	416				20.6	
Indiana.....	416			17.7		
Maryland.....	417			16.1		
Michigan.....	430				24.3	
Vermont.....	440				23.7	
Delaware.....	442		14.7			
Hawaii.....	446			15.7		
450-499:						
New York.....	454					25.8
Washington.....	455					29.0
Alaska.....	457					29.9
California.....	463					36.7
Pennsylvania.....	471			15.9		
West Virginia.....	471	4.9				
Oregon.....	472					30.1
Massachusetts.....	472					35.7
Connecticut.....	472					32.6
New Jersey.....	476				23.0	
500 or more:						
Florida.....	508				23.8	
Maine.....	520					27.9
New Hampshire.....	532				24.9	
Rhode Island.....	561					23.5

<sup>1</sup> Excludes Puerto Rico and the Virgin Islands, which did not report any cases receiving both assistance payments and insurance benefits.

are substantially higher than the national average; they range from 454 to 561 per 1,000 aged persons. The other three States in this group (Colorado, Nevada, and Wyoming) have beneficiary rates that are below the national average, and each has high assistance standards and payments. Included in this group of 12 States are those ranking highest in average assistance payments. Maine was the only State in the group with

an average payment below the national average.

In the remaining 29 States, from 10 percent to 25 percent of the recipients were aged persons receiving both insurance benefits and assistance. The majority of these States had beneficiary rates below the national average, although in four of them (Florida, New Hampshire, New Jersey, and Pennsylvania) the rate was over 470 per 1,000 aged persons.

Assistance payments varied widely among the 29 States in this group, with the averages ranging from \$38.81 to \$67.24.

As a proportion of all aged beneficiaries of old-age and survivors insurance, the number who received old-age assistance to supplement their incomes showed wide State-to-State variations (table 3). In 34 States less than 10 percent of the aged beneficiaries received assistance: Virginia reported the smallest proportion—slightly more than 1 percent. In

seven States more than 20 percent of the aged beneficiaries needed supplementary assistance, while more than 40 percent in Louisiana received old-age assistance.

States with recipient rates that are low in comparison with the national average (179 per 1,000 aged persons in the population) are, in general, highly industrialized. Because of their industries they have greater old-age and survivors insurance coverage and relatively more insurance beneficiaries than States with high

recipient rates. In addition, benefit payments are, on the average, higher in these States because of the generally higher wage levels in industry and the opportunity for continuing work in covered employment. As a result, few beneficiaries need assistance to supplement their income.

Of the 10 States with old-age assistance recipient rates of less than 100, nine had 4 percent or less of the aged insurance beneficiaries also receiving old-age assistance. Among the 11 States with old-age assistance rates of more than 100 but less than 150, the percentage of aged beneficiaries receiving assistance ranged from 5.2 to 9.8.

The other 10 States in which the proportion of the aged population receiving assistance fell below the national average presented a mixed picture. In five of these States, 8.5–9.6 percent of the beneficiaries received old-age assistance; in three States, 11.4 percent, 12.5 percent, and 14.2 percent. West Virginia reported that 1.8 percent of the beneficiaries also received old-age assistance, while in Nevada more than 20 percent of the beneficiaries were on the old-age assistance rolls.

There were also varied situations among the 20 States in which the old-age assistance recipient rates exceeded the national average. In six States, more than 20 percent of the aged beneficiaries also received old-age assistance; in Louisiana the proportion was over 40 percent. In Alabama, only 2.3 percent of the aged persons with insurance benefits received assistance. The rest of these 20 States were equally divided between those in which 5–9 percent of the aged beneficiaries received old-age assistance and those where the proportion receiving assistance ranged from 10 percent to 17 percent.

*Effect of OASI on OAA costs.*—In recent years old-age and survivors insurance benefits have become the major continuing source of income for a rapidly growing proportion of persons aged 65 and over. In February 1955, about 40 percent of the Nation's population aged 65 and over were receiving such benefits. About 25 percent of the aged who were not receiving benefits received old-age assistance and, in addition, somewhat

Table 3.—Number of OAA recipients per 1,000 population aged 65 and over and percent of aged OASI beneficiaries receiving OAA, February 1955<sup>1</sup>

State and recipient rate group	OAA recipients per 1,000 population aged 65 and over	Percent of aged OASI beneficiaries receiving OAA			
		Less than 5	5-9	10-19	20 or more
<b>Less than 100:</b>					
New Jersey.....	43	2.1			
District of Columbia.....	44	3.0			
Delaware.....	55	1.8			
Pennsylvania.....	58	1.9			
Maryland.....	58	2.2			
New York.....	69	3.9			
Virginia.....	72	1.1			
Hawaii.....	74	2.6			
Connecticut.....	76		5.2		
Indiana.....	94	4.0			
<b>100-149:</b>					
Rhode Island.....	105		5.3		
Illinois.....	108		5.3		
New Hampshire.....	110		5.2		
Nebraska.....	121		6.8		
Wisconsin.....	124		6.6		
Oregon.....	124		7.9		
Ohio.....	124		6.2		
Maine.....	133		7.1		
Michigan.....	134		7.5		
Iowa.....	148		8.3		
Montana.....	149		9.8		
<b>150-199:</b>					
North Dakota.....	156		8.7		
Kansas.....	161		8.6		
Massachusetts.....	165			12.5	
Minnesota.....	169		8.5		
Idaho.....	170			11.4	
West Virginia.....	175	1.8			
Wyoming.....	176			14.2	
South Dakota.....	176		9.5		
Nevada.....	177				20.2
Vermont.....	178		9.6		
Utah.....	186		9.0		
<b>200-299:</b>					
North Carolina.....	209		5.3		
Kentucky.....	230		7.0		
Florida.....	234			10.9	
Washington.....	243			16.0	
Arizona.....	245			13.4	
California.....	282				20.8
Tennessee.....	285		6.3		
Missouri.....	294				20.8
Alabama.....	294	2.3			
<b>300-399:</b>					
New Mexico.....	305			13.0	
Arkansas.....	319		7.1		
Alaska.....	334				21.9
South Carolina.....	335		6.4		
Texas.....	356			16.8	
Colorado.....	362				28.3
Georgia.....	392			12.5	
<b>400 or more:</b>					
Mississippi.....	439			12.4	
Oklahoma.....	449				26.0
Louisiana.....	583				42.1

<sup>1</sup> Excludes Puerto Rico and the Virgin Islands, which did not report any cases receiving both assistance payments and insurance benefits.

less than 9 percent of the aged beneficiaries also received old-age assistance. These figures are a strong indication that a substantially larger number of persons, if it were not for the insurance benefits, would need financial aid under the assistance program.

Persons with both types of payments received, on the average, a much lower old-age assistance payment than other recipients. As a result of the 1954 increases in the insurance benefits, the average assistance payment for recipients with both types of payments was less in February 1955 than in February 1954—\$40.92 compared with \$43.00. For recipients who were not drawing insurance benefits the average old-age assistance payment was \$54.20, or \$1.26 more than the average a year earlier. The reduction in the average assistance payment to beneficiary-recipients was less than the increase in their benefits for various reasons. For some cases, need previously unmet—particularly need for medical care—absorbed part or all of the increase in benefit. These were usually cases in which State maximums had prevented larger payments. In some instances agencies took advantage of the benefit increase to provide more adequate assistance payments to all recipients. In February 1955 the cost to assistance agencies of payments to aged beneficiary-recipients amounted to slightly more than \$20 million, or 15 percent of the total money payments made under the old-age assistance program.

Beneficiaries who received old-age assistance had, on the average, smaller benefits than all aged beneficiaries. The average insurance benefit in February 1955 to the group receiving old-age assistance was \$38.77, or about 70 percent of the average check for all aged beneficiaries.

### Families with Children Receiving OASI and ADC

In February 1955, children in families receiving benefits under the old-age and survivors insurance program numbered about 1.2 million—2.1 percent of all children in the general population. Families receiving aid to dependent children included almost

Table 4.—Concurrent receipt of OASI benefits and assistance payments by OAA recipients and ADC cases, February 1955

State	Persons receiving OAA and OASI as percent of—		Cases receiving ADC and OASI—	
	OAA recipients	OASI beneficiaries	Families as percent of ADC families	Children as percent of OASI child beneficiaries <sup>1</sup>
Total <sup>2</sup> .....	19.2	8.7	5.2	7.8
Alabama.....	2.4	2.3	3.9	7.1
Alaska.....	29.9	21.9	6.7	18.4
Arizona.....	21.8	13.4	4.7	7.7
Arkansas.....	6.1	7.1	4.1	7.0
California.....	36.7	20.8	5.6	9.8
Colorado.....	26.9	28.3	5.1	9.5
Connecticut.....	32.6	5.2	5.9	7.1
Delaware.....	14.7	1.8	5.0	6.5
District of Columbia.....	20.8	3.0	4.2	7.4
Florida.....	23.8	10.9	7.2	15.2
Georgia.....	8.5	12.5	6.6	7.5
Hawaii.....	15.7	2.6	2.3	5.9
Idaho.....	23.2	11.4	9.6	10.1
Illinois.....	19.3	5.3	5.2	5.4
Indiana.....	17.7	4.0	9.4	7.7
Iowa.....	17.6	8.3	8.9	11.5
Kansas.....	16.1	8.6	6.5	6.4
Kentucky.....	9.8	7.0	8.2	16.2
Louisiana.....	19.1	42.1	3.7	8.7
Maine.....	27.9	7.1	13.0	16.0
Maryland.....	16.1	2.2	2.5	2.8
Massachusetts.....	35.7	12.5	8.3	8.9
Michigan.....	24.3	7.5	7.3	8.0
Minnesota.....	17.1	8.5	9.8	11.3
Mississippi.....	6.0	12.4	3.3	12.2
Missouri.....	23.3	20.8	5.7	12.2
Montana.....	20.9	9.8	5.2	6.5
Nebraska.....	15.5	6.8	5.8	5.4
Nevada.....	41.2	20.2		
New Hampshire.....	24.9	5.2	9.6	5.8
New Jersey.....	23.0	2.1	7.9	3.9
New Mexico.....	11.6	13.0	5.1	18.9
New York.....	25.8	3.9	2.6	3.8
North Carolina.....	7.6	5.3	5.3	8.8
North Dakota.....	11.0	8.7	7.2	12.5
Ohio.....	20.6	6.2	10.9	7.3
Oklahoma.....	15.7	26.0	5.4	13.0
Oregon.....	30.1	7.9	7.5	5.8
Pennsylvania.....	15.9	1.9	3.6	4.5
Rhode Island.....	28.5	5.3	2.7	5.2
South Carolina.....	5.1	6.4	3.8	5.9
South Dakota.....	13.1	9.5	5.7	15.6
Tennessee.....	6.7	6.3	5.9	12.3
Texas.....	12.4	16.8	5.5	6.0
Utah.....	18.0	9.0	6.8	9.1
Vermont.....	23.7	9.6	11.7	12.5
Virginia.....	5.3	1.1	4.1	4.4
Washington.....	29.9	16.0	7.5	8.2
West Virginia.....	4.9	1.8	2.8	6.1
Wisconsin.....	21.7	6.6	9.3	9.5
Wyoming.....	25.8	14.2	8.1	6.2

<sup>1</sup> Data given in terms of children because OASI data on beneficiary families are not available by State.

<sup>2</sup> For OAA, 53 States, and for ADC, 52 States;

totals include Puerto Rico and the Virgin Islands, which did not report any cases receiving both assistance payments and insurance benefits.

1.7 million children, or 2.8 percent of the total child population.

The program for aid to dependent children is, of course, affected only to a limited extent by the insurance program. As mentioned earlier, deprivation of care or support because of the death of the father is the reason for dependency for only 1 family in every 6 receiving aid to dependent children. In February 1955, 32,100 families, or 5.2 percent of all recipient families, received both old-age and survivors insurance benefits and

payments under aid to dependent children. Except for a small number that included a retired father, substantially all these families were receiving survivor benefits based on the wage record of the father.

In aid to dependent children as in old-age assistance, the proportion of beneficiary families receiving assistance declined as the number of such families increased. In September 1950 more than 8 percent of the beneficiary families with children were on the aid to dependent children

rolls; by February 1955 the percentage was slightly under 5 percent (table 1).

From September 1950 until February 1954 the proportion of families with both types of payments represented a slightly increasing proportion of all families receiving aid to dependent children, rising from 4.9 percent to 5.9 percent. In February 1955, however, the percentage was back to 5.2. Increases in benefits provided by the amendments to the Social Security Act were larger for survivor families with children than for aged beneficiaries, and as a result the number of cases closed because of these increases was relatively larger in aid to dependent children than in old-age assistance. In addition, the increase in the number of families with insurance benefits has resulted in the addition to the assistance rolls of fewer families in which the father had died.

Beneficiary families receiving aid to dependent children were slightly larger than families on only the assistance rolls or the beneficiary rolls. Although fewer than 5 percent of the old-age and survivors insurance families with children received assistance, these families included almost 8 percent of all children in beneficiary families (table 4). Under the old-age and survivors insurance program, benefits to families with children are limited to 80 percent of the average monthly wage on which the payment is based. Families receiving benefits based on a worker's low average wage are most likely to need assistance, and their need tends to increase in proportion to the number of children in the family.

Variations among the States are due to the same factors that underlie variations in the extent of concurrent receipt under old-age assistance and old-age and survivors insurance—namely, the extent of old-age and survivors insurance coverage and the difference in assistance policies. In addition, the proportion of families receiving aid to dependent children in which the father is dead varies among the States, depending upon the proportions of families receiving assistance because the father is absent or is incapacitated.

*Effect of OASI on ADC costs.*—In

February 1955 the cost to assistance agencies of payments made to beneficiary families amounted to somewhat more than \$2.1 million. This amount was 4 percent of all money payments under aid to dependent children—a proportion smaller than the proportion of total money payments under old-age assistance going to beneficiaries of old-age and survivors insurance. As the number of families with insurance benefits increases, fewer families with father dead are needing assistance, and as a result relatively less assistance goes to beneficiary families than to other families. The average assistance payment in February to families receiving both types of payments was \$66.71 per family; to families not receiving insurance benefits the average payment was \$87.17.

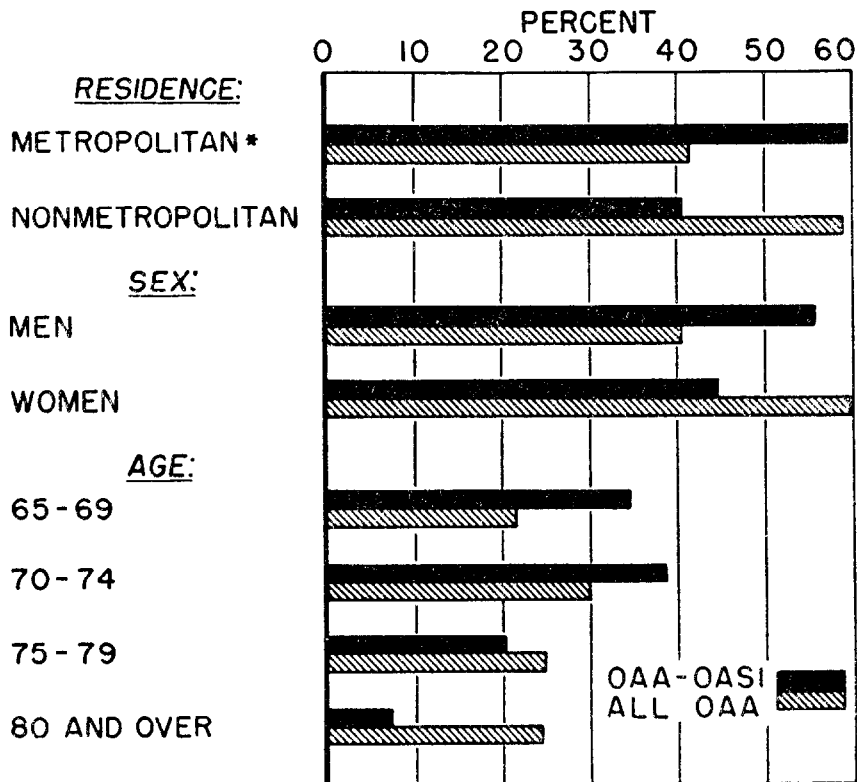
The average benefit to families receiving both aid to dependent children and old-age and survivors insurance was higher in February 1955 than in November 1953 because of the 1954 amendments. In November

1953 the average insurance benefit received by families with both types of payments was \$59.02; in February 1955 it was \$64.43. The average family benefit for all survivor families consisting of widows and children in December 1954 was \$117.30 or almost twice that received by survivor families who also received aid to dependent children.

### Characteristics of OAA-OASI Recipients and of All OAA Recipients

Old-age assistance recipients with old-age and survivors insurance benefits differed from all old-age assistance recipients in many respects—place of residence, sex, age, amount of requirements, amount of assistance payment, and total money income. The basis for the comparison is provided by a comprehensive study of requirements, incomes, resources, and social characteristics of recipients of old-age assistance. The study was conducted in early 1953 as a joint project of the Bureau of Public

Chart 2.—Percentage distributions of all OAA recipients and of OAA recipients with OASI benefits, by place of residence, sex, and age, early 1953



\* Counties that are part of "standard metropolitan areas" as defined by the Bureau of the Census.

Assistance and the State agencies administering old-age assistance programs. All the States except Alaska, Puerto Rico, Vermont, and the Virgin Islands participated in the study. Each State chose an administratively feasible month from December 1952 through May 1953 to conduct its study. The data from this study that are presented here are based on a national sample of 1 percent of the recipients in each State, with the selection made according to accepted sampling procedures.

### Place of Residence

For the most part, recipients of old-age assistance who were also old-age and survivors insurance beneficiaries lived in an urban setting where employment covered by the old-age and survivors insurance program has been concentrated, while the majority of old-age assistance recipients lived in rural areas, towns, and small cities. In early 1953 approximately 60 percent of the aged beneficiary-recipients and 40 percent of all old-age assistance recipients were living in metropolitan counties (in New England, towns) that are part of the "standard metropolitan areas" defined by the Bureau of the Census (chart 2). The proportion living on farms was four times as high for all old-age assistance recipients as for recipients with insurance benefits (12.2 percent compared with 3.0 percent). With the new provisions for farm coverage<sup>6</sup> under the 1954 amendments, many persons residing in rural areas will be given a greater opportunity to build up retirement and much-needed survivor protection under the old-age and survivors insurance system. Extension of coverage to farm groups not only will tend to reduce the size of the old-age assistance program as the newly covered workers acquire insured status, but it will also tend to increase the proportion of assistance recipients in agricultural and rural counties who will be getting benefits.

### Race and Sex

Out of every 6 recipients of old-age assistance in early 1953, 5 were white

<sup>6</sup> See the *Bulletin*, January 1955, pages 4-6.

**Table 5.—Percentage distribution of all OAA recipients and of OAA recipients with OASI benefits, by race and sex, early 1953**

Race and sex	All OAA recipients	OAA recipients with OASI benefits
Total number of recipients.....	2, 570, 600	446, 300
Total.....	100.0	100.0
White.....	82.6	89.2
Nonwhite.....	17.4	10.8
White.....	100.0	100.0
Male.....	40.2	54.1
Female.....	59.8	45.9
Nonwhite.....	100.0	100.0
Male.....	41.1	68.3
Female.....	58.9	31.7

(table 5). Nonwhite recipients—1 in 6 of all recipients—were 1 in 10 of the beneficiary-recipients. Men outnumbered women among recipients who were also receiving insurance benefits, while among all old-age assistance recipients there were more women than men. Of the group who received both types of payments, 55.6 percent were men, but men made up only 40.3 percent of all old-age assistance recipients. Many women on the old-age assistance rolls are either wives or widows of uninsured workers, and most of the women with employment records probably have no recent attachment to the labor force. In the group that received both benefits and assistance payments, a smaller proportion of nonwhite persons than of white persons were women. Probably more nonwhite women than white women were employed in domestic service, which was not covered under old-age and survivors insurance until the 1950 amendments.

### Age

Beneficiary-recipients were, on the average, 2½ years younger than all recipients of old-age assistance; the median ages were 72.1 and 74.8, respectively. Many persons receiving assistance in early 1953 had already retired when the old-age and survivors insurance program began, or they were the widows of men who had left the labor force before that time. Almost half of all aged recipients were aged 75 or over; only 27.4 percent of the group drawing benefits

were that old. In both groups the greatest concentration of recipients was found among those aged 70-74. Only 7.2 percent of the recipients with benefits were aged 80 or over, compared with 24.1 percent of all old-age assistance recipients.

### Total Amount of Requirements

Requirements<sup>7</sup> are generally higher for old-age assistance recipients with insurance benefits than for other individuals receiving old-age assistance. This difference is the result of several factors, the most important of which is the predominantly urban character of the beneficiary-recipient group. The 1953 study showed that States tend to recognize expenses for urban recipients that are substantially higher than those for rural recipients, presumably because of the difference in costs of such items as shelter, fuel, and utilities. Monthly requirements of recipients on farms in the Nation as a whole amounted to about \$50; in rural nonfarm areas, \$57; and in cities of 100,000 or more, \$73. With a majority of the beneficiary-recipients living in urban areas, higher requirements would be expected.

Because of differences in budgeting patterns, data from the 1953 study that deal with money are presented for two groups. The first is made up of recipients whose assistance payment was the only payment made to the individual and any dependents; the second comprises married couples who received two old-age assistance payments.

Among recipients with no spouse or with a spouse who did not receive old-age assistance, the median amount of total requirements was \$66.80 (table 6). For those in the group who also received benefits under the old-age and survivors insurance program it was \$80.72. Beneficiary-recipients were concentrated primarily in the middle and higher levels, while all recipients tended to be more numerous at the lower levels.

<sup>7</sup> The requirements of the recipient are ordinarily expressed as the monetary value of the goods and services recognized by a State agency as essential to an individual in given circumstances. In the 1953 study the only item not included in requirements was medical care costs that were met directly by payments to vendors.

The proportion having requirements amounting to less than \$50 was three times as large for all recipients as for the group with benefits (22.7 percent compared with 7.5 percent). On the other hand, requirements amounting to at least \$100 were twice as numerous among the beneficiary group as among all recipients.

The median amount of combined total requirements for couples with both husband and wife receiving old-age assistance and insurance benefits was \$131.92, or \$23.42 more than the median for all couples with both members receiving assistance. About 2 couples in 5 among all couples had requirements amounting to less than \$100, compared with about 1 in 6 of the beneficiary couples who were also assistance recipients. Three couples in 8 of those with benefits, but only 1 in 6 of all couples, had combined requirements totaling \$150 or more.

### Assistance Payments

Like other individuals, old-age and survivors insurance beneficiaries need assistance when their requirements are greater than their income. Beneficiaries receiving insurance benefits at or near the minimum usually need assistance if they have no additional income. At the time of the 1953 study, the minimum benefit paid to a retired worker was \$25.00; minimums for aged wives and for widows of insured workers were \$12.50 and \$18.80, respectively. In December 1952 the average insurance benefit to all aged beneficiaries was \$43.73. The average benefit paid in early 1953 to old-age assistance recipients who were also receiving benefits was \$33.85. More than one-fourth of the aged individuals who received payments under both programs had insurance benefits of \$25.00, while 14 percent received benefits of less than \$25.00. Altogether, about half the recipients of old-age assistance who received benefits had benefits of less than \$30.00; 14 percent had benefits exceeding \$50.00.

Many benefits are small because they are based on as few as 6 quarters of coverage or because of gaps in the worker's covered employment. The exclusion of periods of disability and of up to 5 years of low earnings, permitted under the 1954 amend-

**Table 6.—OAA recipients with no spouse or with spouse who did not receive OAA and OAA recipients with spouse who received OAA: <sup>1</sup> Percentage distribution of all recipients in each group and of those with OASI benefits, by amount of total requirements, early 1953**

Amount of total requirements <sup>2</sup>	All OAA recipients	OAA recipients with OASI benefits
	Recipients with no spouse or with spouse who did not receive OAA	
Number of recipients.....	1,572,400	294,090
Percent.....	100.0	100.0
Less than \$35.00.....	4.6	1.1
35.00-39.99.....	5.4	1.4
40.00-44.99.....	6.1	2.3
45.00-49.99.....	6.6	2.7
50.00-54.99.....	7.1	4.3
55.00-59.99.....	8.2	5.4
60.00-64.99.....	8.7	8.3
65.00-69.99.....	9.0	7.9
70.00-74.99.....	6.9	7.5
75.00-99.99.....	28.6	40.3
100.00-124.99.....	5.7	13.7
125.00-149.99.....	1.8	3.6
150.00 or more.....	1.3	1.7
Median amount.....	\$66.80	\$80.72
Recipients living with spouse who received OAA		
Number of recipients.....	435,500	109,300
Percent.....	100.0	100.0
Less than \$75.00.....	12.3	2.9
75.00-99.99.....	26.8	12.7
100.00-124.99.....	32.0	29.7
125.00-149.99.....	11.0	16.9
150.00-199.99.....	15.4	30.1
200.00 or more.....	2.5	7.6
Median amount.....	\$108.50	\$131.92

<sup>1</sup> Excludes recipients with income in kind that has no money value assigned but estimated at \$5 or more.

<sup>2</sup> For recipients living with spouse who received an OAA payment, amounts shown represent the total for the couple.

ments in determining benefits, will result in relatively fewer beneficiaries being awarded benefits at or near the minimum in the future. Some beneficiaries, however, will still need assistance if they require costly medical care or have other unusual expenses.

On the average, assistance payments to aged recipients who also received insurance benefits were, of course, lower than payments to all aged recipients. For those recipients with no spouse or a spouse not receiving assistance the median assistance payment was \$52.04; for those in the group with benefits the median was \$40.02 (table 7). For more than one-sixth of all recipients in the group and nearly one-third of those with benefits the assistance payment was less than \$30.00. Assistance payments of at least \$75.00 were made to only 8 percent of the beneficiary-recipients but to 16 percent of all recipients in the group.

The median combined assistance payment was \$85.12 for couples with both husband and wife receiving assistance and \$66.16 for couples who also received old-age and survivors insurance benefits. Combined payments of less than \$45.00 were received by one-tenth of all couples and almost one-fourth of the couples with benefits. In contrast, combined assistance payments of at least \$100.00 were received by more than one-third of all the couples and by only slightly more than one-fifth of the beneficiary couples in the group.

The median assistance payment to recipients who lived either alone or with a spouse who did not receive assistance was roughly \$15 less than the total amount of their requirements. For those in the group with insurance benefits there was a difference of almost \$41 between requirements and the assistance payment. For married couples who lived together, with both members receiv-



ing assistance, the median of their combined assistance payments was about \$23 less than the median of their combined requirements; for the couples with benefits the difference was \$66. All income of recipients is taken into account in determining the amount of assistance payment. Payments to beneficiary-recipients are therefore smaller than those to all recipients.

### Total Cash Income

The total amount of a recipient's cash income, including his assistance payment, might be expected to approximate his total requirements. Several factors, however, tend to make the two totals different. Because of limited State and/or local funds, some States are unable to pay the full amount of assistance determined to be needed. Others have statutory maximums on assistance payments and meet need in full only up to the levels of these maximums. The data on total cash income are included in this article to show the extent to which need was met for all recipients and for the group also receiving old-age and survivors insurance benefits.

A comparison of the median amounts of total cash income, including assistance payments, with the median amounts of total requirements for the two recipient groups indicates that need was more nearly met in full for beneficiary-recipients than for all aged recipients. The median

amount of total cash income, including assistance payments, for all recipients who were not married or had a spouse not receiving assistance was \$58.11; for recipients in the group who also received insurance benefits the median amount was \$78.12 (table 8). These median amounts were roughly \$9.00 and \$3.00, respectively, less than the median amounts of their total requirements. During the study month in 1953, 2 in 5 of all recipients in the group had total money income of less than \$55.00, compared with 1 in 6 of the group who also received benefits. One recipient in 16 had cash income and assistance totaling at least \$100.00, while 1 in 6 in the group with benefits had more than that amount.

The median amount of combined cash income, including assistance payments, was \$101.90 for couples with both husband and wife receiving assistance and \$124.82 for couples who also received insurance benefits. The difference in the medians between total requirements and total cash income and assistance, however, was the same for both groups of couples—roughly \$7.00. One-fourth of all couples had combined cash income and assistance of less than \$75.00, compared with about 1 in 16 of the beneficiary couples in the group. On the other hand, the proportion of couples with combined cash income of at least \$200.00 was more than three times as large for those with benefits as for all couples.

**Table 8.—OAA recipients with no spouse or with spouse who did not receive OAA and OAA recipients with spouse who received OAA: Percentage distribution of all recipients in each group and of those with OASI benefits, by amount of total cash income (including assistance payments), early 1953**

Amount of cash income including assistance payments <sup>1</sup>	All OAA recipients	OAA recipients with OASI benefits
		Recipients with no spouse or with spouse who did not receive OAA
Number of recipients.....	2,005,500	322,900
Percent.....	100.0	100.0
Less than \$35.00.....	15.8	2.6
35.00-54.99.....	25.6	14.2
55.00-59.99.....	13.8	5.8
60.00-74.99.....	17.6	23.2
75.00-99.99.....	21.1	38.4
100.00-124.99.....	4.1	12.3
125.00-149.99.....	1.1	2.8
150.00 or more.....	.8	1.3
Median amount.....	\$58.11	\$78.12
	Recipients living with spouse who received OAA	
Number of recipients.....	565,100	123,400
Percent.....	100.0	100.0
Less than \$75.00.....	25.6	6.0
75.00-99.99.....	22.0	15.5
100.00-124.99.....	31.2	28.7
125.00-149.99.....	7.6	16.4
150.00-174.99.....	7.3	13.9
175.00-199.99.....	4.8	13.9
200.00 or more.....	1.5	5.6
Median amount.....	\$101.90	\$124.82

<sup>1</sup> For recipients living with spouse who received an OAA payment, amounts shown represent the total for the couple.

**Table 7.—OAA recipients with no spouse or with spouse who did not receive OAA and OAA recipients with spouse who received OAA: Percentage distribution of all recipients in each group and of those with OASI benefits, by amount of assistance payment, early 1953**

Amount of assistance payment <sup>1</sup>	Recipients with no spouse or with spouse who did not receive OAA		Recipients living with spouse who received OAA	
	All recipients	Recipients with OASI benefits	All recipients	Recipients with OASI benefits
Number of recipients.....	2,005,500	322,900	565,100	123,400
Percent.....	100.0	100.0	100.0	100.0
Less than \$20.00.....	5.9	16.1	1.0	3.3
20.00-29.99.....	11.7	15.7	2.0	5.0
30.00-44.99.....	22.6	26.3	7.2	15.6
45.00-59.99.....	29.9	23.8	13.9	19.3
60.00-74.99.....	14.0	9.9	16.7	15.2
75.00-99.99.....	14.0	7.6	22.9	20.7
100.00 or more.....	1.9	.7	36.4	21.0
Median amount.....	\$52.04	\$40.02	\$85.12	\$60.10

<sup>1</sup> Excludes vendor payments for medical care; for recipients living with spouse who received an OAA payment, amounts shown represent the total for the couple.

### Income in Kind

Total cash income and assistance are not always a true measure of a recipient's financial ability to command the goods and services that he requires. Actual amounts available to the recipient are not reflected by this measure because it takes no account of resources expressed in non-monetary terms. According to the 1953 old-age assistance study, income in kind was particularly widespread in agricultural and rural States. Because of the predominantly urban character of the aged persons getting both assistance payments and insurance benefits, they less frequently had income in kind than did all aged recipients. Income in kind may be in the form of shelter provided by

someone else, food produced by the recipient for home consumption, or goods and services provided or contributed by other persons.

Three out of 8 single recipients had some income in kind; for those in the group who also received benefits, 1 in 5 had income in kind. Less than half (43 percent) of all couples with both members receiving assistance had income in kind, compared with slightly more than one-fourth of the couples with insurance benefits.

### Home Ownership

One of the surprising findings of the 1953 study was that the propor-

tion of beneficiary-recipients and the proportion of all old-age assistance recipients owning homes was about the same—28 percent. This may be the result of a combination of several factors. The study showed that home ownership was more common among married couples than among single persons, with 47 percent of the married recipients and 19 percent of the nonmarried owning homes. In addition, it showed that home ownership was less common in urban areas than in rural areas; 12 percent of the recipients living in cities of 100,000 or more owned homes, and 45 percent of those in towns and vil-

lages of less than 2,500. In comparison with all recipients of old-age assistance, relatively more of the beneficiary-recipients were married and relatively more of them lived in large cities. While a high rate of home ownership is associated with married status, a low rate of home ownership is associated with residence in large cities. These two factors tend to offset each other among persons receiving both insurance benefits and old-age assistance, with the result that the rate of home ownership was the same for them as it was for all recipients of old-age assistance.

### THE FISCAL YEAR

*(Continued from page 2)*

cial Security before the end of the fiscal year, and he had also approved advances of operating funds to each.

Applications for the freeze were received beginning in January, and during the last 6 months of the fiscal year 1954-55 several hundred thousand potential freeze applicants had been identified, and their cases were in process. July was the first month for which benefits paid could reflect the higher amounts resulting from the application of the freeze.

• The total number of persons receiving assistance at the end of the fiscal year was 5.8 million, about 200,000 or 2.9 percent more than in June 1954. Some month-to-month fluctuations were fairly large. After decreasing by about 10,000 in July 1954, the number of recipients increased in August and September, remained practically unchanged in October, and then rose gradually to a peak of more than 6.1 million in March. It dropped in each of the last 3 months of the year. These changes in the total number of persons assisted were heavily influenced by the changes in the caseloads for aid to dependent children and general assistance, which at the end of the year were 6.6 percent and 3.8 percent, respectively, higher than in June 1954. The old-age assistance program showed declines in every month but June, when there was a slight increase, and at the end of the year the number assisted was 1.3 percent lower

than it had been a year earlier. The number of recipients of aid to the blind and of aid to the permanently and totally disabled increased each month, with net rises for the year of 2.9 percent and 11.9 percent, respectively.

Total expenditures for assistance during the fiscal year amounted to \$2,723 million, 5.9 percent more than in the preceding fiscal year. Total payments were higher than in 1953-54 in each of the five programs, with the largest increases occurring in general assistance (32.7 percent) and aid to the permanently and totally disabled (17.3 percent). For aid to dependent children the increase was 10.9 percent, and for aid to the blind, 4.4 percent. As a result of the declining caseload and higher old-age and survivors insurance benefits the expenditures for old-age assistance were only slightly greater than in the preceding year, despite higher average payments. Nearly 1 in 5 recipients of old-age assistance had also been getting old-age and survivors insurance benefits. The liberalizations in old-age and survivors insurance had little effect on the total cost of assistance in the other four programs.

The increases in the average monthly assistance payments were the results of fairly consistent upward changes from month to month, although each program experienced some declines. At least a part of the upward trend in the four categories in which Federal matching funds are available was due to increasing expenditures for vendor payments to

suppliers of medical care. Adjustments in standards of assistance, changes in State maximums, and changes in the availability of State or local funds were some of the factors that brought month-to-month fluctuations.

Old-age assistance recipients numbered 2.6 million in June 1954 and 2.5 million in June 1955. Month-to-month changes in the caseload were relatively small, with reductions of more than 5,000 occurring in only 2 months. The greatest decline (8,700) was in October, when a substantial number of cases were closed as a result of the receipt of higher insurance benefits. In each month a majority of the States reported fewer aged persons on the rolls, and only 14 States had higher caseloads in June than a year earlier.

The general trend in the average old-age assistance payment per recipient was upward. For June 1955 the national average was \$52.30, compared with \$51.45 for the same month of the preceding year. A decrease occurred in October, however, when the higher insurance benefits became available. The changes in average payments, both upward and downward, were of considerable magnitude for individual States. They were due primarily to the adjustment of maximums or of the proportion of need being met, in line with the availability of funds. In February, for example, the average payment was higher than in January in 42 States, but a decrease of \$19.00 in

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