

Social Security Act Amendments of 1950 In Brief

Title I, Amendments to Title II of the Social Security Act, extends compulsory coverage under old-age and survivors insurance to persons whose annual net income from self-employment is at least \$400, except farmers and certain professional groups. Other groups protected include regularly employed agricultural workers and certain borderline agricultural labor (such as processing workers), and regularly employed domestic workers. "Employee" is redefined to include certain groups earlier excluded. Coverage is extended to the Virgin Islands and Puerto Rico.

Coverage through voluntary agreements between the States and the Federal Government is available for employees of State and local governments who are not protected by existing retirement plans, and coverage is compulsory for certain transportation workers employed by State and local governments. Employees of nonprofit organizations may be covered if the employer desires and at least two-thirds of all employees concur; all employees concurring and all new employees will then be covered.

Coverage changes are effective January 1, 1951 (in Puerto Rico, after action by the Legislature).

Persons currently receiving benefits will have their benefits increased on the average by about 77½ percent. For future beneficiaries a new benefit formula is set up: 50 percent of the first \$100 of the average monthly wage, plus 15 percent of the next \$200, but with no increment—as in the past—for each year of coverage. Under the new formula, average benefit amounts in the next 10 years will be about 110 percent higher than under the old law.

The minimum primary benefit is \$25 (but as low as \$20 for those with wages averaging less than \$35 a month). The maximum family benefit is \$150 (but not more than 80 percent of the average monthly wage). The average monthly wage is computed as before, except that if the worker has 6 quarters of coverage after 1950 and a larger benefit would result, the average is computed over the period following 1950 rather than from 1936 on. The benefit increases for persons now on the rolls will be effective for September 1950; benefits based on the new formula will first be paid for April 1952. Persons coming on the rolls before April 1952 will have their benefits computed under the old formula, with the increases provided for present beneficiaries.

A worker may attain fully insured status if he has quarters of coverage for only half the number of quarters since 1950. Quarters earned before 1951 may be counted toward the requirement. Thus, a person aged 65 or over on January 1, 1950, will be fully insured if he has at least 6 quarters of coverage acquired at any time. A beneficiary may earn as much as \$50 a month in covered employment without loss of benefits; after age 75, he will receive benefits regardless of his earnings.

Benefits are payable to the dependent husband of a deceased or retired woman worker. If a woman has 6 quarters of coverage out of the 13-quarter period ended with the quarter of her death, her children will be eligible for survivor benefits. Benefits may be paid to the wife of an insured worker, regardless of her age, if she has the worker's entitled child in her care. Benefits for dependent parents are raised to 75 percent of the primary benefit. Benefits for the first child in the family of a deceased worker are also raised in effect to 75 percent of the primary insurance amount. A lump sum is paid for all insured

deaths. Veterans of World War II are allowed wage credits of \$160 for each month of military service from September 16, 1940, to July 24, 1947.

Title II, Amendments to Internal Revenue Code, raises to \$3,600 the limit on total annual earnings on which contributions are paid and benefits computed. The contribution rates, for both employee and employer, are scheduled to be 1½ percent for the calendar years 1950-53, 2 percent for 1954-59, 2½ percent for 1960-64, 3 percent for 1965-69, and 3¼ percent thereafter. The self-employed will pay at 1½ times these rates.

Title III, Amendments to Public Assistance and Maternal and Child Welfare Provisions of the Social Security Act, makes Federal grants-in-aid available, beginning October 1, 1950, for a fourth category of assistance—aid to the needy permanently and totally disabled who are at least 18 years old. The matching formula is the same as for old-age assistance and aid to the blind. All four categories of assistance are extended to Puerto Rico and the Virgin Islands, but under special matching formulas.

In the program for aid to dependent children, the relative with whom the dependent child is living may be included as a recipient for Federal matching purposes.

Beginning July 1952, all States administering federally approved programs of aid to the blind will be required to disregard recipients' earned income up to \$50 a month in determining eligibility for and the amount of aid. Before that date the exemption of earnings is discretionary with each State. State plans must provide that, in determining blindness, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist. Until July 1, 1955, certain State plans for aid to the blind need not conform to the Federal requirements concerning determination of need, although Federal matching will be made only with respect to those payments that are based on determination of need in accordance with Federal requirements.

Direct payments to doctors or others furnishing medical or other remedial care may be matched by the Federal Government, within the individual maximums for the several programs. The Federal Government will share in the costs of assistance to needy aged, blind, and permanently and totally disabled persons in certain public medical institutions. Effective July 1, 1953, a State that makes payments to persons in public or private institutions must provide for a State authority that will be responsible for establishing and maintaining standards for such institutions.

Authorization for Federal grants for maternal and child health services is raised to \$16.5 million a year (\$15 million in the current fiscal year), for services for crippled children to \$15 million (\$12 million in the current fiscal year), and for child welfare services to \$10 million.

Title IV, Miscellaneous Provisions, provides for the re-establishment and continuation through 1952 of the loan fund within the Federal unemployment account, which permits advances to State unemployment insurance funds that run low.

The law restricts the authority of the Secretary of Labor to withhold grants to States for administration of unemployment insurance in certain questions of compliance with the Federal Unemployment Tax Act and title III of the Social Security Act.