

the preliminary allocation for the costs incurred by the Treasury Department and on an estimate for those of the Department of Health, Education, and Welfare. Accordingly there will be final adjustment between the two trust funds later.

In future years, the administrative expenses for this program will probably grow as the number of persons becoming insured for benefits rises and as the number on the rolls increases. Part of the growth in the number on the rolls will come as

workers who had been disabled at an earlier age attain age 50.

### General Conclusions

Any comparisons of the relative administrative expenses of the old-age, survivors, and disability insurance program with the corresponding cost of programs such as private pension plans or life insurance must be made with care because of the different natures of these programs. One difference, for example, is that some of the publicity essential to keeping

workers and their families informed about old-age, survivors, and disability insurance is provided as a public service by radio and television stations and by newspapers and magazines.

Whatever base is used, it is clear that the administrative expenses paid out of the trust funds, and thus out of the contributions of workers and employers, are relatively low, with the result that the bulk of such contributions is available for benefit payments.

## Notes and Brief Reports

### Proposed Social Security Budget, 1958-59\*

On January 13, 1958, President Eisenhower transmitted to Congress the Budget of the United States Government for the fiscal year ending June 30, 1959. Of the \$73.9 billion proposed for expenditure in 1958-59, \$47.1 billion is for major national security and related programs. This sum makes up 63.7 percent of the total budget and is within 1 percent of the proportion allocated for the purpose in each of the last 2 fiscal years.

Estimated expenditures for the Social Security Administration are budgeted at \$1,852.3 million for 1958-59. This amount does not include the operations of the Bureau of Old-Age and Survivors Insurance or the Bureau of Federal Credit Unions, which are excluded from the Federal administrative budget totals. Expenditures for the Bureau of Old-Age and Survivors Insurance are made from the old-age and survivors insurance and the disability insurance trust funds, and those for the Bureau of Federal Credit Unions from the credit union public enterprise funds; their annual budgets are, however, subject to authorization by Congress. Table 1 shows the proposed allocation of the social security budget, together with comparable amounts for the last completed and the present

fiscal years. Appropriation requests are included for all programs now in operation.

The estimated expenditure data in the Budget reflect sums to be paid out by the Treasury in a given fiscal year rather than the total amount expended in the operation of any program for that year. Thus, total Social Security Administration expenditures proposed for 1958-59 are \$13.3 million less than the estimated total for 1957-58. This is a technical adjustment reflecting the fact that the Federal Government advances to the States their first-quarter requirements in the last quarter of the preceding year.

The appropriation request for pub-

lic assistance grants exceeds the 1957-58 appropriation plus an anticipated supplemental request of \$170.6 million by \$35.8 million, and estimated obligations for the programs in 1958-59 exceed funds expected to be obligated by the end of 1957-58 by \$47.2 million. The largest increase is \$24.2 million, for aid to dependent children; \$14.6 million more is requested for aid to the permanently and totally disabled, \$6.5 million more for old-age assistance, and \$1.9 million more for aid to the blind. For all four programs combined, a rise in average monthly payments will account for \$21.7 million of the increase; \$17.5 million is budgeted for an estimated increased number of recipients in all programs except old-age assistance, which is expected to continue its downward

Table 1.—Expenditures for the Social Security Administration from general funds, fiscal years 1956-57, 1957-58, and 1958-59

[In thousands]

Bureau and item	Actual, 1956-57	Estimated	
		1957-58	1958-59
Total, including supplemental appropriations under existing legislation.....	\$1,598,390	\$1,865,662	\$1,852,333
Total, excluding supplemental appropriations.....	1,598,390	1,695,062	1,852,333
Bureau of Public Assistance.....	1,558,141	1,821,961	1,808,400
Grants to States for public assistance.....	1,556,422	1,820,080	1,806,400
Annual appropriation.....	1,556,422	1,649,480	1,806,400
Supplemental appropriation.....		170,600	
Salaries and expenses.....	1,719	1,881	2,000
Children's Bureau.....	40,057	43,449	43,630
Grants to States for maternal and child health and child welfare.....	38,252	41,501	41,500
Salaries and expenses.....	1,805	1,948	1,995
Salaries and expenses, White House Conference on Children and Youth.....			135
Office of the Commissioner, salaries and expenses <sup>2</sup> .....	192	252	303

\* Prepared by Sophie R. Dales, Division of Program Research, Office of the Commissioner.

<sup>1</sup> Adjusted for appropriations for preceding year and subsequent year.

<sup>2</sup> Includes reimbursement from old-age and sur-

vivors insurance trust fund and disability insurance trust fund.

Source: *The Budget of the U. S. Government for the Fiscal Year Ending June 30, 1959.*

trend; and \$8.0 million is for the higher cost of State and local administration.

Children's Bureau operations are proposed at the same level for 1958-59 as in 1957-58; \$41.5 million is budgeted for the maternal and child health and child welfare grant programs. In addition to funds for continuing activities, a request is made for \$135,000 to enable the Bureau to plan and prepare for the 1960 White House Conference on Children and Youth.

The 1958-59 budget is the first in 3 years that proposes no funds for grants for research and demonstration projects in social security. Legislative authority for these grants was provided in 1956, but the implementing budgetary requests for 1956-57 and 1957-58 were not approved by Congress.

Total expenditures for the seven grant programs of the Social Security Administration are budgeted at \$1,847.9 million or 99.8 percent of the social security budget for 1958-59. The remaining 0.2 percent, \$4.4 million, consists of the salaries and operating expenses of the Bureau of Public Assistance, the Children's Bureau, and the Office of the Commissioner of Social Security.

Although it affected none of the social security grant programs for 1958-59, a policy was enunciated by President Eisenhower in the Budget Message that may affect future trends in public assistance and other grant programs. He stated:

A large portion of the expenditures for labor and welfare programs consists of grants-in-aid to States and local governments, and cannot be reduced without changes in basic authorizing legislation. At this time, I am proposing revisions in the legislation governing five of these grant programs which will lead to some small reductions in the Federal budget for the fiscal year 1959, and to some larger reductions in later years. Under these proposals, the proportion or amount of Federal participation would be reduced for schools in federally affected areas, for hospital construction, and for public assistance. I am also recommending action on legislation relating to revenues so the States can assume responsibility beginning in 1960, and Federal

aid can cease, for vocational education and waste treatment plant construction. Continuing work by the Joint Federal-State Action Committee, as well as thoroughgoing reappraisals by Federal agencies on their own initiative should lead to further recommendations for reducing grant-in-aid programs in future years, with the States assuming more of the responsibility for these activities and themselves collecting more tax revenues to finance them.

In a statement on the budget for the Department of Health, Education, and Welfare, Secretary Folsom said:

We are acutely aware of the heavy demands for Federal funds for direct defense spending and other purposes, and of the need for economy at all levels of government. We also hold a deep conviction that it is penny wise and pound foolish to neglect vital Federal responsibilities for the health, education, and economic security of the American people.

### Disability Benefit Awards Affected by the Offset Provision, July-October 1957

The Social Security Act provides monthly disability insurance benefits, first payable for July 1957, for an insured worker aged 50-64 who is unable "to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration." The amount of the disability insurance benefit is reduced (under the so-called "offset" provision) by the amount of any periodic Federal or State workmen's compensation benefit or any other periodic Federal disability benefit payable because of the claimant's physical or mental impairment. The original provision was modified by Public Law 85-109, however, so that a disability insurance benefit payable under the Social Security Act is not reduced because of compensation paid to a veteran by the Veterans Administration on account of his service-connected disability.

Monthly disability insurance benefits were awarded to 151,000 disabled workers aged 50-64 in the first 4 months—July through October 1957—that awards were made. Almost 20 percent of these benefits—about 29,800—were either reduced or completely offset by a periodic benefit paid under a Federal or State workmen's compensation program or under another Federal program because of disability.

Pension payments by the Veterans Administration accounted for 86 per-

**Table 1.—Number and percentage distribution of disability insurance benefits awarded, with and without benefit partially or completely offset by another benefit based on disability, by type of other benefit, July-October 1957**

[Corrected to Feb. 4, 1958]

Type of other benefit based on disability	Number	Percent
Total.....	151,005	100.0
Without offset.....	121,255	80.3
With offset.....	29,750	19.7
Partial.....	20,009	13.3
Complete.....	9,741	6.4
With offset, total <sup>1</sup> .....	29,750	100.0
Veterans' pension only.....	25,584	86.0
Veterans' pension and—		
State workmen's compensation.....	99	.3
All other.....	17	.1
State workmen's compensation only.....	3,937	13.2
State workmen's compensation and all other (except veterans' pension).....	2	( <sup>2</sup> )
Federal workmen's compensation <sup>3</sup> .....	24	.1
Uniformed services <sup>4</sup> .....	18	.1
Railroad retirement.....	30	.1
Other Federal <sup>5</sup> .....	39	.1

<sup>1</sup> Distribution by partial or complete offset, by type of other benefit, not yet available.

<sup>2</sup> Less than 0.05 percent.

<sup>3</sup> Payments under the Federal Employees' Compensation Act and the Longshoremen's and Harbor Workers' Compensation Act.

<sup>4</sup> Army, Navy, Air Force, and Marine Corps.

<sup>5</sup> Includes payments for disability under the programs of the Civil Service Commission, the Tennessee Valley Authority, etc.

cent—25,600—of the cases where the disability insurance benefit was reduced or completely offset. Pension payments are based upon a non-service-connected disease or injury causing total and permanent disability and are payable only if the total annual income of the veteran is less than \$1,400 a year if he is single or less than \$2,700 a year if he is married or has minor children.

The offset provision resulted in the reduction or withholding of disability insurance benefits because