

# Notes and Brief Reports

## Proposed Social Security Budget, 1960-61\*

On January 18, 1960, President Eisenhower transmitted to Congress the Budget of the United States for the fiscal year ending June 30, 1961. The pattern of the past decade or more is continued in the \$79.4 billion budget. The largest part—\$47.5 billion, about 60 percent—is devoted to programs of major national security and mutual assistance, which include the military functions of the Department of Defense, atomic energy activities, stockpiling and expansion of defense production, military assistance, and economic and technical assistance.

Labor and welfare, the functional classification of the budget that includes the administrative budget items of the Social Security Administration, calls for 5.7 percent of the total administrative budget. In addition to public assistance, which accounts for nearly half this proportion, the labor and welfare function includes the promotion of education, of public health, and of science, research, libraries, and museums; grants for administration of the employment service and unemployment insurance programs; correctional and penal institutions; and such other welfare services as the school lunch and milk programs. Appropriation proposals for labor and welfare rank fifth in order of magnitude—after interest (largely on the public debt), 12.0 percent; agriculture and agricultural resources, 7.0 percent; and veterans' services and benefits, 6.9 percent.

Discussing these programs in his Budget Message, the President said: "Budget expenditures for labor and welfare programs in the fiscal year 1961 are estimated to reach an all-time high of \$4.6 billion, of which three-fourths will take the form of grants to States and localities. . . . Budget expenditures for labor and welfare programs will be more than double the amount a decade ago.

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During the same period, trust fund expenditures for these programs [which are not included in the \$79.4 billion of the administrative budget], including social security and unemployment compensation, will have quintupled to an estimated \$16.2 billion in 1961."

Proposed appropriations for the Social Security Administration for the coming fiscal year total \$2.3 billion on the basis of the cash consolidated budget and \$2.1 billion on the basis of the administrative budget. Details of the proposals, with comparable figures for 1958-59 and 1959-60, are set forth in table 1.

Appropriations for the seven regular grant programs of the Social Security Administration are budgeted at \$2,131.5 million for 1960-61. This sum represents 99.7 percent of the general funds requested under the administrative budget and 90.9 percent of the requests under the cash consolidated budget. The remainder consists mainly of the salaries and operating expenses of the Office of the Commissioner of Social Security and of the four Bureaus.

Total Federal, State, and local ex-

penditures for public assistance payments and administration in 1960-61 are estimated at \$3,643.4 million, of which \$2,100.5 million represents the Federal share. The appropriation request is for only \$2,083.0 million because the States will have available for expenditure \$17.5 million from earlier years in the form of the Federal share of collections and adjustments.<sup>1</sup> Total Federal expenditures are estimated at \$1.1 billion for old-age assistance payments, \$638.7 million for aid to dependent children, \$47.4 million for aid to the blind, and \$165.3 million for aid to the permanently and totally disabled, plus \$139 million for State and local administration. The total Federal share of public assistance costs is 2.8 percent higher than the \$2,043.5 million (including a supplemental appropriation request of \$10 million) appropriated

<sup>1</sup> These public assistance balances available to the Federal Government fluctuate widely from year to year. They have ranged from more than \$50 million to less than the \$17.5 million estimated for 1960-61. Although their size in any given year is fortuitous, for that year their size affects the size of the appropriation proposal. For public assistance, therefore, and especially for the individual programs, expenditures data mirror program development more closely than do appropriation data.

Table 1.—Appropriations<sup>1</sup> budgeted for Social Security Administration programs, fiscal years 1958-59, 1959-60, and 1960-61

[In thousands]

Bureau, item, and source of appropriation	1958-59, enacted	1959-60, enacted <sup>2</sup>	1960-61, proposed
Total, cash consolidated budget	\$2,183,548	\$2,290,387	\$2,344,997
General funds, total (administrative budget)	2,007,790	2,095,182	2,137,796
Bureau of Public Assistance	1,060,126	2,045,845	2,085,656
Grants to States for public assistance	1,957,960	2,043,500	2,083,000
Salaries and expenses	2,166	2,345	2,656
Children's Bureau	47,322	49,000	51,024
Grants to States for maternal and child health and child welfare	45,000	46,500	48,500
White House Conference on Children and Youth	150	200	150
Salaries and expenses	2,172	2,300	2,371
Office of the Commissioner:			
Salaries and expenses <sup>3</sup>	342	337	390
Cooperative research or demonstration projects in social security, total <sup>4</sup>			726
Trust <sup>5</sup> and public enterprise <sup>6</sup> funds:			
Bureau of Old-Age and Survivors Insurance	172,609	191,876	203,482
Limitation on salaries and expenses	171,221	191,600	203,200
Limitation on construction	1,210		
Reimbursement, Office of the Commissioner, salaries and expenses	268	276	282
Bureau of Federal Credit Unions, operating fund	3,059	3,329	3,719

<sup>1</sup> New obligational authority.

<sup>2</sup> Includes \$10 million in public assistance grants proposed for later transmission under existing legislation.

<sup>3</sup> Excludes amounts reimbursed from the old-age and survivors insurance and disability insurance trust funds, which are shown below.

<sup>4</sup> Includes \$26 million under a special foreign

currency program.

<sup>5</sup> Old-age and survivors insurance trust fund with subsequent reimbursement from disability insurance trust fund.

<sup>6</sup> Funds derived from the operations of the Bureau of Federal Credit Unions.

Source: *The Budget of the United States Government for the Fiscal Year Ending June 30, 1961, 1960.*

for 1959-60, and the current appropriation request is 1.9 percent above it. This anticipated rise is accounted for by an estimated increase in the average monthly payments per recipient under all four programs, a larger number of recipients in all programs except old-age assistance, and an increase in the costs of State and local administration. The decrease among recipients of old-age assistance reflects the continuing growth in the number of aged persons who receive old-age and survivors insurance benefits.

In his Message the President contrasted the 1960-61 Federal share "for payments, made to an estimated monthly average of 5.9 million beneficiaries, [which] will total an estimated \$2.1 billion, or about 58 percent of the total Federal-State-local public assistance expenditure" with "Federal expenditures of \$1.1 billion, representing a Federal share of 52 percent, for payments to 4.9 million individuals in 1950." He stated: "Public assistance has long been recognized as primarily a responsibility of the State and local governments, because need for these payments in individual cases can best be determined at the local level. I am particularly concerned about the growing Federal share, especially because it tends to weaken this sense of State and local responsibility."

The President also called attention to the "large gaps in our knowledge of the causes of dependency and of the best ways to alleviate or prevent it" and recommended "appropriations to initiate a program of research and demonstration projects designed to identify and alleviate these causes." The appropriation request is for \$700,000 in grants to States and to public and nonprofit organizations and for contracts or jointly financed cooperative arrangements. The original authorization for these research or demonstration projects was incorporated in the 1956 amendments to the Social Security Act. No funds were appropriated for the purpose at that time or in response to the four

budgetary requests for these projects made since then.

A second program of cooperative research or demonstration projects in social security is being proposed for 1960-61, in addition to the \$700,000 mentioned above. Under a special foreign currency program, \$25,650 is requested to finance (1) a research project in social welfare in six foreign countries to evaluate the technical training and experience obtained through exchange programs and (2) a study of the interrelationships of social insurance systems and social service programs in Brazil.

Proposed grants to the States under the three continuing Children's Bureau programs amount to \$48.5 million, 4.3 percent higher than the estimate for the current fiscal year. Of this total, \$18.2 million is requested for maternal and child health services, including \$1.0 million earmarked for special projects for mentally retarded children—a program initiated under the Appropriation Act of 1957; \$16.7 million is requested for services to crippled children; and \$13.7 million for child welfare services. Originally, all three programs were pointed specifically toward improving services in rural areas. The 1958 amendments to the Social Security Act eliminated the reference to rural areas and other areas of special need from the child welfare provisions of the Act, thus making Federal funds for these services available to urban children on the same basis as for rural children.

Benefit payments from the old-age and survivors insurance and disability insurance trust funds are not subject to congressional appropriation. The Social Security Act sets forth the conditions of eligibility, and all qualified applicants are paid benefits according to the specifications in the Act. Administrative expenses, including those for construction of a headquarters building in Baltimore for the Bureau of Old-Age and Survivors Insurance, are subject to congressional approval in the form of annual overall limitations on expenditures,

which are, in effect, appropriations from the trust funds.<sup>2</sup>

For 1960-61 the proposed limitation on salaries and expenses for the Bureau of Old-Age and Survivors Insurance is \$203.2 million, compared with \$191.6 million for the current fiscal year and \$171.2 million for 1958-59. An additional \$282,000 is proposed for reimbursement from the trust funds of salaries and expenses of the Office of the Commissioner of Social Security; this amount is over and above the appropriation requested for the Commissioner's Office from general funds. No funds in addition to the \$32.2 million previously authorized to be expended from the trust funds for construction of the Bureau's headquarters building — now practically completed — are expected to be required. Although some of the final payments may extend into the next fiscal year, the item does not appear among the budgetary requests for 1960-61.

For 1960-61, \$3.7 million is budgeted for the activities of the Bureau of Federal Credit Unions. Operating funds for this Bureau are derived from the fees it charges for services performed. These services include chartering new Federal credit unions, supervising established Federal credit unions, and making periodic examinations of their financial condition and operating practices. The Bureau's income and outgo have been budgeted as a public enterprise fund since 1953. Expenditures of all Federal Government public enterprise funds are subject to the approval of the Bureau of the Budget; their operations are included in the Government's cash consolidated budget, as are the operations of all trust funds and other special funds.

<sup>2</sup> The 1956 amendments to the Social Security Act, which established the disability insurance trust fund, provide for disbursement of administrative expenses for the entire old-age, survivors, and disability insurance program from the old-age and survivors insurance trust fund and for subsequent reimbursement to that fund from the disability insurance trust fund of the pro rata share of these costs.