

the proportion of beneficiary-recipients rose at a rate of about 4 percent per year. For the past 2 years, however, there has been only a 1-2½ percent increase. For the first time, beneficiary-recipients represented more than 60 percent of all persons receiving old-age assistance.

The average monthly old-age or survivors benefit going to persons getting both types of pay-

ments in February 1970 was \$65.60, and their average OAA money payment was \$64.10. For those receiving only an OAA payment, the average amount was \$92.35 (table 2).

## Workmen's Compensation Offset, 1967-69\*

At the end of 1969, nearly 19,000 disabled-worker families comprising more than 61,000 social security beneficiaries were affected by the workmen's compensation offset provision of the Social Security Act. The proportion of all disabled-worker families and beneficiaries thus affected was relatively small (1.3 percent of the families and 2.4 percent of the beneficiaries). The ratio is growing steadily, however, as more and more of the new awardees have their benefits either partially or completely offset (table 1).

*Provisions of the 1965 amendments.*—The workmen's compensation offset provision currently operative was enacted by Congress in 1965. Its purpose was to keep a disabled worker from collecting benefits that exceed his "average current earnings" or some specified percentage thereof. Under this provision, social security benefits would be reduced when the combined social security and State workmen's compensation benefits

TABLE 1.—Benefits for disabled workers and dependents: Total and those partially or completely offset as a result of workmen's compensation offset, 1967-69

Year	Disabled workers			Disabled workers and dependents		
	Total number	Benefits partially or completely offset		Total number	Benefits partially or completely offset	
		Number	Percent of total		Number	Percent of total
Awards during year						
1967	301,500	8,900	3.0	671,200	28,000	4.2
1968	324,000	10,600	3.3	714,000	34,200	4.8
1969	345,100	(1)	(1)	753,500	(1)	(1)
On the rolls at end of year						
1967	1,207,800	10,000	0.8	2,205,100	29,800	1.4
1968	1,310,200	13,400	1.0	2,395,300	44,200	1.8
1969	1,410,900	18,900	1.3	2,561,900	61,100	2.4

<sup>1</sup> Data not available.

\* Prepared by Wayne Long, Division of Statistics, Office of Research and Statistics.

TABLE 3.—OAA money payment recipients also receiving OASDHI cash benefits, by State, February 1970

State	OAA money payment recipients also receiving OASDHI cash benefits		
	Number	As percent of—	
		OAA money payment recipients	OASDHI cash beneficiaries aged 65 or over
Total <sup>1</sup>	1,243,000	60.4	7.4
Alabama	64,600	58.4	25.8
Alaska	1,000	64.9	21.1
Arizona	7,700	57.4	6.0
Arkansas	2,100	49.1	14.8
California	242,000	76.6	16.2
Colorado	21,100	61.1	13.8
Connecticut	4,700	58.9	1.9
Delaware	1,700	75.6	4.3
District of Columbia	1,400	48.7	2.7
Florida	40,000	62.2	5.2
Georgia	52,800	56.9	18.8
Hawaii	1,400	62.8	3.6
Idaho	2,300	66.0	3.8
Illinois	19,600	51.4	2.1
Indiana	11,400	68.6	2.6
Iowa	15,700	65.5	5.1
Kansas	6,700	48.0	3.0
Kentucky	38,000	58.6	13.7
Louisiana	72,700	60.9	32.9
Maine	7,400	69.0	7.2
Maryland	3,500	40.9	1.5
Massachusetts	38,300	75.5	7.2
Michigan	22,400	50.3	3.3
Minnesota	12,900	58.8	3.6
Mississippi	42,300	58.5	24.8
Missouri	59,800	64.3	13.0
Montana	1,800	50.4	3.0
Nebraska	3,500	43.3	2.2
Nevada	2,300	67.2	9.4
New Hampshire	3,300	75.9	4.7
New Jersey	9,800	61.0	1.7
New Mexico	3,900	42.1	7.0
New York	58,700	63.0	3.5
North Carolina	16,500	43.6	4.7
North Dakota	2,300	58.5	3.9
Ohio	32,700	56.3	3.9
Oklahoma	42,000	56.2	17.9
Oregon	4,900	66.3	2.5
Pennsylvania	24,800	51.8	2.3
Puerto Rico	190	.9	.1
Rhode Island	3,100	81.3	3.5
South Carolina	5,100	26.8	3.2
South Dakota	2,400	53.4	3.3
Tennessee	25,000	47.3	8.0
Texas	139,000	59.8	18.1
Utah	1,400	38.4	2.1
Vermont	3,200	72.6	7.7
Virginia	5,300	44.1	1.7
Washington	15,600	67.3	5.6
West Virginia	4,500	35.3	2.7
Wisconsin	11,200	60.1	2.6
Wyoming	1,100	65.4	4.1

<sup>1</sup> Excludes Guam and the Virgin Islands; data not reported.

Source: National Center for Social Statistics, Social and Rehabilitation Service.

exceeded 80 percent of the "average current earnings" credited to the worker's social security account before onset of his disability.

The reduction is first applied to the benefits of the worker's dependents. If the required reduction exceeds the total amount of the dependents' benefits, the excess is then applied against the worker's own benefit to bring the combined benefits down to the 80-percent level.

"Average current earnings" was defined in the 1965 amendments as the higher of (1) the worker's average monthly earnings used for computing the social security benefit or (2) his average monthly earnings from covered employment during the 5 consecutive years of highest covered earnings after 1950. For any year, only earnings that were taxable and creditable for social security purposes would be used. Moreover, only workers disabled on or after June 1, 1965, and under age 62 at date of onset, would be affected by this provision.

"Average current earnings" redefined.—The 1967 amendments redefined "average current earnings"

TABLE 2.—Individual benefits affected by workmen's compensation offset: Number and average amount before and after offset, by type of benefit and degree of offset, 1967

Type of benefit and degree of offset	Number	Average monthly benefit		Average offset
		Before offset	After offset	
Awards during year				
Total.....	27,978			
Disability (disabled-worker)	8,880			
Benefit not reduced, dependent's benefit reduced.....	856	\$127.13	\$127.13	0
Benefit partially reduced.....	6,023	117.92	62.04	\$55.88
Benefit withheld.....	2,001	98.57	0	98.57
Wife's or husband's	4,450			
Benefit partially reduced.....	882	46.05	11.44	34.61
Benefit withheld.....	3,568	39.80	0	39.80
Child's	14,648			
Benefit partially reduced.....	2,701	56.28	9.79	46.49
Benefit withheld.....	11,947	35.92	0	35.92
On the rolls at end of year				
Total.....	29,796			
Disability (disabled-worker)	9,965			
Benefit not reduced, dependent's benefit reduced.....	1,199	\$127.26	\$127.26	0
Benefit partially reduced.....	6,796	118.57	64.02	\$54.55
Benefit withheld.....	1,970	98.21	0	98.21
Wife's or husband's	4,784			
Benefit partially reduced.....	1,051	46.44	11.38	35.06
Benefit withheld.....	3,733	40.35	0	40.35
Child's	15,047			
Benefit partially reduced.....	3,181	39.29	9.49	29.80
Benefit withheld.....	11,866	33.27	0	33.27

TABLE 3.—Individual benefits affected by workmen's compensation offset: Number and average amount before and after offset, by type of benefit and degree of offset, at end of 1969

Type of benefit and degree of offset	Number	Average monthly benefit		Average offset
		Before offset	After offset	
Total.....	61,071			
Disability (disabled-worker)	18,902			
Benefit not reduced, dependent's benefit reduced.....	4,581	\$146.75	\$146.75	0
Benefit partially reduced.....	11,269	126.12	67.65	\$58.47
Benefit withheld.....	3,052	100.93	0	100.93
Wife's or husband's	9,908			
Benefit partially reduced.....	5,526	45.96	17.28	28.68
Benefit withheld.....	4,382	36.69	0	36.69
Child's	32,261			
Benefit partially reduced.....	17,071	37.28	13.75	23.53
Benefit withheld.....	15,190	29.74	0	29.74

to include all earnings after 1950, even those that exceeded the maximum taxable amount reported for social security purposes. Consequently, the combined social security and State workmen's compensation benefits would represent a smaller percentage of average current earnings than under the previous definition. The amount of social security benefits to be offset would therefore be reduced or even eliminated.

The new definition of average current earnings was applicable to benefits payable for February 1968 and subsequent months. Benefits in offset status at the end of January 1968 were reexamined in light of the new definition: in about 40 percent of the cases the amount of benefits to be paid was affected by the recomputations. For about half of these cases the offset status was eliminated entirely and for the other half the offset amounts were reduced.

A reduction in the ratio of offset cases to the total number of disabled workers and their dependents was expected. The number of disabled workers and dependents in offset status, however, increased at a greater rate than the total number of disabled workers and dependents. The number of beneficiaries in offset status, for example, more than doubled between the end of 1967 and the end of 1969, but the total number of disabled workers and dependent beneficiaries rose only 16 percent (tables 2 and 3).

Three main reasons accounted for this increase:

- (1) the 13-percent benefit increase that became effective in February 1968;
- (2) the continued rise in the number of workers

eligible for workmen's compensation (in 1968 the number of workers covered by State and Federal workmen's compensation laws increased by an estimated 1.8 million persons); and

(3) the liberalization of workmen's compensation laws by individual States (more than 100,000 workers in Connecticut, Missouri, New Hampshire, Vermont, and Wisconsin thus acquired coverage in 1968 when exemptions for smaller firms were lifted).

*Periodic redetermination of the offset amount.—*

The 1965 amendments also provided for a periodic redetermination of the workmen's compensation offset amount to reflect increases in the national earnings levels that have occurred since the initial determination. The limit for the combined social security and workmen's compensation benefits would thus also be adjusted upward, and the offset amount would be reduced or perhaps even completely eliminated.

TABLE 4.—Disabled-worker families and beneficiaries, by State: Number and percentage distribution for all families and beneficiaries and those affected by workmen's compensation offset, at end of 1969

State of residence	All disabled-worker families				All beneficiaries in disabled-worker families			
	In current-payment status		Affected by workmen's compensation offset		In current-payment status		Affected by workmen's compensation offset	
	Number	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution
Total.....	1,389,686	100.0	18,902	100.0	2,478,412	100.0	61,071	100.0
Alabama.....	32,802	2.4	291	1.5	64,001	2.6	969	1.6
Alaska.....	541	( <sup>1</sup> )	13	.1	1,074	( <sup>1</sup> )	50	.1
Arizona.....	13,059	.9	259	1.4	24,208	1.0	824	1.4
Arkansas.....	22,006	1.6	316	1.7	43,945	1.8	1,023	1.7
California.....	136,711	9.8	2,528	13.4	226,480	9.1	7,635	12.5
Colorado.....	10,957	.8	24	.1	20,180	.8	75	.1
Connecticut.....	14,857	1.1	117	.6	23,135	.9	349	.6
Delaware.....	3,291	.2	30	.2	5,433	.2	99	.2
District of Columbia.....	5,072	.4	23	.1	7,652	.3	79	.1
Florida.....	55,954	4.0	855	4.5	96,894	3.9	2,692	4.4
Georgia.....	42,013	3.0	414	2.2	77,977	3.1	1,340	2.2
Hawaii.....	3,198	.2	89	.5	5,767	.2	264	.4
Idaho.....	4,369	.3	94	.5	8,205	.3	325	.5
Illinois.....	60,009	4.3	328	1.7	96,096	3.9	1,056	1.7
Indiana.....	28,534	2.1	186	1.0	51,525	2.1	666	1.1
Iowa.....	14,711	1.1	108	.6	25,974	1.0	398	.7
Kansas.....	11,560	.8	93	.5	20,267	.8	317	.5
Kentucky.....	30,578	2.2	588	3.1	67,807	2.7	2,360	3.9
Louisiana.....	29,930	2.2	653	3.4	64,486	2.6	2,430	4.0
Maine.....	6,760	.5	73	.4	12,292	.5	262	.4
Maryland.....	19,456	1.4	172	.9	31,617	1.3	555	.9
Massachusetts.....	30,996	2.2	642	3.4	50,355	2.0	1,953	3.2
Michigan.....	53,076	3.8	1,023	5.4	91,767	3.7	3,318	5.4
Minnesota.....	16,394	1.2	199	1.1	29,294	1.2	647	1.1
Mississippi.....	22,380	1.6	301	1.6	45,766	1.8	1,005	1.7
Missouri.....	33,893	2.4	187	1.0	59,711	2.4	629	1.0
Montana.....	4,494	.3	157	.8	8,443	.3	619	1.0
Nebraska.....	7,351	.5	61	.3	12,691	.5	250	.4
Nevada.....	2,425	.2	65	.3	3,898	.2	186	.3
New Hampshire.....	4,024	.3	57	.3	6,750	.3	196	.3
New Jersey.....	42,149	3.0	299	1.6	66,591	2.7	889	1.5
New Mexico.....	6,502	.5	173	.9	15,387	.6	661	1.1
New York.....	121,762	8.8	1,441	7.6	192,489	7.8	4,248	7.0
North Carolina.....	43,868	3.2	217	1.1	78,832	3.2	700	1.1
North Dakota.....	3,054	.2	48	.3	6,014	.2	141	.2
Ohio.....	62,410	4.5	860	4.5	110,163	4.4	2,789	4.6
Oklahoma.....	22,215	1.6	320	1.7	41,872	1.7	1,040	1.7
Oregon.....	14,623	1.1	483	2.6	25,136	1.0	1,603	2.6
Pennsylvania.....	85,344	6.1	1,367	7.2	139,439	5.5	3,436	5.6
Puerto Rico.....	20,231	1.5	743	3.9	58,925	2.4	2,823	4.6
Rhode Island.....	6,825	.5	110	.6	10,816	.4	344	.6
South Carolina.....	25,795	1.9	155	.8	47,154	1.9	463	.8
South Dakota.....	3,570	.3	36	.2	6,787	.3	112	.2
Tennessee.....	33,269	2.4	369	2.0	63,712	2.6	1,178	1.9
Texas.....	65,639	4.7	829	4.4	124,615	5.0	3,001	4.9
Utah.....	4,330	.3	47	.2	8,137	.3	151	.2
Vermont.....	3,058	.2	31	.2	5,503	.2	79	.1
Virginia.....	34,505	2.5	285	1.5	64,238	2.6	885	1.4
Washington.....	18,432	1.3	509	2.7	31,510	1.3	1,668	2.7
West Virginia.....	24,953	1.8	408	2.2	55,479	2.2	1,537	2.5
Wisconsin.....	23,993	1.7	201	1.1	41,796	1.7	649	1.1
Wyoming.....	1,758	.1	25	.1	3,127	.1	103	.2

<sup>1</sup> Less than 0.05 percent.

Each workmen's compensation offset case would be refigured under this provision in the second calendar year following the year in which the offset was first imposed—thus, every third year. The new benefit amount based on the redetermination would be reflected in the check for the following January. Since the redetermination provision became effective in 1966, the first redetermination occurred in 1968. As a result, the social security benefits for more than 1,200 families increased by over \$17,560 a month, for an average of \$14.50 per family.

### State Variations

At the end of 1969, California, New York, Pennsylvania, and Michigan had at least 1,000 offset cases each. Except for Michigan, these States also had the largest number of disabled-worker families (table 3). California, Pennsylvania, and Michigan, as well as Kentucky, Louisiana, Massachusetts, Oregon, Puerto Rico, and Washington, had a greater percentage of offset cases than of disabled-worker families. Almost all these States had either a prevalence of industries with high rates of work-connected injuries or a liberal State workmen's compensation program. California, Kentucky, Louisiana, Oregon, and Washington have heavy employments in the

mining, lumber, and petroleum industries—industries that lead in the number of hours lost because of work-connected injuries. State workmen's compensation programs in California, Massachusetts, Michigan, and Puerto Rico are among the more liberal programs in the Nation: they are also among the few that cover agricultural workers.

In Alabama, Georgia, Illinois, Indiana, Missouri, New Jersey, New York, North Carolina, and Virginia, however, the percentage of offset cases is smaller than the percentage of disabled-worker families. Most of these States have more restricted State workmen's compensation programs. In all but New Jersey and New York, for example, agricultural workers are excluded from coverage. Also, many of these States do not have heavy concentrated employment in industries with high work-injury rates.

The Social Security Act also provides that benefits will not be offset if the State workmen's compensation law calls for a reduction in the State payments because of the person's entitlement to social security disability benefits. Consequently, in Colorado—the only State with such a law—beneficiaries who receive workmen's compensation are not subject to the offset. The 24 Colorado families shown as offset cases in table 4 under the State program are residents of that State who are receiving workmen's compensation from some other State.