

Social Security Act Amendments of 1952

by WILBUR J. COHEN*

The Eighty-second Congress amended the Social Security Act in the closing days of its second session. The fact that this is the second time in 2 years that Congress has acted to liberalize the old-age and survivors insurance and public assistance programs indicates national awareness that these income-maintenance programs should and can be adjusted in line with economic developments. The increased insurance benefits further indicate recognition of the fact that, with rising wage levels, some liberalizations can be made in the old-age and survivors insurance program without raising tax rates or departing from the self-supporting basis of the program.

THE Social Security Act Amendments of 1952 became law on July 18, 1952, when President Truman affixed his signature to H.R. 7800. The new social security law (Public Law 590, Eighty-second Congress, second session) was described by the President as an "important landmark in the progress of our social security system."

The amendments affect the old-age and survivors insurance provisions (title II) and the public assistance provisions (titles I, IV, X, and XIV) of the Social Security Act, and the Railroad Retirement Act. Section 1 of the law gives the short title; the other seven sections deal with increases in old-age and survivors insurance benefits; preservation of the insurance rights of permanently and totally disabled individuals; liberalization of the retirement test; wage credits for military service; technical amendments related to old-age and survivors insurance; earned income of recipients of aid to the blind; and increase in the Federal share in public assistance payments.

General Background

H.R. 7800 was introduced by Representative Doughton, Chairman of the House Committee on Ways and Means, on May 12, 1952. Four days later the bill was reported favorably by the Committee, and it came up on the floor of the House for a vote on May 19. The bill was brought up under suspension of the rules,

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which requires a two-thirds vote for passage. The vote was 150 to 140—not sufficient to pass the bill. On June 17 the bill was brought up again and was adopted, with amendments, by a vote of 361 to 22.

The bill was reported favorably by the Senate Committee on Finance, with amendments, on June 23; with two additional amendments from the floor it passed the Senate by a voice vote on June 26.

The conferees from the House of Representatives and the Senate met on July 3 and 4 and the morning of July 5. The Conference Report was adopted in both Houses on July 5, and the bill became law on July 18.

The amendments to the insurance provisions of the law were changes that, in the opinion of the two Committees that considered the legislation, required "attention this year." The changes "are all within areas which were intensively studied" by both the House Committee on Ways and Means and the Senate Committee on Finance before the enactment of the 1950 amendments.¹ Both Committees pointed out that the changes in the insurance program "will not require any amendment of the present contribution schedule, nor will they disturb the self-supporting basis of the system." Both Committees also recognized that other amendments to the insurance program are necessary, but the changes made were "selected because of their urgency and be-

¹ For a summary and legislative history of the 1950 amendments, see the *Bulletin*, October 1950, pages 3-14.

cause of the widespread agreement on their desirability."²

The House Committee on Ways and Means in its report gave the major reason for the legislation.

The rapid rise in wages and prices during the last few years makes immediate benefit adjustments imperative. While the money income of many groups in the population has gone up since the outbreak of hostilities in Korea, the benefit rates of over 4½ million persons now on the old-age and survivors insurance rolls were determined in the early part of 1950, prior to the beginning of the present emergency period. As a consequence, retired aged persons and widows and orphans are finding it very difficult to meet their costs of living.

Adjustment of the program to keep its provisions in line with major changes in economic conditions is of great personal significance to nearly all Americans. . . . Unless the old-age and survivors insurance program is kept dynamic and is constantly adjusted to major economic developments, many more beneficiaries will have to turn to public assistance to make up the deficiency between their income and the minimum necessary to meet living costs.

From the beginning of the social security program in 1935 it has been the intent of Congress to establish contributory social insurance, with benefits related to individual earnings, as the foundation of social security. . . . To maintain the gains which already have been made and to prevent more and more people from having to turn to the less satisfactory assistance program for supplementation of their insurance benefits, it is necessary that benefits under old-age and survivors insurance be increased.

Insurance Provisions

Five sections of the new law amend the old-age and survivors insurance program. The various

² House Report No. 1944 to accompany H. R. 7800, May 16, 1952, page 2, and Senate Report No. 1806 to accompany H. R. 7800, June 23, 1952, page 1 (82d Cong., 2d sess.).

Table 1.—Old-age and survivors insurance: Illustrative monthly benefits based on earnings after 1936, under the old law and under the 1952 amendments

Retired worker		Retired worker and wife		Widow, widower, parent, or child		Widow and 1 child		Widow and 2 children		Widow and 3 children	
Old law	1952 law	Old law	1952 law	Old law	1952 law	Old law	1952 law	Old law	1952 law	Old law	1952 law
\$20.00	\$25.00	\$30.00	\$37.50	\$15.00	\$18.80	\$30.00	\$37.60	\$40.00	\$45.10	\$40.20	\$45.30
30.00	35.00	45.00	51.20	22.50	26.30	45.00	51.20	48.00	51.40	48.00	51.40
40.00	45.00	60.00	65.00	30.00	33.80	60.00	65.60	64.00	65.80	64.20	65.80
50.00	56.30	75.00	84.50	37.50	42.20	75.00	84.40	80.00	87.30	80.10	87.30
60.00	67.50	90.00	101.30	45.00	50.70	90.00	101.40	120.00	135.10	133.60	146.50
68.50	77.10	102.80	115.70	51.40	57.90	102.80	115.80	137.20	154.50	150.00	168.90

¹ Maximum total family benefits permitted by law. Some benefits exceed statutory maximum because of overriding provision that any of the in-

dividual benefits not a multiple of 10 cents must be rounded up to the next multiple of 10 cents.

changes are estimated to increase benefit disbursements about \$325 million for the calendar year 1953.

Increases in Amount of Insurance Benefit

Section 2 provides for an increase in old-age and survivors insurance benefits for both present and future beneficiaries; it includes a new conversion table that, beginning September 1952, replaces the table in the 1950 amendments.

For retired persons whose benefits were computed by use of the 1950 conversion table (and based on total earnings after 1936), benefits are raised by \$5 or 12½ percent, whichever is larger. The provisions apply generally to old-age insurance beneficiaries now on the rolls. The largest monthly amount payable to a retired worker is increased by \$8.60 (to \$77.10); the maximum for a retired man and his wife is increased by \$12.90 (to \$115.70). Table 1 presents illustrative benefits showing the effect of the changes.

For retired persons whose total earnings after 1950 are used, benefits are increased by raising from 50 to 55 percent the percentage in the formula applicable to the first \$100 of the average monthly wage. The remainder of the formula, 15 percent of the next \$200, remains unchanged. Accordingly, for average wages of \$100 and over, the increase is \$5. This amendment applies generally to persons who retire in the future. Illustrative benefits showing the effects of these changes are given in table 2.

Benefits for wives, widows, chil-

dren, and other categories of beneficiaries are increased proportionately, subject to certain provisions limiting the benefits payable to a single family (the provision, for example, limiting the family benefit to an amount not more than 80 percent of the wage earner's average wage).

The minimum benefit payable to a retired person is raised from \$20 to \$25. For a family the maximum benefit is now \$168.75—a 12½-percent increase from the former maximum of \$150. The minimum family benefit cannot be reduced by the maximum provisions to less than \$45 (again a 12½-percent increase from the \$40 under the old law).

Table 3 shows the estimated average benefits under the new law; they are given only for 1952, 1960, and 2000, since in general there is a smooth trend in the intervening periods. Also shown are the estimated average payments as of August 1952, the last month that the 1950 law was in effect.

Preservation of Rights of Disabled

Section 3 of the bill as passed by the House provided for preserving the insurance rights of persons who become permanently and totally disabled.³ At present, a worker who is permanently and totally disabled is penalized in that he may have his retirement or his survivor benefits sharply reduced because his covered

³ Various provisions relating to examination of the disabled were deleted from the bill as it passed the House on June 17, 1952. See *Congressional Record*, June 18, 1952, page 7421 (daily edition).

earnings under the program have necessarily stopped, or the individual or his survivors may be disqualified from benefits altogether. Under the bill, when the worker died or retired, his insured status would be determined on the basis of his covered earnings for the years he was not disabled. In figuring his old-age benefit and the benefits for his survivors, the years in which he was incapacitated for work would be excluded from the computation of his average earnings; hence his total earnings would be averaged over the years in which he was able to work.

The House bill provided that applications for increased benefits under this section could be filed on April 1, 1953, and increased payments would first be made for the month of July 1953. The Senate struck out this provision. The compromise that was reached by the Conference Committee and that is now included in the law provides that no applications may be accepted before July 1, 1953, and that the entire section shall cease to be effective after June 30, 1953. In other words, the provision will not become operative unless action is taken by the next Congress.

According to the Conference Report, it is intended that hearings will be held on this entire matter early in 1953, when the Committees will go into the administrative and other provisions. The Report suggests that this timing will permit appropriate steps to be taken for the working out of tentative agreements between the Federal Government and the States for the determination of disability by State agencies as now provided in the law. It is also intended to obtain at that time the views of interested groups as to what methods of obtaining evidence of disability should be used, under what circumstances and by whom determinations should be made, and whether or not these provisions or any modification thereof should be enacted into permanent law.⁴

The Committee on Ways and

⁴ House Report No. 2491 to accompany H. R. 7800, July 5, 1952, page 9.

Means made an exhaustive study of the old-age and survivors insurance program and of the administrative aspects of disability insurance and disability assistance in connection with the 1950 amendments to the Social Security Act. The House of Representatives at that time approved a program that would have paid monthly cash benefits to insured workers who became permanently and totally disabled. This program was not approved by the Senate and was omitted from the conference bill that became the Social Security Act Amendments of 1950. The present provision is much more limited, since it would, if put into effect, merely preserve the insurance rights of qualified workers who become permanently and totally disabled.

In private insurance and in Government insurance for veterans, such "waiver" provisions with respect to insured individuals who become totally disabled operate to keep their insurance in force, undiminished, without any further premium payments for the duration of total disability. Similarly, under the provisions of the law, if made operative, no further covered earnings would be required, in the absence of earning capacity, to preserve the status a qualified worker had acquired at the time he became disabled.

If the "freeze" provisions become operative, by later action of Congress, the preservation of rights to old-age and survivors insurance will be afforded only to those disabled persons having both substantial and recent covered employment. An individual will qualify if he has had

at least 20 quarters of coverage out of the 40-quarter calendar period ending with the quarter in which his period of disability began. In addition, for the purpose of testing recent attachment to the labor force, he must have had at least 6 quarters of coverage out of the 13-quarter period ending with the quarter in which the period of his disability began. These requirements are intended to screen out most persons employed only intermittently and those who have not recently been employed. They are more restrictive than those for retirement or death benefits so that only those workers will be eligible whose reason for leaving the labor market can be presumed to be disability.

To have his insured status preserved and his benefit amount remain unaffected by the period of disability, the worker would have to be totally disabled for not less than six consecutive calendar months, and his physical or mental impairment would have to be expected to be permanent.

To be considered permanently and totally disabled an individual must have been stricken with an illness, injury, or other physical or mental impairment that can be expected to be permanent. The impairment must be medically determinable, and it must preclude the disabled person from performing any substantially gainful work.

An individual would also be disabled, by definition, if he is blind within the meaning of that term as used in the law. Persons who do not meet the statutory definition, but who nevertheless have a severe vis-

Table 3.—Old-age and survivors insurance: Estimated average monthly benefit payments and average lump-sum death payments under the old law and under the 1952 amendments

Type of benefit	Under old law in August 1952	Under 1952 amendments		
		September 1952	1960	2000
Old-age.....	\$42	\$48	\$59	\$57
Male.....	44	50	62	66
Female.....	33	38	46	44
Wife's ¹	23	26	32	35
Widow's ¹	36	40	46	52
Parent's ²	37	41	46	51
Mother's.....	33	36	43	48
Child's ³	27	30	39	42
Lump-sum death payment ⁴	150	170	185	180

¹ Excludes persons eligible for old-age benefits; includes husband's or widower's benefits.

² Excludes persons eligible for old-age, widow's, and widower's benefits.

³ Includes child's benefits both for child survivor beneficiaries and for children of old-age beneficiaries.

⁴ Average amount per deceased worker.

Source: *Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified by the Social Security Act Amendments of 1952* (table 3), House Ways and Means Committee Print, July 21, 1950.

ual handicap, would be in the same position as all other disabled persons; they could qualify for a period of disability under the general definition of disability if unable to engage in any substantially gainful activity by reason of their impairment.

The first month in which disabled persons could file an application for a disability determination, if the section becomes effective, would be July 1953. Retired workers on the old-age and survivors insurance rolls who establish a "period of disability" could receive increased retirement benefits beginning with the month of July 1953. Persons who were permanently and totally disabled as early as the fourth quarter of 1941 could establish a period of disability (if otherwise qualified) provided they were continuously disabled and filed an application for determination of disability on or after July 1, 1953, and before January 1, 1955. The survivors of workers who died after having qualified for a period of disability would also receive increased benefits.

The law provides that determination as to whether or not an individual is permanently and totally disabled, as defined in the law, and

Table 2.—Old-age and survivors insurance: Illustrative monthly benefits based on earnings after 1950, under the old law and under the 1952 amendments

Average monthly wage	Retired worker		Retired worker and wife		Aged widow		Widow and 1 child		Widow and 2 children		Widow and 3 children	
	Old law	1952 law	Old law	1952 law	Old law	1952 law	Old law	1952 law	Old law	1952 law	Old law	1952 law
\$50.....	\$25.00	\$27.50	\$37.50	\$41.30	\$18.80	\$20.70	\$37.60	\$41.40	¹ \$40.00	¹ \$45.10	¹ \$40.20	¹ \$45.00
100.....	50.00	55.00	75.00	¹ 80.00	37.50	41.30	75.00	¹ 80.00	¹ 80.00	¹ 80.00	¹ 80.10	¹ 80.10
150.....	75.00	82.50	112.50	¹ 120.00	56.25	61.95	112.50	¹ 115.20	¹ 120.00	¹ 120.00	¹ 120.00	¹ 120.00
200.....	100.00	110.00	150.00	¹ 160.00	75.00	82.60	150.00	¹ 150.00	¹ 160.00	¹ 160.00	¹ 160.00	¹ 160.20
250.....	125.00	137.50	187.50	¹ 200.00	93.75	103.25	187.50	¹ 187.50	¹ 200.00	¹ 200.00	¹ 200.00	¹ 200.00
300.....	150.00	165.00	225.00	¹ 240.00	112.50	123.90	225.00	¹ 225.00	¹ 240.00	¹ 240.00	¹ 240.00	¹ 240.00

¹ Maximum total family benefits permitted by law. Some benefits exceed statutory maximum because of overriding provision that any of the in-

dividual benefits not a multiple of 10 cents must be rounded up to the next multiple of 10 cents.

the beginning date of his disability would be made by a State agency pursuant to agreements with the Federal Security Administrator. The State agencies administering or supervising the administration of the approved State plan for aid to the permanently and totally disabled, or the State agencies administering the approved plan under the Vocational Rehabilitation Act, or the State agencies administering the State's workmen's compensation law are specified as the State agencies that could be utilized for the purpose of making such determinations.

The Administrator would be authorized to reverse a determination by a State agency that an individual is disabled or to determine that his disability began on a later date than that determined by the State agency. He would not be authorized, however, to reverse a determination by a State agency that a person is not disabled, nor would he be authorized to make a determination that such disability began on a day earlier than that determined by such State agency.

The Administrator would be authorized to pay the entire cost to the State of carrying out the agreement, if the State is willing to enter into such agreement. If the State is not willing to enter into an agreement, the Administrator would have no authority to act directly to make determinations. Therefore, persons residing in a State where no agreement exists could not have any determination made by an agency of that State.

Wage Credits for Military Service

Section 5(a) of the amendments provides old-age and survivors insurance wage credits of \$160 for each month of service in the active military or naval service of the United States from July 25, 1947, through December 31, 1953. With but one exception, which was made to simplify administration, these credits will be provided on the same basis as the credits provided under section 217(a) of the 1950 law for World War II service. The exception is the provision making it un-

necessary for the Federal Security Administrator to ascertain whether another benefit has been determined to be payable by a Federal agency, other than the Veterans Administration, on the basis of the same service when the denial of the wage credits would make a difference of not more than 50 cents in the primary insurance amount of the servicemen.

The new credits will apply to monthly benefits for months after August 1952 and to lump-sum death payments when death occurs after August 1952. The new credits—like those for World War II service—may not be counted towards old-age and survivors insurance benefits if a periodic benefit based in whole or in part on the same military service is determined to be payable by another Federal agency (other than the Veterans Administration). The cost of the credits will continue to be borne by the trust fund, as in the case of the World War II provisions. The conference committee rejected the provision included in the House version of the bill that would have authorized appropriations from the General Treasury to meet the additional costs of the wage credits.

Section 5 also extends the time normally permitted for claiming reimbursement for burial expenses if a serviceman dies abroad between June 25, 1950, and December 31, 1953, and his body is returned to the United States for burial or reburial. Reimbursement may be claimed within 2 years of the date of burial or reburial rather than within 2 years of the date of death, as previously required.

It is expected that Congress will give further consideration to proposals for covering military service under the insurance program before section 5 terminates at the end of 1953.

Liberalization in Retirement Test

The retirement test is liberalized by section 4. A beneficiary may now earn as much as \$75 a month in covered employment and still receive his benefit. Under the old law

he could earn only \$50 a month. The increase is effective for earnings from wages for the month of September 1952; for earnings in self-employment it is effective for the first taxable year that ends after August 1952 (the calendar year 1952 for practically all self-employed persons).

Technical Amendments

Section 6 makes five technical changes that are designed to correct certain inequities and simplify administration. Included is an amendment to the Railroad Retirement Act, increasing minimum benefits and liberalizing the retirement test under the railroad retirement program, so that the present coordination of benefits under that program and old-age and survivors insurance may be maintained.

Recomputation of insurance benefits for certain individuals aged 75 and over.—Under this provision, an individual will, on application, have his benefit recomputed by the new formula if (1) in or before the month of filing such application he attained age 75, (2) he is entitled to an old-age insurance benefit that was computed and could have been computed only under the conversion table, and (3) he has at least 6 quarters of coverage after 1950 and before the quarter in which he filed application for such recomputation. The change gives these individuals an opportunity, not previously available, to have their benefits computed by the benefit formula rather than by the conversion table if this alternative results in a larger primary insurance amount.

Recomputation of insurance benefits for certain self-employed individuals in case of death or entitlement in 1952.—Under the old law an individual's self-employment income for the taxable year ending in or after the month in which he became entitled to old-age insurance benefits or died, whichever first occurred, could not be taken into account in a computation of his average monthly wage. In computing an individual's average monthly wage a minimum divisor of 18 is required. As a result, a person who,

for example, becomes entitled or dies in 1952 could in the computation of his average monthly wage have at most only 1 year of self-employment income divided by 18. The average monthly wage and primary insurance amount would thus be lowered.

The new provision applies to any person who becomes entitled to an old-age insurance benefit in 1952 and whose self-employment income for the taxable year in which he became entitled was not used in the initial computation of his average monthly wage. Such an individual may have his benefit recomputed if he files an application for recomputation after the close of such taxable year. The self-employment income during the taxable year in which the individual became entitled can be counted when the benefit is recomputed. Any increase in the amount of the benefit resulting from the recomputation will be paid retroactively to the first month of entitlement.

Similarly, if an individual, on the basis of whose wages and self-employment income survivor benefits are payable, dies in 1952 and if he had self-employment income in the taxable year that ended with his death, the primary insurance amount will be recomputed on application by his survivor to include the self-employment income derived by him during the taxable year ending with his death. No such recomputation would be made, however, if the person, on the basis of whose wages and self-employment income benefits are payable to his survivors, became entitled to old-age insurance benefits before 1952. Any increase resulting from a recomputation under this provision would be paid retroactively to the first month of entitlement to survivor benefits. The recomputation would not affect the amount of the lump-sum death payment.

Use of lag wages in initial computation in case of death or entitlement in 1952.—This change makes it possible to use in the initial computation of benefits the wages paid in the 6 months before the quarter in 1952 in which death or entitlement

occurred. Without this amendment, the Social Security Administration would have had to make two separate computations of benefits for a larger number of individuals, although in most cases the information needed for the later computation is available at the time the first is made. The amendment relieves this administrative burden. It also permits use of the wages in the 6 months preceding the quarter in 1952 in which a beneficiary filed an application for a recomputation based on earnings after entitlement.

Maintenance of existing relationship between the old-age and survivors insurance system and the railroad retirement system.—The existing relationship between the two programs is maintained by (1) increasing from \$50 to \$75 the amount that survivor beneficiaries may earn in employment covered by old-age and survivors insurance and still receive benefits under the Railroad Retirement Act;⁵ (2) specifying that the new old-age and survivors insurance military service wage credits provided under the amendments are creditable under the railroad program on the same basis as the wage credits provided under earlier legislation for World War II service; and (3) providing that the coordination provisions in the Railroad Retirement Act apply to the Social Security Act as amended by the 1952 legislation. One effect of the latter provision is to ensure that the new increases in old-age and survivors insurance benefits will be considered in determining both the amount of the social security minimum guarantee of the railroad program and the amount of the reductions in railroad annuities in dual benefit cases.

Simplification of computation of benefits for dependents and survivors.—This amendment permits benefits for most dependents and survivors on the rolls in August 1952 to be increased on the basis of their existing benefit, without reference to the original record showing the existing primary insurance amount.

⁵ For the benefit provisions and legislative history of the Railroad Retirement Act amendments of 1951, see the *Bulletin*, February 1952, pages 7-12.

Administrative time and money will be saved by this amendment, and payment of the increased benefits will be expedited. No substantial differences in the benefit amounts will result.

Actuarial Effect of Insurance Amendments

Congress, in enacting the 1950 amendments, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis. Therefore a tax schedule was developed that would, according to a reasonable estimate, achieve this result.

The schedule was determined to be roughly equivalent to the level-premium cost under the intermediate estimate for the 1950 amendments when they were enacted and, according to available actuarial cost analyses, continues to be so for the amended law according to current estimates. Table 4 gives an estimate of the level-premium cost of the insurance system, tracing the increase in cost according to the major types of changes adopted.

Neither the House nor the Senate Committee recommended in 1950 that the system be financed by a high, level tax rate from 1951 on but rather recommended an increasing schedule, which—of necessity—will ultimately have to rise higher than the level-premium rate. Nonetheless, this graded-tax schedule will

Table 4.—Old-age and survivors insurance: Estimated level - premium costs as percent of payroll, by specified change in law

Item	Level-premium cost (percent of payroll)
Cost of benefits under old law, using 2 1/4-percent interest rate.....	5.35
Effect of 1952 changes.....	+ .50
Increased benefits.....	+ .40
Liberalized retirement test.....	+ .07
Military service credits.....	+ .03
Cost of benefits under 1952 amendments.....	5.85

¹ Estimates made in 1950, using 2-percent interest rate, 6.05 percent; using 2 1/4-percent interest rate, 5.85 percent.

Source: *Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified by the Social Security Act Amendments of 1952* (table 6), House Ways and Means Committee Print, July 21, 1952.

produce a considerable excess of income over outgo for many years so that a sizable trust fund will be built up. This fund will not, however, be as large as would arise under a level-premium tax rate. The fund will be invested in Government securities, and the resulting interest income will help to bear part of the increased benefit costs of the future.

As will be seen from table 4, the level-premium cost under the 1950 law—taking into account 2¼-percent interest—is about 5 1/3 percent of payroll. This is approximately 0.7 percent of payroll lower than the cost was estimated to be on a 2-percent interest basis when the program was revised in 1950, partly because of the higher assumed interest rate and partly because of the rise in the earnings level that has occurred in the past 3 or 4 years. (Higher earnings result in lower annual costs as a percent of payroll because of the weighted nature of the benefit formula.)

Under the new law the level-premium cost of the system is increased to 5.85 percent of payroll, using a 2¼-percent interest rate. This is still about 0.20 percent of payroll lower than the cost (on an intermediate-cost basis) of the 1950 act according to the estimates made during con-

gressional consideration of the 1950 legislation, when a 2-percent interest rate was used.

Public Assistance

Two sections of the law relate to public assistance. One corrects a deficiency in the 1950 amendment relating to the \$50 earned-income exemption in aid to the blind; the other increases the rate of Federal participation in all public assistance programs.

Aid to the Blind

In 1950 the provisions of the Social Security Act relating to State plans for aid to the blind were amended so that such plans (a) could provide for disregarding up to \$50 of earned income of needy blind individuals in determining their need, and (b) had to provide for disregarding the first \$50 of such income after June 30, 1952, if the plans were to continue to be approved. This income was to be disregarded, however, only in determining the need for aid to the blind of the person who earned it. When this earned income was available to another person claiming or receiving assistance under aid to the blind or any of the other assistance programs approved under the Social Security Act, it was

considered a resource in determining the other individual's need for assistance. With this provision, full effect could not be given to the special consideration that Congress felt the blind deserved and that was its purpose in enacting the 1950 amendments.

To remedy this deficiency in the law, the 1952 amendments permit the States, effective July 1, 1952, to also disregard the earned income of the recipient of aid to the blind in determining the need of any other individual under the same or any of the other State assistance plans approved under the Social Security Act. Since this requirement does not become mandatory until July 1, 1954, the State legislatures have ample time to make any necessary changes in the State laws governing Federal-State public assistance.

Additional Federal Funds

Section 8 provides for additional Federal funds to the States for public assistance to needy aged, blind, and disabled persons and to dependent children. This section was added on the floor of the Senate by Senator McFarland and adopted by a voice vote. Its objective is to make it possible for the States, without providing additional State or local

Table 5.—Public assistance: Federal participation in assistance payments under the old law and under the 1952 amendments

Program	Maximum amounts of individual monthly payments subject to Federal participation			Federal share of expenditures within specified maximums		
	51 States ¹		Puerto Rico and the Virgin Islands ²	51 States ¹		Puerto Rico and the Virgin Islands ²
	Old law	1952 amendments		Old law	1952 amendments	
Old-age assistance.....	\$50	\$55	\$30	3/4 of first \$20 of State's average monthly payment plus 1/2 the balance	4/5 of first \$25 of State's average monthly payment plus 1/2 the balance	1/2
Aid to the blind.....	50	55	30	3/4 of first \$20 of State's average monthly payment plus 1/2 the balance	4/5 of first \$25 of State's average monthly payment plus 1/2 the balance	1/2
Aid to the permanently and totally disabled.....	50	55	30	3/4 of first \$20 of State's average monthly payment plus 1/2 the balance	4/5 of first \$25 of State's average monthly payment plus 1/2 the balance	1/2
Aid to dependent children:						
One adult in each family.....	27	30	18			
First child.....	27	30	18			
Each additional child.....	18	21	12			
Per person.....				3/4 of first \$12 of State's average monthly payment plus 1/2 the balance	4/5 of first \$15 of State's average monthly payment plus 1/2 the balance	1/2

¹ 48 States, the District of Columbia, Alaska, and Hawaii.

² The 1952 amendments made no change in the provisions for Puerto Rico and

Virgin Islands. Maximum payments in fiscal year—\$4,250,000 for Puerto Rico and \$160,000 for Virgin Islands.

funds, to increase public assistance payments \$5 a month for each aged, blind, and disabled person, and \$3 a month for each recipient of aid to dependent children. Table 5 compares the new provisions with those formerly in effect. The increased Federal funds are made available for a 2-year period—from October 1952 through September 1954, when the provision will be terminated unless it is extended or modified by Congress.⁶

The maximum Federal share in the assistance payment for an aged, blind, or disabled person is increased from \$30 to \$35 a month. Before the 1952 amendments the Federal Government's \$30 share represented 60 percent of a \$50 payment to an individual; the \$35 payable under the amendments represents 64 percent of a \$55 payment. The increases, including those for aid to dependent children, are shown in table 5.

This section is estimated (on the basis of March 1952 caseloads and average payments) to cost an additional \$242 million a year to the Federal Government if all States pass on the full amount to the recipients on the rolls. There is no requirement that the States must pass on these amounts. The estimated cost of the amendment for the various programs is shown in table 6.

The public assistance amendments do not provide for an automatic increase of \$5 a month or any other specific amount in the assistance payment to an individual recipient. Whether recipients will get increased payments as a result of the new provisions and how much they will get depend on what the States do under their own laws and policies for administering the programs. States have leeway in deciding whether the additional Federal funds

shall be used to give assistance to more people, give higher payments to those persons who are already on the rolls, or save State and local money. A State may use the additional Federal money to do any one of these things or a combination of them.

Table 6.—Public assistance: Estimated additional annual cost to Federal Government of 1952 amendments

[In millions; based on March 1952 caseloads]

Program	Total	States with per capita income	
		Above national average ¹	Below national average ²
Total.....	\$ 242.7	\$118.4	\$124.3
Old-age assistance..	159.0	76.6	82.4
Aid to the blind....	5.8	3.1	2.7
Aid to dependent children.....	70.4	34.7	35.7
Aid to the permanently and totally disabled.....	7.5	4.0	3.5

¹ 24 States.

² 27 States.

³ Excludes estimates for 19 States that did not have plans for aid to the permanently and totally disabled in March 1952.

Public assistance expenditures in March 1952 were running at an annual rate of about \$2¼ billion, of which \$1¼ billion came from Federal funds and about \$1 billion from State and local sources. If the entire amount of the additional Federal funds made available by the McFarland amendment is passed on by the States, the total Federal expenditures are estimated to reach about \$1½ billion a year. Assuming that State and local funds remain the same, the total expenditures for public assistance will be running at an annual rate of \$2½ billion. The old-age assistance rolls, however, have been declining. Moreover, the increased insurance benefits may make it possible to make some further reductions in expenditures for both old-age assistance and aid to dependent children. On balance, it would appear that total expenditures for public assistance, when all the new amendments are fully in effect, will still be running at a rate of \$2¼ to \$2½ billion a year.

Provisions Deleted in Conference

Certain provisions were deleted from H.R. 7800 by the conference committee. Section 6 of the House bill would have extended the option of State governments to enter into agreements with the Federal Government so that these agreements could also cover members of retirement systems (including universities and public housing agencies but specifically excluding policemen, firemen, and elementary and secondary school teachers) if, of the members of the retirement system voting, two-thirds elect to be covered. This section would also have extended to January 1, 1955,⁷ the time within which the coverage of State and local government employees may be made retroactive to January 1, 1951, and would have permitted Wisconsin to extend old-age and survivors insurance coverage to persons under a retirement system (excluding policemen, firemen, and elementary and secondary school teachers) without requiring a vote by members of the system. The Conference Report stated that the deletion of these provisions did not "imply that they [the conferees] do not favor the inclusion of similar provisions in the law; it is the intent of the conferees that the entire matter of the extension of Federal coverage to employees already covered by State and local retirement systems will be explored thoroughly early in 1953, when the disability provisions are to be reexamined."

The other amendments that were dropped would (1) have made additional Federal funds for public assistance available to Puerto Rico and the Virgin Islands; (2) have required the States to pass on the additional Federal funds for public assistance to recipients; and (3) have permitted States to exempt for 1 year, in determining old-age assistance payments, income up to \$50 earned in agriculture and nursing.

⁷ H. R. 6291 approved by the President on June 28, 1952, as Public Law 420 (82d Cong., 2d sess.) extends this time limit 1 year—to January 1, 1954.

⁶ Mr. Mills, in submitting the Conference Report to the House of Representatives, said: "A Senate provision requiring that the States pass on the increase in Federal funds was deleted. It does not appear necessary since the provision only applies for 2 years and in my opinion it will not be extended if the States do not pass on the increases." *Congressional Record*, July 5, 1952, page 9735 (daily edition).