

Railroad Retirement and Old-Age and Survivors Insurance Work-History Records, 1937-50

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PASSAGE of the 1951 amendments to the Railroad Retirement Act, which provided for joint coverage of railroad workers under the old-age and survivors insurance and railroad retirement programs, has stimulated interest in the interrelationship of the coverage and protection under the two programs. To obtain data on the subject, the Railroad Retirement Board and the Bureau of Old-Age and Survivors Insurance recently coordinated their data for a small sample of persons who worked between 1937 and 1950 in employment covered by the Railroad Retirement Act. Railroad employment and compensation data for this period were obtained for 1,685 accounts from the Railroad Retirement Board and combined with the corresponding wage and employment records maintained for these accounts by the Bureau of Old-Age and Survivors Insurance as part of the continuous work-history sample. Despite the small size of the coordination sample, a few significant figures may be derived from it. The data are subject, however, to large sampling variation where the figures shown are small.

Employment under both programs.—The Railroad Retirement Board sample of 1,685 cards represented an estimated total of 8.4 million persons with railroad service at some time during 1937-50, including persons who had died or retired before January 1, 1951. Of these, about 6.4 million, or three-fourths, were found to have wage credits under old-age and survivors insurance. This number would probably be higher if persons who were reported with different account numbers in the two systems could be identified; an adjusted

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estimate of the dual-coverage group would perhaps be 6.8 million persons, or four-fifths of the 8.4 million persons with railroad compensation.

Duration of railroad service.—For awards made after October 30, 1951 (when the amendments became effective), on the records of persons with less than 120 months of railroad service,¹ the railroad service credits will be transferred to the old-age and survivors insurance program. The service requirement of 120 months is therefore an important factor in analyses of the relationship of the two programs.

Table 1 presents data on the length of service of workers with railroad compensation, including those who had and those who did not have old-age and survivors insurance wage credits.

About 855,000, or 10 percent of all persons with some railroad employment, had 120 or more service-months since the beginning of 1937. The

¹ Credit for a month of service is allowed for any calendar month in which the employee was in service, no matter how briefly.

Railroad Retirement Board estimates that if prior service credits had been included, 1.3 million persons would have had 120 service-months.

The briefer a person's period of service in railroad employment, the more likely it is, of course, that he also had employment covered by old-age and survivors insurance. About five-sixths of the group with less than 96 railroad service-months and about three-fifths of the persons with 96-119 service-months had old-age and survivors insurance wage credits as well. However, only about two-fifths of the persons with 120-167 months of service and one-tenth of those with 168 service-months (the maximum possible during the period covered) had old-age and survivors insurance wage credits. Of the persons with 120 or more service-months on January 1, 1951, about one-fourth also had old-age and survivors insurance wage credits; a few had six or more quarters of coverage, which gave them insured status under both programs on January 1, 1951.

Insured status, January 1, 1951.—Until the middle of 1954, persons

Table 1.—Workers with railroad service, by railroad service-months and quarters of coverage under OASI, 1937-50¹

[Workers in thousands; not adjusted for multiple-account holders]

Number of service-months	All railroad workers	Workers without OASI wage credits	Workers with OASI wage credits				
			Total	Less than 6 quarters of coverage	6-19 quarters of coverage	20-39 quarters of coverage	40 or more quarters of coverage
Total.....	8,425	2,005	6,420	1,255	2,295	2,120	750
Less than 120.....	7,570	1,380	6,190	1,100	2,230	2,115	745
1-3.....	3,400	650	2,750	400	955	970	425
4-18.....	2,280	365	1,915	315	695	655	250
19-95.....	1,615	260	1,355	335	490	460	70
96-119.....	275	105	170	50	90	30	-----
120 or more.....	855	625	230	155	65	5	5
120-167.....	465	270	195	125	60	5	5
168.....	390	355	35	30	5	-----	-----

¹ Military service credits and credits for service before 1937 excluded.

Table 2.—Workers with railroad service, by age and dual-coverage status, January 1, 1951

[Number in thousands]

Age in 1950	Total		Workers with railroad earnings only		Workers with railroad and OASI earnings		Dual-coverage workers as percent of total
	Number	Percent	Number	Percent	Number	Percent	
Total.....	8,425	100	2,005	100	6,420	100	76
Under 25.....	1,050	13	80	5	970	15	92
25-44.....	4,325	54	470	29	3,855	60	89
45-54.....	1,230	15	305	19	925	14	75
55-64.....	725	10	360	22	465	7	64
65 and over.....	590	7	405	25	185	3	31
Unknown.....	405	-----	385	-----	20	-----	5

Table 3.—Number of workers with railroad service, by cumulative earnings in covered employment under railroad retirement program and under old-age and survivors insurance, 1937-50

[In thousands]

Cumulative amount of railroad compensation	Number of workers, by specified amount of cumulative OASI wages					
	Total	Less than \$300	\$300-4,999	\$5,000-14,999	\$15,000-24,999	\$25,000 or more
Total.....	6,420	540	2,390	2,250	900	340
Less than \$300.....	2,885	155	1,015	980	495	240
300-4,999.....	2,275	170	770	930	310	95
5,000-14,999.....	665	90	270	215	85	5
15,000-24,999.....	345	65	185	85	10	-----
25,000 or more.....	250	60	150	40	-----	-----

with 6 quarters of coverage under old-age and survivors insurance will be fully insured. Of the 8.4 million railroad workers, 5.2 million (including persons who had already died or retired as of January 1, 1951) had 6 or more quarters of coverage without adding railroad service credits. While it is not possible to convert service-months directly to quarters of coverage, some approximations can be made of the insured status of individuals under either or both programs. By use of a conversion table somewhat similar to the one used in the adjudication of claims involving railroad employment, it is estimated that 800,000 persons with less than 120 service-months after 1936 (excluding military service) and less than 6 quarters of old-age and survivors insurance coverage would have 6 or more quarters of coverage based on railroad compensation alone. An additional 200,000 with less than 6 quarters of coverage in either type of employment separately would have

6 quarters of coverage on the basis of a combined wage record. All told, about 7 million persons with railroad compensation were insured on combined records as of January 1, 1951, and of these a little more than 850,000 had at least 120 service-months.

Age and dual-coverage employment.—On January 1, 1951, relatively more of the dual-coverage workers were under age 25; the percentage decreased with age (table 2). This decrease, however, is at least partly—and probably largely—a short-run situation; most of the older persons had started working in railroad employment before 1937 and since then had made no changes in employment, so that any nonrailroad employment they may have had occurred before the start of the old-age and survivors insurance program. From the present data, mobility between railroad employment and other employment, covered by old-age and survivors insurance, appears to be far greater for young persons than old

ones. In a mature program, therefore, the older railroad workers will probably be, for the most part, persons who worked at one time or another in jobs covered by old-age and survivors insurance.

The age distributions are similar for workers with old-age and survivors insurance wage credits and for those with railroad service. The only significant differences exist at the younger ages, with proportionately more old-age and survivors insurance workers under age 25 and proportionately more railroad workers at ages 25-44. This is probably the result of the younger median age at entrance into employment covered by old-age and survivors insurance than into railroad employment. There were relatively more young persons among the dual-coverage workers than among all covered workers; conversely, of course, there were relatively more older persons among those who had railroad employment only.

Earnings, 1937-50.—The relationship of cumulative earnings under the two programs is similar to that for length of service; that is, workers with low earnings under the railroad program had relatively large earnings under old-age and survivors insurance, and vice versa. Table 3 shows the earnings distribution of dual-coverage workers under both systems.

With the exception of the very young workers, who, of course, have had a short period of work and therefore low cumulative earnings, the dual-coverage workers with low earnings in railroad employment to a large extent had substantial old-age and survivors insurance earnings. Almost three-fifths of the persons who had less than \$300 of cumulative railroad compensation had more than \$5,000 in old-age and survivors insurance wage credits. On the other hand, only about one-third of the dual-coverage workers with more than \$5,000 and only about one-sixth of those with more than \$25,000 in railroad compensation had as much as \$5,000 in old-age and survivors insurance credits.