

Consider, for example, a general service participant (intermediate grade) whose net base salary is \$4,090 a year and who, like the professional staff member described above, has a wife and two children. His gross base salary corresponding to this net base salary is \$4,860. His total net remuneration is \$4,890 (made up of a net base salary of \$4,090 and a dependents' allowance of \$800). The gross salary under the staff-assessment plan necessary to produce a net of \$4,890 would be \$5,860. His pensionable pay is \$4,480—the average of his net base salary (\$4,090) and his gross base salary (\$4,860)—and his taxable pay for old-age, survivors, and disability insurance purposes is \$4,800. Accordingly, it may be considered that he pays only old-age, survivors, and disability insurance contributions on \$1,380 (\$5,860 minus \$4,480, the amount of his total remuneration that is not pensionable under the United Nations plan), and that he pays contributions under both systems on \$3,420 (\$4,800 minus \$1,380), or 58 percent of his total remuneration. His total contributions for 1961 are \$530 (\$314 under the United Nations plan and \$216 under old-age, survivors, and disability

insurance), or 9.0 percent of his total remuneration.

PLAN OPERATIONS

At the end of September 1960, the United Nations Joint Staff Pension Plan had about 11,000 full members and 3,400 associate members. At that time, 366 age-retirement pensions and 49 disability pensions were being paid. Survivor pensions were being paid to 127 widows and 198 children. During the course of the year ended September 30, 1960, 729 individuals withdrew from active service before retirement and received a lump-sum payment. In addition, there were 21 deaths in active service in the year.

On September 30, 1960, the assets of the fund totaled about \$110 million. Income during the fiscal year amounted to about \$15.6 million, of which \$12.6 million was from contributions and the remainder was net investment and interest income. Expenditures during the year totaled about \$2.9 million—\$640,000 in pensions, \$2.1 million in lump-sum withdrawal benefits, and \$120,000 for administrative expenses.

Notes and Brief Reports

State and Local Government Employees Covered by OASDI and Staff Retirement Systems*

About 3.8 million¹ or 60 percent of the estimated 6.4 million State and local government employees in January 1961 were covered by the old-age, survivors, and disability insurance program. Of the 2.6 million State and local government employees not covered by old-age, survivors, and disability insurance, an estimated 1.8 million were under a staff retirement system only and

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¹ Almost all State and local government employees (except policemen and firemen in 33 States, Puerto Rico, and the Virgin Islands) are eligible for coverage. Only the employees for whom coverage has been arranged have been included in this figure. All figures exclude the District of Columbia, which is not included in the statutory definition of a State.

TABLE 1.—State and local government employment covered by both OASDI and staff retirement systems, selected periods

[Number in thousands]

Period	United States (50 States)					All areas covered under OASDI ¹
	Total number	Covered under OASDI				
		Number	Percent of total	Dual coverage		
				Number	Percent of total covered	
October 1954.....	4,825	960	20	300	31	1,000
October 1956.....	5,245	1,935	37	1,000	52	1,985
October 1958.....	5,870	3,200	54	2,200	69	3,295
January 1961.....	² 6,350	3,780	60	2,620	69	3,870

¹ Includes Puerto Rico and the Virgin Islands.

² Estimated.

0.8 million were not covered by any retirement system. A total of 4.4 million State and local government employees were estimated to have been members of staff retirement systems.²

Approximately 2.6 million, or 69 percent, of the 3.8 million employees covered by old-age,

² Estimated on the basis of the 1957 *Census of Governments*, Bureau of the Census.

survivors, and disability insurance were also covered by staff retirement systems—that is, they had “dual coverage.” The remaining 1.2 million were covered by old-age, survivors, and disability insurance only. These estimates of old-age, survivors, and disability insurance coverage are based on employment data obtained from the quarterly reports of the States and the results of a survey of a selected number of the larger State and local government retirement systems.

GROWTH OF OASDI COVERAGE

The 1950 amendments to the Social Security Act made coverage available, for the first time, to employees of State and local governments but only to those who were not members of a retirement system. At the end of the first 4 years of coverage (1951–54), 1 million employees were covered under the program. During the second 4 years (1955–58), coverage increased by 2.3 million, largely because of arrangements for coverage under the 1954 amendments, which made social security protection possible for employees who were members of retirement systems. During 1959 and 1960, an additional 600,000 persons were covered, chiefly because of the growth in State and local government employment and some new coverage arrangements (table 1).

GROWTH OF DUAL COVERAGE

Before the 1954 amendments provided for extension of coverage to State and local government employees who were currently members of a staff retirement system, special legislation enacted in 1953 permitted the State of Wisconsin to cover members of State retirement funds under the Social Security Act; members were permitted to retain the protection of the State system.³ Earlier, however, a number of States had obtained coverage for certain employees under certain staff retirement systems by dissolving the retirement systems, covering the members under the Federal program, and then establishing new retirement systems. As a result, by the end of

³ See Irwin Wolkstein, “Elective Coverage Under Old-Age, Survivors, and Disability Insurance,” *Social Security Bulletin*, May 1957, page 4.

1954 about 300,000 out of the 1 million employees covered under the Social Security Act were also covered by a staff retirement system.

The 1954 amendments made coverage available to most employees who were members of State or local government retirement systems. These amendments required that, before coverage could be extended to persons in positions covered by a retirement system, a majority of the active members of the system would have to vote in favor of coverage in a referendum to be conducted by the State. By October 1957, as a result of favorable votes, coverage was extended to almost 1 million employees who were members of retirement systems, bringing the number with dual coverage to more than half the total number of State and local government employees covered by old-age, survivors, and disability insurance at that time.

The Social Security Act was amended in 1956 to allow specified States to extend coverage to only those members of a retirement system group who desire coverage, with all future members of the group covered compulsorily. By the end of

TABLE 2.—Distribution of States, by extent of dual coverage and type of government, January 1961

Extent of dual coverage	Total	Type of government		
		State	County	Local
Total.....	52	52	147	251
No OASDI coverage.....	1	1	1	1
OASDI coverage only.....	2	5	17	3
Dual coverage by percent of total OASDI covered employment:				
1-19.....	3	4	3	8
20-39.....	8	3	2	3
40 or more.....	38	39	24	36
40-59.....	9	1	2	7
60-79.....	15	11	11	19
80 or more.....	14	27	11	10
80-89.....	9	8	3	4
90 or more.....	5	19	8	6

¹ No county governments in Alaska, Connecticut, Puerto Rico, Rhode Island, and the Virgin Islands.
² No local government in the Virgin Islands.

1957, about 700,000 State and local government employees were covered under this provision, and the number with dual coverage rose to approximately 2 out of every 3 employees covered by old-age, survivors, and disability insurance. As shown in table 1, the dual-coverage figure had increased to approximately 2.2 million by October 1958, or 69 percent of the total number of State and local government employees with old-age, survivors, and disability insurance coverage.

DUAL COVERAGE, JANUARY 1961

The 2.6 million employees of State and local governments who were covered both by old-age, survivors, and disability insurance and by staff retirement systems as of January 1961 represented about 41 percent of all State and local government employees. The same proportion of wage and salary employees in private industry was covered both by old-age, survivors, and disability insurance and by private pension plans at the end of 1959.

The distribution of State and local government employees in January 1961, by type of coverage, was as follows:

Type of coverage	Type of government			
	Total	State	County	Local
Covered employees (millions)				
With OASDI coverage, total.....	3.8	1.1	0.6	2.1
OASDI and staff retirement systems..	2.6	.9	.3	1.4
OASDI only.....	1.2	.2	.3	.7
Percentage distribution				
With OASDI coverage, total.....	100	100	100	100
OASDI and staff retirement systems..	69	81	54	67
OASDI only.....	31	19	46	33

At each level of government—State, county, and local—more than half the employees covered by old-age, survivors, and disability insurance had dual coverage. About 4 out of 5 State employees covered by old-age, survivors, and disability insurance had dual coverage, compared with about 2 out of 3 for employees of local governments and only a little more than 1 out of 2 of those working for county governments. More than half of all the employees who had dual coverage, however, were employed by local governments, reflecting the fact that the local units employ more than 60 percent of all State and local government employees.

As shown in table 2, only two States with old-age, survivors, and disability insurance coverage did not provide dual coverage for at least some of their employees. About 4 out of 5 States provided dual coverage for 40 percent or more of the employees covered by old-age, survivors, and disability insurance. Sixty percent or more of the State and local government employees covered by old-age, survivors, and disability insurance in 29

States had dual coverage. Of the State employees with old-age, survivors, and disability insurance coverage, 80 percent or more had dual coverage in half the States. For the county and for the local government employees covered by the Federal program, the proportion with dual coverage reached 80 percent in less than one-fourth of the States with old-age, survivors, and disability insurance coverage.

Table 3 gives data, by State, on total State and local employment covered by old-age, survivors,

TABLE 3.—State and local government employment covered by both OASDI and staff retirement systems, by State and type of government, January 1961

[Employment in thousands]

State	Total covered by OASDI	Dual coverage, by type of government				
		Percent of total covered	Total	State	County	Local
All areas.....	3,872.4	69	2,675.5	933.9	299.1	1,442.5
United States.....	3,780.4	69	2,618.5	877.1	299.1	1,442.3
Alabama.....	92.1	56	51.4	15.0	1.2	35.2
Alaska.....	5.6	2	.1	.1		
Arizona.....	43.2	81	35.1	10.8	4.8	19.5
Arkansas.....	32.8	37	12.3	12.0		.3
California.....	110.8	73	80.4		31.2	49.2
Colorado.....	18.9	8	1.4	.8		.6
Connecticut.....	36.6	69	25.4	18.7		6.7
Delaware.....	13.6	88	12.0	6.9	.5	4.6
Florida.....	92.8	83	77.3	31.0	18.1	28.2
Georgia.....	81.8	65	52.8	17.5	2.7	32.6
Hawaii.....	17.3	94	16.3	11.4	1.9	3.0
Idaho.....	26.3	13	3.5	1.0		2.5
Illinois.....	78.6	80	63.0		12.9	50.1
Indiana.....	124.7	59	73.7	29.4	1.8	42.5
Iowa.....	103.2	84	86.6	19.5	13.0	54.1
Kansas.....	84.8	37	31.4			31.4
Kentucky.....	51.6	39	20.0	18.9		1.1
Louisiana.....	35.7	29	10.5	3.3		7.2
Maine.....	8.2	24	1.9	1.2	.2	.5
Maryland.....	90.4	82	73.9	24.2	25.4	24.3
Massachusetts.....	.7					
Michigan.....	230.1	88	201.4	42.8	17.8	140.8
Minnesota.....	36.8	99	36.5	27.1	.1	9.3
Mississippi.....	68.5	69	47.0	17.0	9.0	21.0
Missouri.....	99.1	38	37.9	28.0		9.9
Montana.....	24.9	95	23.6	8.8	4.3	10.4
Nebraska.....	55.7	45	24.8	5.3		19.5
Nevada.....	.6					
New Hampshire.....	21.2	62	13.1	6.0	1.1	6.0
New Jersey.....	158.9	69	109.4	25.9	10.0	73.5
New Mexico.....	23.7	82	19.4	10.5	.6	8.3
New York.....	576.8	77	446.8	95.6	31.3	319.9
North Carolina.....	132.6	92	122.4	92.7	10.6	19.1
North Dakota.....	20.5	53	10.9	3.5		7.4
Ohio ¹						
Oklahoma.....	66.7	39	26.3	3.0		23.3
Oregon.....	68.1	75	52.0	21.0	6.0	25.0
Pennsylvania.....	253.3	71	180.9	67.4	13.5	100.0
Puerto Rico.....	89.5	62	55.2	55.0		.2
Rhode Island.....	17.1	56	9.7	6.7		3.0
South Carolina.....	70.0	94	66.1	19.3	7.2	39.6
South Dakota.....	25.9	30	7.7	.2		7.5
Tennessee.....	75.2	56	41.8	17.0	15.3	9.5
Texas.....	159.6	70	111.1	68.4	4.2	38.5
Utah.....	36.4	42	16.0	3.0		13.0
Vermont.....	9.5	54	5.1	4.4		.7
Virgin Islands.....	2.4	75	1.8	1.8		
Virginia.....	120.2	65	78.0	29.0	30.0	19.0
Washington.....	107.1	74	79.0	23.0	9.0	47.0
West Virginia.....	54.4	51	28.0	4.0		24.0
Wisconsin.....	101.8	82	83.5	21.4	15.3	46.9
Wyoming.....	15.9	70	11.1	4.5		6.6

¹ No OASDI coverage.

and disability insurance and, for each type of government, on State and local employment covered by both old-age, survivors, and disability insurance and staff retirement systems.

OASDI AND STAFF RETIREMENT SYSTEMS

About 50,000 of the 2.6 million employees who had dual coverage in January 1961 had no retirement protection before being covered by old-age, survivors, and disability insurance.⁴ Specifically, State employees in Arkansas, Kentucky, and Missouri were covered initially by the Social Security Act in 1951; retirement systems for these employees were established in Kentucky in 1956 and in Arkansas and in Missouri in 1957.⁵

Except for employees in those States, employees now covered by old-age, survivors, and disability insurance and a staff retirement system were members of existing systems before obtaining coverage under the Social Security Act. Some States added old-age, survivors, and disability insurance without changing the benefits and contributions of their retirement systems; others modified their retirement systems to take old-age, survivors, and disability insurance benefits and contributions into account. Members of staff retirement systems that offered employees a totally additive arrangement (full benefits under the staff retirement system plus old-age, survivors, and disability insurance coverage)⁶ numbered more than 1 million as of January 1961, when old-age, survivors, and disability insurance was extended to the positions covered by these systems. The remaining 1.5 million employees who had dual coverage were members of systems in which some modification was made at

the time old-age, survivors, and disability insurance was extended. Employees who were members of systems that were dissolved and who were then covered by old-age, survivors, and disability insurance and later made members of newly established systems are included in the 1.5 million.

Proposed Social Security Budget, 1962-63*

On January 18, 1962, President Kennedy transmitted to Congress the Budget of the United States for the fiscal year ending June 30, 1963. Of budget proposals totaling \$92.5 billion, \$58 billion, or 63 percent, is requested for national defense, international, and space programs.

The new budget mirrors important shifts in direction and emphasis for certain of the domestic civil functions most closely connected with the Department of Health, Education, and Welfare. "Labor and welfare" was the functional classification of the budget that formerly included the entire administrative budget of the Social Security Administration as well as the budget for the health and education activities of the Federal Government. This classification has now been divided into "health, labor, and welfare" and "education."

The 1963 Budget proposes \$5.1 billion for "health, labor, and welfare," of which \$3.0 billion is for Social Security Administration programs under existing and proposed legislation. On the basis of the cash consolidated budget, which includes the administrative budget (appropriations requested from general funds) plus the operations of trust and public enterprise funds, an additional \$21.6 billion will be spent for "health, labor, and welfare," of which about \$15.3 billion is for old-age, survivors, and disability insurance. Not all this sum, however, is subject to the budgetary process.

Appropriations proposed for the Social Security Administration for the coming fiscal year total \$3.3 billion on the cash consolidated basis and \$3.0 billion on the basis of the administrative budget. Details of the proposals, with comparable figures for 1960-61 and 1961-62, are set forth in the accompanying table.

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⁴ South Dakota and Utah adopted old-age, survivors, and disability insurance coverage in 1951 after dissolving State-administered retirement systems. In 1959 and 1961, respectively, these States established new retirement systems that provided dual coverage for employees.

⁵ State employees in West Virginia and in Kansas, who were also covered initially by the Federal program, had dual coverage effective in July 1961 and January 1962, respectively, as a result of 1961 legislation creating retirement systems. Since they did not have dual coverage as of January 1961, they were not included in the estimated 2.6 million employees with dual coverage.

⁶ New York State offered employees a totally additive arrangement but also offered them the option of reducing their contributions to the retirement system by the amount of old-age, survivors, and disability insurance contributions. Selection of this option reduced the member's retirement allowance.