

# The Agricultural Wage Worker In Employment Covered by Federal Old-Age and Survivors Insurance

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THE PROBLEM of acquiring sufficient quarters of coverage to achieve insured status under old-age and survivors insurance is of special significance to workers who shift between covered and non-covered employment and who come only intermittently under the old-age and survivors insurance program.<sup>1</sup> One of the largest groups of such workers is that of agricultural laborers who seek work in the industrial labor market for a part of the year. Because of their low earnings in agriculture and the seasonal character of the employment, they are forced to supplement their earnings by employment in industry. At the same time, many industries draw upon the surplus of agricultural labor to meet special needs or seasonal peaks of production.

In addition to this short-time or "shuttling" movement of agricultural workers in and out of covered employment, there are also the long-time occupational changes of young agricultural workers who move into industry and more or less permanently remain there as well as the corresponding movement of older workers out of industry into agriculture. Since these long-time movements cannot effectively assert themselves until after the program has been in operation for many more years, the data presented in this article are of necessity limited to the short-time movement only.

Eligibility for benefits under the old-age and survivors insurance program is based not only on the wages which a worker receives from covered employment but also on the distribution of such wages by calendar quarters. To qualify for benefits a worker must have been engaged in covered employment for roughly half of the time, computed on the basis of quarters of a calendar year, since

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<sup>1</sup> See Murray, Merrill O., and Wermel, Michael T., "Movement of Workers Into and Out of Covered Employment, 1937 and 1938," *Social Security Bulletin*, Vol. 4, No. 2 (February 1941), pp. 12-16.

1936 or since he reached age 21, if that date occurred after 1936. In addition, in each quarter for which he would claim coverage, he must have received wages of at least \$50.

To throw some light on the problems affecting agricultural laborers, an analysis was made of two recent surveys, one relating particularly to migratory agricultural workers, the other to local seasonal workers in agriculture.

The survey of migratory workers was made by the Farm Security Administration during the spring and summer of 1940 in selected problem areas in New Jersey, Michigan, Virginia, North Carolina, South Carolina, and Kentucky. Farming areas were selected in which migrant workers concentrated and constituted problems for themselves and the community. In these areas, potatoes, strawberries, fruit, berries, or truck were the principal crop. In all, 1,411 schedules were collected on the employment experience of farm laborers. For those who reported social security numbers, information on their wages in covered employment and their insured status under the old-age and survivors insurance program was obtained from the files of the Social Security Board. Of the total number of schedules, 80.5 percent, and of those with social security numbers, 91 percent, represented workers who had been in the area less than 6 months.

Although the sample is considered to be representative of the experience of migratory agricultural workers in the States selected, the fact should be stressed that the data can be considered only qualifiedly representative of the experience of migratory workers throughout the Nation. Certain major areas where migratory agricultural workers are numerous—such as Florida, California, and the West Coast in general—were not surveyed; these may differ from the areas surveyed in the degree to which they present opportunities for covered employment. Additional in-

formation on migratory workers in California is now being collected.

The second survey was conducted by the Bureau of Old-Age and Survivors Insurance in 10 counties of Virginia in the summer of 1940. The counties were selected as representative of the important types of farming in the State; 2,039 workers were interviewed, including both farm operators and laborers. As in the FSA survey, information on those who reported social security numbers was supplemented with material on wages from covered employment. The farm operators, migratory workers, and sharecroppers who were included in the study are omitted in the ensuing discussion, except where otherwise noted, and attention is focused on the experiences of local seasonal workers.

#### *Extent of Movement Between Agriculture and Covered Employment*

While there are indications of an appreciable difference in the degree to which migratory workers and local seasonal workers in agriculture find their way into covered employment, it is evident from both surveys that a large and probably a growing proportion of each of these two important groups of agricultural workers has been coming periodically under the old-age and survivors insurance program. Thus, of the migratory workers surveyed by the FSA, almost half—46 percent—had earned wages in covered employment during the period 1937-39. The small group of migratory workers included in the Virginia survey showed a similar proportion—44 percent—who had spent some time in covered employment during the same period. Of the local seasonal workers studied in Virginia, 20 percent had been in covered employment during the same period.

The difference in the degree to which the two groups had entered covered employment may undoubtedly be attributed to differences in their agricultural attachments. The migratory workers, with an attachment to agricultural jobs less stable than that of local seasonal workers, are by the very fact of their migration brought into a geographically wider range of labor markets. They thus come into contact with a greater number of opportunities for industrial employment. The significant fact, however, is that even the geographically restricted group of local

seasonal workers who tend to remain in an area where they can return to regular seasonal employment in agriculture do find their way in off-season periods into covered employment to the extent of one-fifth of their number.

If the figures on these two groups are generalized and supplemented with data on the extent to which regular hired hands and sharecroppers<sup>2</sup> entered covered employment in the period considered, it would appear that more than 800,000 of an estimated 4.5 million persons who are likely to be employed annually in agriculture<sup>3</sup> have become subject to taxation for old-age and survivors insurance since the program went into effect in 1937. In the future, it is evident, this proportion will increase; even disregarding any forces which may operate to increase the number who find covered employment at any one time, a normal turn-over will increase the number who find such employment at some time.

The data of both studies indicate, moreover, a tendency toward increase in the number who go into covered employment at a particular time. Thus, of the migratory workers in the FSA survey who had some wage credits in the period 1937-39, 63 percent were reported employed in covered industry in 1937, 65 percent in 1938, and almost 76 percent in 1939. Similarly, of all agricultural workers in the Virginia survey—including farm owners and operators, migratory workers, and sharecroppers, as well as local seasonal laborers—who had wages from covered employment, 56 percent had wage credits in 1937, 60 percent in 1938, and more than 75 percent in 1939.

Though part of this annual increase may be attributed to a greater degree of compliance with the provisions of the Social Security Act on the part of employers, it also significantly coincides with a general rise in industrial activity. This rise has been accelerated since 1939 and is receiving new impetus as the defense program swings into operation. Should it continue, there is reason to believe that directly or indirectly the attraction of agricultural workers into covered industrial employment will be increased. This

<sup>2</sup> Data gathered during the survey in Virginia indicated that regular hired hands and sharecroppers were less likely than the other groups to enter covered employment. About 8 percent of the regular hired hands and 10 percent of the sharecroppers interviewed had had wages in covered employment in the period studied.

<sup>3</sup> This figure represents an estimated maximum of 4 million wage workers and a half million sharecroppers; some of the wage workers may spend only a very small part of the year in agriculture.

attraction will be modified only to the extent that the forces creating unemployment, underemployment, and poverty in agriculture cease to operate as they have in the past.

Should industrial depression set in and opportunities for industrial employment decline, the flow of agricultural workers into industrial employment would probably diminish. Moreover, the experience of the depression period of the 1930's indicates that the counter-flow from industry to subsistence agriculture will increase. This trend would only serve to intensify the problem of workers shifting between covered and noncovered employment, in that the movement would be away from covered employment and workers would be unable to maintain the insured status they may have acquired. It would also provide a basis for an increase in the general shuttling movement, since the experience of these persons would condition them to seek whatever short-time employment might be available in industry.

#### *Insurance Status of the Agricultural Worker*

A worker who acquires 40 quarters of coverage becomes fully insured, i. e., he and certain of his dependents are eligible for benefits when he reaches the age of 65 and retires from covered employment, or his survivors are entitled to benefits whenever he dies. A worker who is not fully insured but who, at the time of his death, has acquired 6 or more quarters of coverage of the 12 preceding the quarter in which he dies, may be said to be a currently insured worker, and certain of his survivors are eligible for survivor benefits. Since in the period under consideration there are only 12 quarters, fully insured status and currently insured status are practically synonymous, and reference need only be made here to insured status in general.

The findings of the two surveys indicate that the great majority of the agricultural workers who have been paying taxes on wages from covered employment have failed to meet requirements for benefits. They have, therefore, been contributing to a system in which they have thus far acquired no insurance protection. Eighty-five percent of the migratory workers who have paid insurance contributions on wages in covered employment and 89 percent of the local seasonal workers had less than 6 quarters of coverage; that

is, they failed to earn at least \$50 in each of 6 or more of the 12 quarters during 1937-39.<sup>4</sup>

There are several basic factors which account for the relatively disadvantageous position of agricultural workers who are engaged intermittently in employments covered by the present old-age and survivors insurance program. In the first place, many fail to achieve the required number of quarters of coverage. This failure is due in part to the dovetailing of their work in covered employment with work in agriculture, which of itself tends to a seasonal concentration of their taxable wages; or, even if they are available for covered employment in a sufficient number of quarters, there are frequently no jobs available for them. In the second place, many who do succeed in acquiring covered employment in a sufficient number of quarters, fail to meet the requirement of \$50 in wages in a sufficient number of quarters.

To acquire quarters of coverage during 1938-39<sup>5</sup> at a rate to provide insured status in the future, each worker would have had to earn \$50 or more in taxable wages in at least 4 of the 8 possible quarters. But 58 percent of the migratory workers and nearly 68 percent of the local seasonal workers who had some such employment were in covered employment for less than 4 quarters. Furthermore, the majority failed, because of their low wages in these periods, to accumulate even 1 quarter of coverage.

Of the remaining 42 percent of migratory workers and approximately 33 percent of local seasonal workers who had covered employment during 4 or more quarters, less than half received as much as \$50 in each of 4 quarters and about 15 percent did not earn as much as \$50 in any quarter.

The adverse effect of insufficient and poorly distributed wage earnings on the position of these workers under the present insurance system may be illustrated in another fashion. Three hundred dollars was the minimum amount which, if properly distributed on a quarterly basis through-

<sup>4</sup> It is notable that, as a recent sample study of social security records reveals, a substantial number of all workers who have been contributing on their wages under the act have so far not earned insured status. The group of agricultural employees here considered accounts for a part of this large group. The failure of others to acquire insured status is traceable to shifting between covered employment and noncovered occupations other than agriculture or to unemployment, underemployment, or irregular participation in the labor market (students, housewives, and so forth).

<sup>5</sup> For this specific comparison a 2-year period is used, instead of the 3-year period 1937-39, since, as a result of reporting procedures in effect for 1937, the records of the Social Security Board do not permit analysis of the quarters of entrance into covered employment in that year.

out the period 1937-39, would have enabled a worker to obtain insured status in the period. More than 67 percent of the seasonal local laborers, and approximately the same proportion of the migratory workers, earned less than \$300 in taxable wages in this 3-year period. In addition, many who earned more than this amount failed to acquire insured status because their earnings were concentrated in too few quarters. About 20 percent of the seasonal local laborers and 18 percent of the migratory workers with some covered employment received and paid taxes on more than \$300 in this period but failed to acquire insured status.

There is little basis for expecting that many individuals in the group here studied will ever acquire fully or permanently insured status through the accumulation of 40 quarters of coverage. In the 2 years 1938-39, 36 percent of the migratory workers and 35 percent of the local seasonal workers acquired no quarters of coverage. The average rate of acquisition of quarters of coverage for both of the classes surveyed was less than 1 quarter a year. At this rate, it would take 40 years to accumulate 40 quarters of coverage. Since more than half of these workers are already over 30 years of age and more than a third are over 40 years, it is obvious that few will be able to benefit by the 40-quarter provision unless there is radical change in both the amount of their covered employment and their present wage levels.

### **Summary**

In the normal course of their working lives, large numbers of migratory agricultural workers and local seasonal workers intermittently obtain work in covered employment. Under the present

provisions of the Social Security Act, they are automatically subject to payment of contributions to the social insurance system with respect to their earnings in such employment. However, many of these workers fail to acquire eligibility for benefits under the present provisions of the act because of their low rates of pay and the limited and sporadic amounts of time they spend in such employment. Of every 100 agricultural workers in the samples studied who had contributed to the system on their taxable wages, only about 10 to 15 received insurance protection. This proportion, it must be remembered, relates only to the agricultural workers who entered covered employment. It represents only about 2 percent of all agricultural workers in the two samples.

The effect of the current increase in industrial employment, particularly under the stimulation of the expanding defense program, is difficult to evaluate. It may operate advantageously for workers who have opportunity for greater and more continuous covered employment; it may, on the other hand, intensify the problem if it increases the volume of workers who work too short periods to acquire insured status. Economic conditions are constantly creating a surplus of workers who, unemployed or underemployed in agriculture, are on the lookout for industrial employment. To the extent that these groups cannot be immediately and completely absorbed by expanding industries, to the extent that they obtain only intermittent or low-paid employment, they will as a group continue to make contributions to an insurance system from which they may expect no protection in return. Their problem could be met only by a system of extended coverage which would permit basing the payment of benefits on wages from both agriculture and industry.