

and three spent more than \$4. By comparison, for general assistance only two States spent more than \$2 per inhabitant for vendor payments.

Old-Age Insurance Benefits, January-June 1956

Benefits Awarded

During the first half of 1956, old-age benefits were awarded to nearly 409,000 persons, about 100,000 less than the number in the corresponding months of 1955. The 1955 period included a large number of awards to persons affected by the liberalization in the retirement test under the 1954 amendments. (These provisions, which became effective in January 1955, changed the earnings test for wage earners from a monthly to an annual basis, raised to \$1,200 the amount that beneficiaries can earn in a year before any benefits are withheld, and lowered from 75 to 72 the age at which beneficiaries can receive benefits regardless of the amount of their earnings.) Self-employed farmers and other workers qualifying for benefits solely as the result of work newly covered under the 1954 amendments could be eligible for benefits as early as the second quarter of 1956. Although workers in this group are represented to only a small extent in the awards of the first half of 1956, their number will be more significant in awards of the second half of the year and the early part of 1957.

Method of benefit computation.—About 94 percent of the beneficiaries

Table 1.—Average old-age benefits awarded in January-June 1956, by benefit-computation method and sex

[Based on 10-percent sample; average benefits shown to the nearest dollar]

Benefit-computation method	Total		
	Total	Male	Female
Total.....	\$70	\$76	\$57
Beneficiary not eligible for dropout.....	40	41	37
Beneficiary eligible for dropout.....	72	78	59
Benefit based on earnings after 1936.....	49	52	45
Benefit based on earnings after 1950.....	78	83	64

Table 2.—Percentage distribution of old-age benefits awarded in January-June 1956, by benefit-computation method and sex

[Based on 10-percent sample]

Benefit-computation method	Total		
	Total	Male	Female
Total number.....	408,671	282,024	126,647
Total percent.....	100	100	100
Benefit based on earnings after 1936.....	23	21	28
Benefit based on earnings after 1950.....	77	79	72
Total percent.....	100	100	100
Beneficiary not eligible for the dropout.....	6	6	7
Benefit based on earnings after 1936.....	4	4	4
Benefit based on earnings after 1950.....	2	2	3
Beneficiary eligible for the dropout.....	94	94	93
Benefit based on earnings after 1936.....	19	16	24
Beneficiary not eligible for benefit based on earnings after 1950.....	14	12	18
Beneficiary eligible for benefit based on earnings after 1950.....	5	5	6
Benefit based on earnings after 1950.....	75	77	69
1952 benefit formula plus 1954 conversion table.....	2	1	3
1954 benefit formula.....	73	77	66

awarded old-age benefits in the first half of 1956 were eligible for the dropout—that is, up to 5 years of lowest earnings could be excluded in the calculation of their average monthly wage (table 2). The dropout provision may be applied if the worker has 6 quarters of coverage after June 1953, or if he first becomes eligible—that is, fully insured and of retirement age—for old-age benefits after August 1954. The remaining 6 percent of the beneficiaries had been eligible for benefits since August 1954 or earlier but did not have sufficient work after June 1953 to qualify for

the dropout under the alternative qualifying condition. Such cases should occur infrequently after 1956 because, for applications filed after October 1956, the beneficiary would lose one or more monthly benefits from failure to file a timely application.

In some instances, though workers were eligible for a benefit computation based on earnings after 1950, their benefits were higher when the computation was based on earnings after 1936. Among workers eligible for a benefit computation based on earnings after 1950 with the dropout,

Table 3.—Number, percentage distribution, and average monthly amount of old-age benefits awarded in January-June 1956, by starting date used in benefit computation, age, and sex

[Based partly on 10-percent sample]

Age ¹	Total			Male			Female		
	Number	Percent	Average monthly amount	Number	Percent	Average monthly amount	Number	Percent	Average monthly amount
Total.....	408,671	100	\$69.99	282,024	100	\$75.62	126,647	100	\$57.46
65-69.....	301,186	74	71.31	201,747	72	77.88	99,439	79	57.97
70-74.....	81,081	20	70.79	61,223	22	74.78	19,858	16	58.48
75-79.....	20,359	5	54.06	14,662	5	56.17	5,697	4	48.63
80 and over.....	6,045	1	47.56	4,392	2	48.47	1,653	1	45.15
Based on earnings after 1950.....	314,850	100	76.90	223,725	100	82.58	91,125	100	62.95
65-69.....	224,018	71	79.07	156,273	70	85.39	67,745	74	64.47
70-74.....	70,035	22	75.74	52,984	24	80.22	17,051	19	61.81
75-79.....	15,989	5	59.25	11,138	5	62.98	4,851	5	50.68
80 and over.....	4,808	2	51.25	3,330	1	53.36	1,478	2	46.49
Based on earnings after 1936.....	93,821	100	46.84	58,299	100	48.94	35,522	100	43.39
65-69.....	77,168	82	48.79	45,474	78	52.07	31,694	89	44.07
70-74.....	11,046	12	39.40	8,239	14	39.78	2,807	8	38.26
75-79.....	4,370	5	35.07	3,524	6	34.63	846	2	36.89
80 and over.....	1,237	1	33.23	1,062	2	33.14	175	(²)	33.80

¹ Age on birthday in 1956.

² Less than 0.5 percent.

the benefit was higher for about 7 percent when earnings after 1936 were used (for men, 6 percent; for women, 8 percent). Data for 1955 showed about the same proportions. Future trends in the number of awards under the different benefit formulas are not clear cut, but awards based on earnings after 1936 will probably be made for many years to come. There are several reasons:

(1) Persons who do not have 6 quarters of coverage after 1950 are eligible only for a computation based on earnings after 1936. Among persons eligible for a dropout computation to whom an old-age benefit computed with a 1936 starting date was awarded in the first half of 1956, less than one-fourth were eligible for a 1950 starting-date computation. Typical of the group permanently insured but not having 6 quarters of coverage after 1950 are disabled persons and women who left the labor force when middle-aged or younger. Some of these individuals will not reach retirement age for many years. Hence, awards will be made for many years to individuals qualified only for a benefit computation based on earnings after 1936.

(2) Benefits based on earnings after 1936 are computed by means of the 1939 benefit formula and then increased by use of a conversion table, but benefits based on earnings after 1950 are computed either by means of the 1952 formula, increased by use of a conversion table, or by means of the 1954 formula. When the average monthly wage is the same whether based on earnings after 1936 or after 1950, the 1936 starting-date computation produces higher benefit amounts. If earnings are low, the computation for an average monthly wage based on earnings after 1936 may result in a higher benefit than the computation for a substantially higher average monthly wage based on earnings after 1950. By 1962, the benefit resulting from a 1936 starting-date computation may exceed the benefit from a 1950 starting-date computation even though there were no earnings before 1951.

(3) A computation based on earnings after 1936 must be considered for every individual except those who at-

Table 4.—Number, percentage distribution, and average monthly amount of old-age benefits awarded in January–June 1956 to beneficiaries eligible for the dropout,¹ by starting date used in benefit computation, age, and sex

[Based on 10-percent sample]

Age ²	Total			Male			Female		
	Number	Percent	Average monthly amount	Number	Percent	Average monthly amount	Number	Percent	Average monthly amount
Total.....	382,565	100	\$72.06	264,673	100	\$77.87	117,892	100	\$59.00
65-69.....	289,803	76	72.50	194,459	73	79.17	95,344	81	58.88
70-74.....	71,552	19	74.84	54,789	21	78.66	16,763	14	62.38
75-79.....	16,591	4	58.15	12,038	5	60.49	4,553	4	51.98
80 and over.....	4,619	1	51.23	3,387	1	52.32	1,232	1	48.24
Based on earnings after 1950.....	305,769	100	77.86	218,154	100	83.47	87,615	100	63.90
65-69.....	220,770	72	79.50	154,392	71	85.75	66,378	76	64.95
70-74.....	66,304	22	77.56	50,523	23	81.89	15,781	18	63.67
75-79.....	14,600	5	61.24	10,350	5	64.74	4,250	5	52.73
80 and over.....	4,995	1	53.80	2,889	1	55.96	1,206	1	48.63
Based on earnings after 1936.....	76,796	100	48.95	46,519	100	51.64	30,277	100	44.81
65-69.....	69,033	90	50.11	40,067	86	53.82	28,966	96	44.97
70-74.....	5,248	7	40.57	4,266	9	40.33	982	3	41.61
75-79.....	1,991	3	35.50	1,688	4	34.44	303	1	41.40
80 and over.....	524	1	31.13	498	1	31.19	26	(³)	30.00

¹ Beneficiaries eligible for the exclusion of up to 5 years of lowest earnings in the calculation of the average monthly wage.

² Age on birthday in 1956.

³ Less than 0.5 percent.

Table 5.—Number and percentage distribution of old-age benefits awarded in January–June 1956, by starting date used in benefit computation, amount of monthly benefit, and sex

[Based partly on 10-percent sample]

Amount of monthly benefit	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total.....	408,671	100	282,024	100	126,647	100
\$30.00.....	58,204	14	31,263	11	26,941	21
30.10-39.90.....	24,653	6	12,593	4	12,060	10
40.00-49.90.....	24,645	6	13,177	5	11,468	9
50.00-59.90.....	28,298	7	15,763	6	12,535	10
60.00-69.90.....	56,670	14	31,639	11	25,031	20
70.00-79.90.....	50,203	12	31,969	11	18,234	14
80.00-89.90.....	42,553	10	32,501	12	9,962	8
90.00-99.90.....	61,402	15	54,582	19	6,820	5
100.00-108.50.....	62,043	15	58,447	21	3,596	3
Average benefit.....	\$69.99	-----	\$75.62	-----	\$57.46	-----
Based on earnings after 1950.....	314,850	100	223,725	100	91,125	100
\$30.00.....	24,657	8	11,210	5	13,447	15
30.10-39.90.....	14,774	5	7,473	3	7,301	8
40.00-49.90.....	12,658	4	6,759	3	5,899	6
50.00-59.90.....	13,018	4	7,088	3	6,830	7
60.00-69.90.....	45,181	14	23,916	11	21,265	23
70.00-79.90.....	41,940	13	25,614	11	16,326	18
80.00-89.90.....	38,277	12	28,636	13	9,641	11
90.00-99.90.....	61,402	20	54,582	24	6,820	7
100.00-108.50.....	62,043	20	58,447	26	3,596	4
Average benefit.....	\$76.90	-----	\$82.58	-----	\$62.95	-----
Based on earnings after 1936.....	93,821	100	58,299	100	35,522	100
\$30.00.....	33,547	36	20,053	34	13,494	38
30.10-39.90.....	9,879	11	5,120	9	4,759	13
40.00-49.90.....	11,987	13	6,418	11	5,569	16
50.00-59.90.....	14,380	15	8,675	15	5,705	16
60.00-69.90.....	11,489	12	7,723	13	3,766	11
70.00-79.90.....	8,263	9	6,355	11	1,908	5
80.00-89.90.....	4,276	5	3,955	7	321	1
Average benefit.....	\$46.84	-----	\$48.94	-----	\$43.39	-----

tain age 22 after 1950 (and have 6 quarters of coverage after 1950). Hence the 1936 starting-date computation will be a possibility, under present law, until about the year 2000—when everyone attaining age 22 before 1951 will have reached at least age 72.

For some workers eligible for a benefit computation under the 1954 formula, the dropout of years with low earnings does not produce a significant increase in the average monthly wage. If the worker had low earnings, it is often to his advantage to apply the 1952 benefit formula to the average monthly wage, calculated without the dropout, and to increase the resulting amount by means of the conversion table. Of those workers eligible for a benefit computation based on earnings after 1950 with the dropout, about 2 percent were awarded higher old-age insurance benefits under this alternative method of

Table 7.—Number and average monthly amount of old-age benefits in current-payment status at the end of each half year, by starting date used in benefit computation, June 1954–June 1956

[Numbers in thousands]

Half year ending—	Total		Based on earnings after 1950			Based on earnings after 1936	
	Number	Average monthly amount	Number	Average monthly amount	As percent of all old-age beneficiaries	Number	Average monthly amount
June 1954.....	3,519	\$51.81	1,026	\$64.86	29	2,494	\$46.44
December 1954.....	3,775	59.14	1,260	73.81	33	2,515	51.80
June 1955.....	4,215	61.03	1,683	75.01	40	2,532	51.74
December 1955.....	4,474	61.90	1,932	75.10	43	2,542	51.87
June 1956.....	4,732	62.76	2,196	75.46	46	2,536	51.76

computation (for men, 1 percent; for women, 5 percent). These proportions are roughly half those for 1955 award data. Future trends appear dependent on two conditions:

(1) Earnings in at least 2 of the years between the starting date and the closing date used in the benefit computation are required to obtain

the highest possible benefit (except when the special closing date of July 1, 1956, is used). The full dropout of 5 years will not be operative, therefore, until 7 years have elapsed after 1950—that is, until 1958. For computations with a closing date of January 1, 1955, for example, only 2 years were dropped. As the number of years that are dropped increases, it is reasonable to expect a greater difference between the average monthly wage based on the 2 remaining years and that based on all years after 1950. Hence, in the next few years, further decreases in the proportion of awards based on the computation using the 1952 formula plus the conversion table computation are to be expected.

(2) In the more distant future, however, the proportion of awards with higher benefits determined by using the 1952 formula plus the conversion table will probably increase. As the number of years elapsed after 1950 goes up, the relative effect on the average monthly wage of a 5-year dropout will be less and less. The years dropped out may not increase the resulting average monthly wage enough to offset the advantage of the conversion table—even if the years dropped are years without any earnings.

Age distribution.—Persons aged 65–69 made up 74 percent of all those awarded old-age benefits in the first 6 months of 1956. For benefits based on earnings after 1950, that age group represented 71 percent of the total, and for benefits based on earnings after 1936, 82 percent (table 3). As in the past, many persons in the latter group had no current earnings

Table 6.—Number and percentage distribution of old-age benefits awarded in January–June 1956 to beneficiaries eligible for the dropout,¹ by starting date used in benefit computation, amount of monthly benefit, and sex

[Based on 10-percent sample]

Amount of monthly benefit	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Total.....	382,565	100	264,673	100	117,892	100
\$30.00.....	43,259	11	22,035	8	21,224	18
30.10–39.90.....	21,296	6	10,386	4	10,910	9
40.00–49.90.....	22,538	6	11,645	4	10,893	9
50.00–59.90.....	26,313	7	14,261	5	12,052	10
60.00–69.90.....	54,891	14	30,280	11	24,611	21
70.00–79.90.....	49,129	13	31,182	12	17,947	15
80.00–89.90.....	41,991	11	32,121	12	9,870	8
90.00–99.90.....	61,105	16	54,316	21	6,789	6
100.00–108.50.....	62,043	16	58,447	22	3,596	3
<i>Average benefit.....</i>	<i>\$72.06</i>	<i>-----</i>	<i>\$77.87</i>	<i>-----</i>	<i>\$59.00</i>	<i>-----</i>
Based on earnings after 1950.....	305,769	100	218,154	100	87,615	100
\$30.00.....	20,462	7	8,991	4	11,471	13
30.10–39.90.....	13,220	4	6,543	3	6,677	8
40.00–49.90.....	12,178	4	6,473	3	5,705	7
50.00–59.90.....	13,458	4	6,802	3	6,656	8
60.00–69.90.....	44,067	14	23,078	11	20,989	24
70.00–79.90.....	41,296	14	25,144	12	16,152	18
80.00–89.90.....	37,940	12	28,360	13	9,580	11
90.00–99.90.....	61,105	20	54,316	25	6,789	8
100.00–108.50.....	62,043	20	58,447	27	3,596	4
<i>Average benefit.....</i>	<i>\$77.86</i>	<i>-----</i>	<i>\$83.47</i>	<i>-----</i>	<i>\$63.90</i>	<i>-----</i>
Based on earnings after 1936.....	76,796	100	46,519	100	30,277	100
\$30.00.....	22,797	30	13,044	28	9,753	32
30.10–39.90.....	8,076	11	3,843	8	4,233	14
40.00–49.90.....	10,360	13	5,172	11	5,188	17
50.00–59.90.....	12,855	17	7,459	16	5,396	18
60.00–69.90.....	10,824	14	7,202	15	3,622	12
70.00–79.90.....	7,833	10	6,038	13	1,795	6
80.00–88.50.....	4,051	5	3,761	8	290	1
<i>Average benefit.....</i>	<i>\$48.95</i>	<i>-----</i>	<i>\$51.64</i>	<i>-----</i>	<i>\$44.81</i>	<i>-----</i>

¹ Beneficiaries eligible for the exclusion of up to 5 years of lowest earnings in the calculation of the average monthly wage.

and filed for benefits as soon as they reached retirement age.

Average monthly benefit.—The average old-age benefit awarded in January–June 1956 was \$69.99, nearly a dollar less than the average in the first half of 1955. The 1955 period included many awards—at a high benefit level—to persons who were working full time and who filed because of the liberalization in the retirement test under the 1954 amendments. The 1956 decrease in the average benefit awarded resulted in spite of (1) an increasing proportion of beneficiaries eligible for the dropout and (2) inclusion, to a larger extent, of earnings under the \$4,200 wage base. The average monthly amount awarded on the basis of earnings after 1950 to persons eligible for the dropout was \$77.86 (for men, \$83.47; for women, \$63.90) (table 4).

Distribution by size of benefit.—Minimum benefits of \$30 were payable in 14 percent of the awards made during the first 6 months of 1956, and benefits of \$90 or more were payable in 30 percent of the cases (table 5). For beneficiaries who were eligible for the dropout and whose benefits were based on earnings after 1950, about 40 percent were payable at a rate of \$90 or more (for men, 52 percent; for women, 12 percent) (table 6). About half the benefits in this range were more than \$100; virtually all of these were \$103.50, based on 1 year's earnings of \$3,600 and 1 year's earnings of \$4,200. For more than half the beneficiaries not eligible for the dropout, minimum benefits of \$30 were payable.

Benefits in Current-Payment Status

The growth in the proportion of persons receiving old-age benefits based on earnings after 1950 is indicated in table 7; by June 1956 this group represented 46 percent of all old-age beneficiaries. The average amount payable to all old-age beneficiaries has gone up continuously—from \$58.75 in September 1954 (when the benefit amounts were raised) to \$62.76 in June 1956—as the proportion of benefits based on earnings after 1950 has increased. The growing proportion of beneficiaries eligi-

ble for the dropout also contributed to the increase.

Proposed Social Security Budget, 1957–58

On January 16, 1957, President Eisenhower submitted to Congress the Budget of the United States Government for the fiscal year ending June 30, 1958. Of the \$71.8 billion proposed for new authorizations, \$45.3 billion is for major national security and related programs. This amount makes up 63.1 percent of the total and is within 1 percent of the proportion budgeted for the 2 previous fiscal years.

Estimated expenditures¹ for the Social Security Administration amount to \$1,730 million for 1957–58, not including the operations of the Bureau of Old-Age and Survivors Insurance and the Bureau of Federal Credit Unions, which are not included in Federal administrative budget totals. Table 1 shows the allocation of this sum within the Social Security Administration. Appropriation requests

¹ Estimated expenditure data in the Budget reflect the 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.

are included for all the programs that are now in operation or for which legislative authority has already been granted. The Budget envisions initiation of no new programs under proposed legislation; it does anticipate supplemental appropriations totaling more than \$277 million in the second half of 1956–57.

Total social security expenditures estimated for 1957–58 are \$104 million more than the \$1,626 million (including supplemental appropriations) estimated for 1956–57. They top the 1955–56 actual expenditures of \$1,492 million by \$238 million. The largest part of the increase is in the amounts requested for grants to the States for the four categorical public assistance programs. The 1956 amendments to the Social Security Act will be fully effective on these grant programs for the first time in 1957–58. President Eisenhower said in his Budget Message: "The social security amendments enacted in 1956 raised Federal matching funds for State public assistance to people whose needs are not met by social security insurance, and provided new grants for medical care. Largely as a result of the 1956 amendments, Federal grants for public assistance are estimated to increase \$100 million to a total of \$1.7 billion in the fiscal year 1958." The President pointed out that State

Table 1.—Expenditures for the Social Security Administration from general funds, fiscal years 1955–56, 1956–57, and 1957–58

[In thousands]

Bureau and item	Actual, 1955-56	Estimated	
		1956-57	1957-58
Total, including supplemental appropriations under existing legislation.....	\$1,492,491	\$1,625,685	\$1,730,101
Total, excluding supplemental appropriations.....	1,492,491	1,348,639	1,730,092
Bureau of Public Assistance.....	1,456,901	1,584,296	1,684,093
Grants to States for public assistance.....	1,455,275	1,582,534	1,679,400
Annual appropriation.....	1,455,275	1,305,534	1,679,400
Supplemental appropriation.....	.....	277,000	.....
Grants to States for training public welfare personnel.....	.....	.....	2,500
Salaries and expenses.....	1,626	1,762	2,193
Annual appropriation.....	1,626	1,734	2,186
Supplemental appropriation.....	.....	28	7
Children's Bureau.....	35,402	41,168	43,633
Grants to States for maternal and child health and welfare.....	33,623	39,361	41,500
Salaries and expenses.....	1,779	1,807	2,133
Office of the Commissioner.....	188	221	2,375
Cooperative research or demonstration projects in social security.....	.....	18	2,072
Annual appropriation.....	.....	.....	2,070
Supplemental appropriation.....	.....	18	2
Salaries and expenses ¹	188	203	303

¹ Includes reimbursement from the old-age and survivors insurance trust fund and, in 1956–57 and 1957–58, also from the disability insurance trust fund.

Source: *The Budget of the U. S. Government for the Fiscal Year Ending June 30, 1958.*