

tinue to occupy an important place in our total fiscal picture. These collections, including State deposits in the unemployment trust fund of \$1,330 million, are estimated at \$6,740 million for the fiscal year 1952-53 (table 4).

### Budget for Social Security Administration

Excluding proposed legislation, total appropriations and transfers for the Social Security Administration will be slightly less in 1952-53 than in the current fiscal year. Including proposed legislation, however, the total will be somewhat higher—\$1,361 million as compared with \$1,274 million. Of the 1952-53 total, 93 percent is for grants to States, including the proposed increase in public assistance grants.

The amount recommended for salaries and expenses in 1952-53 is slightly higher than the amount for the current fiscal year. Total recommended budget appropriations for the Social Security Administration for 1952-53 are \$1,275 million, or only 1.5 percent of recommended new obligational authority for the year.

Total budgetary expenditures of the Social Security Administration are estimated at \$1,278 million in 1952-53. With the anticipated administrative outlays of \$87 million from the old-age and survivors insurance trust fund and benefit payments of \$2,250 million, total expenditures would be \$3,614 million.

### Public Assistance Recipients Newly Eligible for OASI Benefits

Certain changes in the old-age and survivors insurance program made by the 1950 amendments to the Social Security Act increased the amount of benefits payable to current beneficiaries; others immediately qualified for benefits many persons who had formerly been ineligible.<sup>1</sup> Some of the latter group had been receiving public assistance at the time the amendments were enacted. For these recipients, the new insurance benefits

<sup>1</sup> The effect of the increase in benefits was discussed in the *Bulletin* for September 1951.

usually resulted in a reduction in the amount of assistance received and were sufficient in some instances to eliminate the need for assistance entirely.

From September 1950 through September 1951, data were collected each month on the number of assistance recipients on the rolls in September 1950 who received new insurance benefits, the action taken with respect to the public assistance payment as a result, the amount of the insurance benefits, and the amount by which assistance payments were reduced.<sup>2</sup> The totals represent the cumulative effect of the monthly changes that occurred during the first 13 months that the new provisions were effective. Only one payment adjustment or other action for each assistance recipient is included, and the totals are the closest approximation that can be made of the effect that the liberalized insured-status provisions have had on assistance payments to persons receiving assistance at the time the new provisions became effective.

The effect of the newly awarded benefits on the public assistance rolls was slower for several reasons than the effect of the increase in benefits paid to current beneficiaries. Assistance agencies were generally aware of the benefits being currently received by public assistance recipients and could act fairly promptly when these benefits were increased to a new amount, which in most instances they could easily determine. In contrast, many of the "new eligibles" qualified on the basis of employment that had occurred several years before the receipt of assistance and that was not known to the assistance agency. Undoubtedly many recipients took the initiative in applying for benefits. Work histories known to assistance agencies accounted for the referral to old-age and survivors insurance field offices of many more.

There still remained, however, some assistance recipients whose eligibility for benefits was not indicated by any of these sources and who were discovered only as their work histories were reviewed with them in conjunc-

<sup>2</sup> Recipients of aid to the blind newly awarded old-age and survivors insurance benefits were too few to provide a basis for analysis.

Table 1.—Cases receiving old-age assistance or aid to dependent children in September 1950 and newly eligible for OASI benefits, selected data<sup>1</sup>

| Item   | Old-age assistance | Aid to dependent children |
|--|--------------------|---------------------------|
| Total cases.....                             | 2, 809, 537        | 653, 694                  |
| Cases newly eligible for OASI.....           | 104, 688           | 4, 456                    |
| Percent of total.....                        | 3. 7               | 0. 7                      |
| Monthly OASI benefits awarded.....           | \$2, 339, 441      | \$202, 534                |
| Monthly decrease in assistance payments..... | \$2, 280, 102      | \$155, 662                |
| Average OASI benefit per case affected.....  | \$22. 35           | \$45. 45                  |

<sup>1</sup> Based on adjustments made between September 1950 and September 1951.

tion with the normal process of review of eligibility for assistance. Thus appreciable numbers of recipients newly eligible for insurance benefits were reported each month through September 1951, at which time the new provisions had been in effect for a full year. While action had been taken on three-fourths of the payments affected by increased benefits to current beneficiary-recipients by the end of October 1950, slightly less than one-third of the cases involving the newly eligible recipients had been considered by the end of December 1950, and it was February 1951 before action had been taken on half of them.

The public assistance recipients who became newly eligible for insurance benefits were of several types. The largest group consisted of aged persons who had worked for 6 quarters or more in covered employment after 1936 but not long enough to qualify for benefits under the requirements in effect before the amendments, and the aged wives of men meeting these qualifications. Other provisions of the amendments, such as those conferring eligibility for benefits on dependent husbands of female primary beneficiaries, resulted in some additional public assistance recipients becoming entitled.

Most of the changes in old-age assistance were brought about by the provisions that made these groups eligible; the aid to dependent children program was more affected by the liberalized provisions for children of old-age beneficiaries and survivors of deceased wage earners. One of the

most important provisions permitted the inclusion of time spent in World War II military service in determining the number of quarters a deceased wage earner had spent in covered employment. This provision made eligible the children of a substantial number of World War II veterans who had died before the amendments had been enacted. Liberalization of the conditions under which child benefits can be paid on the wage record of a deceased mother, and of eligibility on the basis of a stepfather's wage record, also affected some families receiving aid to dependent children. Some of the assistance recipients who became eligible for old-age benefits had young children who, as a result of the parent's eligibility, became eligible for child benefits.<sup>3</sup> In measuring the effect of the provisions under which recipients became eligible for benefits, no attempt has been made to segregate the effects of the individual provisions, each of which affected some recipients.

The slower impact of the new benefits on public assistance payments inevitably resulted in the reported effects being more influenced by concurrent developments than were the actions taken when existing benefits were increased. The 13-month period during which these adjustments were made was one of rising prices, and State action in recognizing increased living costs tended to reduce the saving in assistance funds attributable to new benefits. Because of savings and additional funds resulting from the 1950 amendments, a number of States were able during this period to put into effect other policy changes that tended to meet need more adequately rather than reduce assistance costs.

Other factors, however, tended to increase the reported saving in assistance funds and must also be taken into account. The most important was the fact that many recipients were unaware of their eligibility and

<sup>3</sup> Provision for mothers of entitled children of living beneficiaries, and changes resulting in the inclusion of some additional children, also increased the number of new beneficiaries. Since these persons were in families already receiving benefits, their new benefits were ordinarily treated by assistance agencies as increases rather than as new benefits.

**Table 2.—Cases receiving old-age assistance or aid to dependent children in September 1950 and newly eligible for OASI benefits, by action on assistance payment<sup>1</sup>**

| Action                    | Old-age assistance |          | Aid to dependent children |          |
|---------------------------|--------------------|----------|---------------------------|----------|
|                           | Number             | Per cent | Number                    | Per cent |
| Total.....                | 104,688            | 100.0    | 4,456                     | 100.0    |
| Cases closed.....         | 11,336             | 10.8     | 1,212                     | 27.2     |
| Payments suspended.....   | 10,043             | 9.6      | 305                       | 6.8      |
| Payments reduced.....     | 74,709             | 71.4     | 2,414                     | 54.2     |
| Payments not reduced..... | 8,600              | 8.2      | 525                       | 11.8     |

<sup>1</sup> Based on adjustments made between September 1950 and September 1951.

did not apply for benefits promptly. When they did apply and became entitled, many of them received an amount that included benefits for earlier months that was, of course, substantially greater than their continuing monthly benefits. These retroactive benefit payments were treated in different ways by the State assistance agencies. In some States they were considered a permissible addition to the recipient's cash reserves, while other States deducted the amount of the benefit from assistance payments either by temporarily discontinuing the entire payment or by prorating a deduction over several months. Deductions by either of these methods almost certainly account for the fact that the reported saving in assistance funds was greater than the amount of new benefit payments in some States.

In States that place a maximum on individual assistance payments, many recipients needed more assistance than they had been receiving. For these recipients, need was met more fully as a result of the additional income when the assistance payments were not reduced. Actions of this type and policy changes generally explain the instances in which payments were not reduced as a result of the receipt of insurance benefits.

*Effects on old-age assistance.*—A total of 104,688 recipients, representing 3.7 percent of all old-age assistance recipients in September 1950, had been awarded old-age and survivors insurance benefits by September 1951 under the liberalized insured-

status provisions of the 1950 amendments (table 1). Benefit payments to these aged persons totaled \$2,339,441 a month, an average of \$22.35 per beneficiary. Reported decreases in payments of old-age assistance amounted to \$2,280,102 a month. For reasons that have been indicated, there is some question as to whether savings of this size will continue.

Cases were closed for 11,336 recipients, or 10.8 percent of those who received insurance benefits for the first time (table 2). Since the average old-age assistance payment in September 1950 was \$43.79, almost twice the average of \$22.35 for the new benefits, only a relatively small proportion of the recipients had benefits as large as the assistance payments they had been receiving. Many of the recipients qualified for only minimum insurance benefits—\$20 a month for old-age beneficiaries and \$10 a month for aged entitled wives.

An additional 9.6 percent of these assistance recipients had their payments suspended. The suspensions ordinarily represented temporary discontinuance, with the prospect of payment being resumed at a later date. It is probable that many of these suspensions resulted from retroactive initial payments, which provided the recipients with sufficient funds to manage without assistance for a month or more. Ultimately, assistance payments for most of this group are likely to be reinstated in reduced amounts.

For most of these recipients (74,709 or 71.4 percent), assistance payments were continued without interruption but reduced in amount. The remaining 8,600 recipients—8.2 percent of the group or about 1 out of every 12—were found eligible to continue receiving assistance in the same amount as before they received their new benefits. Many of these recipients were in States where the operation of statutory maximums on the amount of assistance that could be paid had prevented need from being fully met. Others benefited from changes in State policy, or their own requirements or resources changed, and the changes and their insurance benefits were taken into account concurrently.

*Effects on aid to dependent children.*—Of the families receiving aid

to dependent children in September 1950, there were 4,456 or 0.7 percent who by September 1951 had received new insurance benefits under the amended provisions. It is not surprising that the percentage is substantially smaller than that for old-age assistance, since most of the families are eligible for aid to dependent children on the basis of the absence or incapacity of a wage earner under age 65. Neither of those situations confers eligibility for insurance benefits. Moreover, the reduction in the number of quarters required for insured status applied only to living wage earners and did not materially affect entitlement to survivor benefits.

New insurance benefits received by families on the aid to dependent children rolls totaled \$202,534 a month by September 1951, an average of \$45.45 per family. Reported decreases in assistance payments at the same time amounted to \$155,662.

Of the families receiving new benefits, 1,212 or 27.2 percent had their assistance cases closed. Three out of 5 of these closings occurred in 12 low-

income States, 11 of which made payments averaging less than \$50 in September 1950.

An additional 305 or 6.8 percent of these recipients of aid to dependent children had their assistance payments suspended. As in the old-age assistance cases, many of the discontinuances were probably temporary because of the receipt of retroactive benefits.

A majority of the families affected—2,414 or 54.2 percent of the group—continued to receive assistance payments of reduced amount, while 525 families or 11.8 percent were found eligible to receive the same assistance payment as formerly. Many of this latter group were in States where the operation of maximums on payments had limited the assistance received to amounts substantially below the recognized need.

*Long-time effects on public assistance costs.*—For the recipients of old-age assistance and aid to dependent children, newly paid insurance benefits amounted to slightly more than \$2.5 million a month by September

1951. The immediate reduction in assistance payments represented 96 percent of this amount. Even if this saving is somewhat reduced because of the partial restoration of assistance payments suspended on account of retroactive benefit payments, it would still exceed \$2 million a month.

The group on the assistance rolls is not static, and the persons who were recipients in September 1950 will gradually leave the rolls for one reason or another. The saving in assistance funds with respect to these particular individuals will decline as time passes. Other persons in the population also benefit, however, from the 1950 insurance provisions. While some of these persons may have to apply for assistance in the future, the amount of assistance needed will be less because of their entitlement to insurance benefits than it otherwise would have been. In the future, the reduction in savings in assistance funds due to discontinuance of assistance for September 1950 recipients will be partly offset by the addition to the rolls of these new recipients.

## Recent Publications\*

### General

FEDERAL SECURITY AGENCY. LIBRARY. *Federal Grants-In-Aid in Health—Social Security—Education—Vocational Rehabilitation: Selected References, 1938-1951.* Washington: The Library, Jan. 1952. 37 pp. Processed. Limited free distribution, apply to the Federal Security Agency Library, Washington 25, D. C.

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UNITED NATIONS. STATISTICAL OFFICE. *National Income Statistics, Supplement 1938-1950.* (Statistical Papers, Series E, No. 2.) New York: The Office, Aug. 1951. 55 pp. Processed.

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