

TABLE 3.—Persons aged 65 and over receiving old-age assistance and receiving or eligible to receive old-age, survivors, and disability insurance benefits, per 1,000 aged population, June 1940–June 1959

End of June—	Number per 1,000 aged population <sup>1</sup>		
	Eligible for OASDI <sup>2</sup>		Receiving OAA
	Total	Receiving benefits <sup>3</sup>	
1940	69	7	217
1941	86	23	233
1942	104	34	234
1943	125	41	219
1944	144	50	205
1945	175	62	194
1946	195	67	194
1947	212	106	202
1948	228	126	205
1949	245	149	218
1950	260	170	226
1951	355	235	215
1952	422	260	203
1953	459	314	194
1954	490	358	187
1955	520	415	179
1956	591	454	173
1957	648	525	168
1958	691	582	162
1959	716	627	156

<sup>1</sup> Includes Alaska and Hawaii and, beginning 1951, Puerto Rico and the Virgin Islands.

<sup>2</sup> The difference between the total number and the number receiving benefits represents the number of persons who could have drawn benefits except for employment.

<sup>3</sup> See footnote 2, table 1.

from either program or from both represented 11 per 1,000 aged persons in the United States (table 2). Louisiana was the leading State, with 860 per 1,000; the District of Columbia had the lowest proportion (509 per 1,000).

In June 1959 there were four times as many beneficiaries of old-age, survivors, and disability insurance as there were recipients of old-age assistance. For a growing number of old-age assistance recipients, the assistance payment supplements their old-age, survivors, and disability insurance benefit. Those receiving both an insurance benefit and an assistance payment represented about one-fourth of the total old-age assistance caseload. Ten years earlier the number of old-age assistance recipients who also received an old-age, survivors, and disability insurance benefit represented about one-tenth of the total old-age assistance caseload.

The relative importance of the two programs varies considerably among the States. Louisiana, for example, had the highest proportion receiving a payment from both old-age assistance and old-age, survivors, and disability insurance (152 per 1,000), the highest proportion receiving old-age assistance (572 per 1,000), and the lowest proportion (excluding Puerto Rico and the Virgin

Islands) receiving old-age, survivors, and disability insurance (440 per 1,000). At the other end of the scale, New Jersey, which had the lowest old-age assistance rate (38 per 1,000), had the third highest old-age, survivors, and disability insurance rate (740 per 1,000).

In addition to the 9.7 million aged persons who were receiving old-age, survivors, and disability insurance benefits, 1.4 million (8.9 percent of all persons aged 65 and over) could have drawn benefits except for employment (table 3). Estimates of the number of aged persons eligible for these benefits are not available by State.

### Expenditures for Assistance Payments From State-Local Funds, 1958-59\*

In 1958-59, fiscal effort exerted by the States and localities to support all five public assistance programs combined rose slightly for the country as a whole. It declined in more than half the States, however, despite generally larger outlays for assistance payments from State and local funds. The relationship between the State and local share of assistance payments and personal income is used here as a rough indication of the fiscal effort made by States to finance public assistance.<sup>1</sup>

For the United States, expenditures for assistance payments from State-local funds amounted to 48 cents per \$100 of personal income in 1958-59, or 4.1 percent more than the 46 cents expended in the preceding year (table 1). This upward shift in fiscal effort reflects a greater proportionate increase for the Nation in total expenditures from State-local funds for assistance than in personal income. All but a few States experienced a rise in personal income, and most of them boosted the State-local outlay for assistance payments. Fiscal effort for public assistance went down in a majority of States, because the non-Federal share of assistance payments declined in

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<sup>1</sup>In this note, expenditures for assistance payments from State and local funds for the fiscal years 1957-58 and 1958-59 are related respectively to personal income for the calendar years 1957 and 1958. Alaska and Puerto Rico and the Virgin Islands are excluded from the analysis because personal income data are not available.

some States and increased less, percentagewise, than personal income in others.

## PERSONAL INCOME LOWER IN SOME AREAS

From 1957 to 1958, personal income for the United States rose 2.4 percent, or \$8.4 billion, but not all sections of the country fared equally well. A recession in manufacturing and mining hit hardest in the Great Lakes, Mideast,<sup>2</sup> and New England States, and a countercyclical spurt in farm income was mainly responsible for above-average increases in personal income in the Plains States and in the Southeast and Southwest. Though total personal income declined in the Great Lakes region, it would have dropped even more there and would also have fallen below the 1957 level in New England and the Mideast had it not been for increases in government disbursements for wages and salaries, old-age, survivors, and disability insurance benefits, and especially unemployment insurance benefits. Nationally, larger government disbursements contributed \$7.1 billion toward the net increase of \$8.4 billion in the various components of personal income that occurred in 1958.

The factors affecting personal income in the different geographic regions are naturally reflected in the changes in income in the individual States from 1957 to 1958. Personal income went up in 1958 in all except four States, but upward and downward shifts were generally small (table 2). Personal income fell—by less than 5 percent—in Indiana, Michigan, Ohio, and West Virginia, which depend heavily upon mining or the manufacture of durable goods. Personal income rose less than 5 percent in 33 States, including nine<sup>3</sup> where the increase was less than 2.5 percent. Of these nine States and the four with a drop in personal income, all but Louisiana and West Virginia were located in the three regions hit hardest by the industrial recession. In contrast, personal income climbed 7.5 percent or more in six States,<sup>4</sup> mainly as a consequence of the boost in farm income.

<sup>2</sup> Delaware, the District of Columbia, Maryland, New York, New Jersey, and Pennsylvania.

<sup>3</sup> Connecticut, Illinois, Louisiana, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Wisconsin.

<sup>4</sup> Arizona, Florida, Kansas, Mississippi, New Mexico, and North Dakota.

## EXPENDITURES FOR ASSISTANCE PAYMENTS RISE NATIONALLY

Percentage shifts in expenditures for assistance payments from State and local funds were usu-

TABLE 1.—Expenditures for public assistance payments from State and local funds in relation to personal income and amount expended per inhabitant, by State, 1958-59<sup>1</sup>

State	Percentage change in—		Expenditures from State and local funds for assistance			
	Personal income, 1958 from 1957	Expenditures from State and local funds for assistance, 1958-59 from 1957-58	Per \$100 of personal income			Per inhabitant, 1958-59
			1957-58	1958-59	Percentage change, 1958-59 from 1957-58 <sup>2</sup>	
United States <sup>1</sup> .....	+2.4	+7.4	\$0.46	\$0.48	+4.1	\$9.88
Alabama.....	+3.9	-9.8	.41	.36	-13.8	4.86
Arizona.....	+9.1	-9.7	.35	.29	-18.5	5.57
Arkansas.....	+5.0	-5.5	.56	.50	-11.3	6.08
California.....	+4.0	+9.2	.65	.68	+4.5	17.45
Colorado.....	+4.3	+8.1	1.21	1.25	+3.0	25.54
Connecticut <sup>4</sup> .....	+7	+14.4	.42	.47	+11.4	13.18
Delaware.....	+3.0	+6.0	.19	.19	+1.6	5.22
Dist. of Col.....	+4.5	+17.5	.22	.25	+12.9	6.64
Florida <sup>4</sup> .....	+7.8	+1.1	.30	.27	-8.7	5.07
Georgia.....	+4.4	( <sup>5</sup> )	.41	.39	-4.8	5.83
Hawaii.....	+5.1	+6.2	.30	.31	+1.1	6.09
Idaho <sup>6</sup> .....	+5.4	-15.3	.43	.33	-21.5	5
Illinois.....	+9	+15.9	.45	.51	+13.5	12.5
Indiana.....	-1.2	+7.5	.24	.26	+7.4	5
Iowa.....	+2.8	-4.3	.48	.45	-8.0	8.52
Kansas.....	+10.2	-2.5	.54	.47	-12.1	9.45
Kentucky.....	+3.0	+2.7	.32	.32	-4	4.44
Louisiana.....	+1.0	-13.8	1.12	.95	-15.5	14.95
Maine.....	+3.1	-3.9	.52	.48	-7.1	8.24
Maryland.....	+3.8	+11.6	.14	.15	+6.1	3.24
Massachusetts.....	+2.8	-2	.80	.78	-2.6	18.56
Michigan.....	-2.3	+23.0	.53	.66	+24.4	13.90
Minnesota.....	+5.0	+6.2	.68	.68	+9	13.10
Mississippi.....	+8.5	+6.0	.39	.37	-3.6	3.92
Missouri.....	+4.0	+3.0	.52	.51	-2.3	10.31
Montana.....	+3.7	-6.5	.58	.52	-10.6	9.93
Nebraska.....	+4.7	-12.0	.33	.28	-15.8	5.23
Nevada.....	+6.0	+2	.22	.21	-5.5	5.43
New Hampshire.....	+3.3	-8.0	.40	.35	-11.0	6.67
New Jersey.....	+1.9	+20.2	.22	.26	+16.8	6.44
New Mexico.....	+10.7	+5.3	.38	.36	-4.8	6.68
New York.....	+2.1	+15.3	.44	.49	+12.6	12.78
North Carolina.....	+5.8	+6.0	.27	.27	+2	3.70
North Dakota.....	+17.3	-5.0	.68	.54	-20.4	9.11
Ohio.....	-2.0	+15.8	.38	.45	+17.8	9.82
Oklahoma.....	+6.5	-11.1	1.32	1.09	-17.6	18.94
Oregon.....	+3.7	+1.7	.59	.57	-3.2	11.36
Pennsylvania.....	+2	+19.3	.28	.33	+17.8	7.03
Rhode Island.....	+1.4	+3.3	.80	.62	+3.0	12.18
South Carolina.....	+4.1	-7.7	.24	.22	-11.9	2.63
South Dakota.....	+4.5	-6.1	.47	.41	-12.0	6.78
Tennessee.....	+3.1	+9.4	.24	.25	+5.0	3.66
Texas <sup>4</sup> .....	+3.5	+3.1	.28	.28	-8	5.07
Utah.....	+3.7	-7.0	.50	.45	-11.6	7.81
Vermont <sup>4</sup> .....	+2.4	-4.7	.42	.39	-8.1	6.72
Virginia.....	+3.8	+2.0	.09	.09	-2.4	1.44
Washington.....	+2.9	+3.0	1.06	1.06	+1	22.83
West Virginia.....	-3.8	+4.5	.30	.32	+7.9	4.88
Wisconsin.....	+1.9	+2.9	.49	.49	+1	9.50
Wyoming.....	+3.4	+7.2	.40	.41	+3.3	8.58

<sup>1</sup> Expenditures are for fiscal years 1957-58 and 1958-59 and exclude amounts spent for administration; they are related respectively to personal income for calendar years 1957 and 1958.

<sup>2</sup> Computed from unrounded ratios.

<sup>3</sup> Data on income for Alaska, Puerto Rico, and the Virgin Islands not available.

<sup>4</sup> Data for general assistance expenditures estimated.

<sup>5</sup> Increase of less than 0.05 percent.

<sup>6</sup> Reporting of general assistance expenditures incomplete.

ally greater than those in personal income in most States and in the country as a whole. In all 50 States combined, expenditures for assistance payments from State-local funds in 1958-59 rose 7.4 percent (\$119 million) from the amount spent in the preceding fiscal year. The rise occurred mainly because the economic recession of 1958 brought about an increase in the number of recipients of general assistance and aid to dependent children—the programs most responsive to fluctuations in the economy. Unemployed fathers had to apply for general assistance after exhausting their unemployment insurance benefits. In addition, some estranged fathers were unable to continue support payments to their families because of unemployment. The recession also affected adversely the employment opportunities of mothers in broken homes who otherwise might have been able to support their children without recourse to aid to dependent children. In 1958-59 the States and localities as a whole increased expenditures for State-local funds for aid to dependent children by almost 17 percent and for general assistance, which is financed entirely from State-local funds, by more than 25 percent.

Larger outlays for assistance in the wealthier industrialized States accounted for most of these increases. More than 80 percent of the increases in expenditures for general assistance (\$70.8 million of the net increase of \$86.3 million) and about half the rise in the non-Federal share of assistance payments for dependent children (\$27.1 million of the \$53.6 million net increase) were concentrated in seven States.<sup>5</sup> These States contained about 36 percent of the total population under age 65. The rate of State and local expenditures was also influenced by the 1958 amendments to the Social Security Act that raised Federal participation in assistance during the last 3 quarters of 1958-59. About one-third of the States replaced some State-local funds with part of the additional Federal funds obtained under the amendments.

In 1958-59, expenditures from State and local funds for assistance payments under all five programs combined rose in 32 States and declined in 18. Shifts amounted to 5 percent or more in about two-thirds of the States in both groups. Increases ranged from less than 1/20 of 1 percent

<sup>5</sup> Connecticut, Illinois, Michigan, New Jersey, New York, Ohio, and Pennsylvania.

TABLE 2.—Number of States with specified change in personal income and in expenditures for public assistance from State and local funds, 1958-59 from 1957-58

Percentage change	Increase		Decrease	
	Personal income	State-local funds	Personal income	State-local funds
Total number of States.....	46	32	4	18
0-2.4.....	9	5	3	1
2.5-4.9.....	24	7	1	4
5.0-7.4.....	7	7	0	5
7.5-9.9.....	3	4	0	4
10.0-12.4.....	2	1	0	2
12.5-14.9.....	0	1	0	1
15.0 or more.....	1	7	0	1

in Georgia to 23 percent in Michigan, which was one of seven States<sup>6</sup> with a rise of at least 15 percent. Decreases amounted to as little as 0.2 percent in Massachusetts and as much as 15.3 percent in Idaho.

## STATE FISCAL EFFORT IN 1958-59

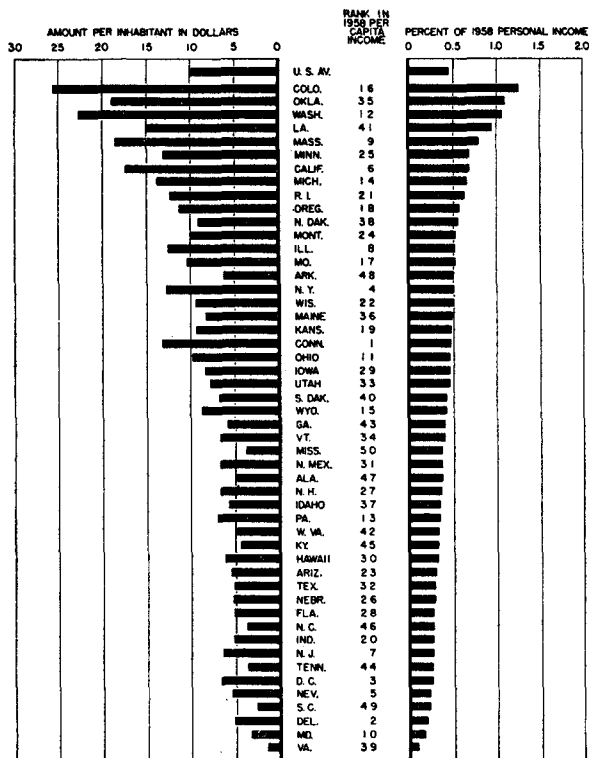
### Changes From 1957-58 in Fiscal Effort

Despite generally larger expenditures from State-local funds in 1958-59, slightly more than half the States made less fiscal effort for public assistance in that year than in 1957-58. Fiscal effort declined in 18 States that reduced expenditures from State-local funds and also in 10 States that raised the outlay from their own funds proportionately less than the increase in personal income. Fiscal effort went down by less than 5 percent in nine States but by 15 percent or more in six States.

The 18 States in which fiscal effort declined because of a reduction in expenditures from State and local funds generally have (1) less-than-median per capita incomes and (2) higher-than-median expenditures per inhabitant from State-local funds. Of this group, 13 States had made fiscal effort greater than the median for the United States in 1957-58 and 11 continued to make above-average effort in 1958-59 despite the reduction in the non-Federal share of assistance. Moreover, 14 of the 18 States were in the lower half when the States are ranked according to per capita income in 1958. Expenditures per inhabi-

<sup>6</sup> The other six States were the District of Columbia, Illinois, New Jersey, New York, Ohio, and Pennsylvania.

*Expenditures per inhabitant from State and local funds for public assistance in relation to personal income, by State, fiscal year 1958-59*



tant from State-local funds in 1958-59 were above the national average in all but eight of the 18 States. Average monthly assistance payments in old-age assistance and aid to dependent children, the two largest programs, were greater than average in about half of them. Of the seven States with fiscal effort less than the average in 1958-59, however, five made below-average monthly payments to recipients.

In contrast, fiscal effort went up in 1958-59 in 22 States and generally rose more in the high-income States that were most affected by the economic recession. In 18 of these States the rise in the outlay for assistance from their own funds was greater, percentagewise, than the rise in personal income. Four States increased their assistance expenditures while personal income fell. Fiscal effort went up less than 5 percent in 10 States but rose 10 percent or more in eight States,<sup>7</sup> including four with an increase of more than 15

<sup>7</sup> Connecticut, the District of Columbia, Illinois, Michigan, New Jersey, New York, Ohio, and Pennsylvania.

percent. The following tabulation distributes the States by the percentage change in fiscal effort from 1957-58 to 1958-59.

Percentage change	Decreases	Increases
Total.....	28	22
0-2.4.....	4	6
2.5-4.9.....	5	4
5.0-9.9.....	5	4
10.0-14.9.....	8	4
15.0 or more.....	6	4

### State-to-State Variations, 1958-59

The individual States varied widely in their fiscal effort for public assistance in 1958-59 (chart). Colorado's high expenditures of \$1.25 for every \$100 of personal income was almost 14 times Virginia's low of 9 cents. Virginia was one of 14 States where the non-Federal share of assistance was less than 30 cents per \$100 of personal income, in contrast to four States where it was 90 cents or more. In 35 of the 50 States and in the Nation as a whole, however, the State-local share of assistance amounted to less than 50 cents per \$100 of personal income, as shown below.

Fiscal effort	Number of States
Less than 30 cents.....	14
30-49 cents.....	21
50-69 cents.....	10
70-89 cents.....	1
90 cents or more.....	4

### FACTORS IN STATE VARIATIONS

The States varied in expenditures per inhabitant for assistance payments from State and local funds even more than they did in fiscal effort. The range was from \$1.44 in Virginia to \$25.54, or almost 18 times as much, in Colorado. Nine States expended less than \$5 per inhabitant from their own funds, and nine States had expenditures of \$13 or more. Expenditures per inhabitant from State and local funds amounted to \$5.00-\$6.99 in 17 States, \$7.00-\$8.99 in five States, \$9.00-\$10.99 in six States, and \$11.00-\$12.99 in four States.

There is a close relationship between expenditures per inhabitant from State and local funds and fiscal effort (chart). The States that expend relatively large amounts per inhabitant tend to have high fiscal effort, and States with compara-

tively small per capita expenditures tend to have low fiscal effort.

Expenditures per inhabitant are determined by the amount that the State legislature is willing and able to appropriate for public assistance payments. When there is widespread support for and community acceptance of public assistance, the legislatures tend to be more liberal in their appropriations than when there is less community support for the social values of the assistance programs. A State's ability to secure tax revenues to finance the programs is another important factor in the amount appropriated for public assistance. The wealthier States have greater fiscal ability than the low-income States to finance the assistance programs, but unfortunately the need for assistance is greater in the low-income States. Thus, a State's relative income position, as reflected by its per capita income, becomes an important factor in determining both the need for assistance and the ability of the State to meet that need to the extent that it is willing to do so.

The willingness and ability of the States to support public assistance are reflected in the scope of the programs they set up. Under the Social Security Act each State is free to determine who shall be considered in need by establishing an assistance standard that defines the quantity, quality, and cost of the items it holds necessary for decent and healthful living. In addition, States may establish other policies and procedures surrounding eligibility determination and the size of the payment—lien laws, for example, relatives' responsibility provisions, or maximums on the assistance payments to individual recipients. The

level of the assistance standard coupled with other policies governing eligibility determines the proportion of the population that will be found in need of assistance (recipient rate) and the size of the average payment per recipient.

A reduction in fiscal effort for public assistance is not necessarily inconsistent with the program objectives of equalization of assistance standards and financial effort in proportion to the per capita income of the State. Some States, for example, make fiscal effort that is greater than would be expected from their per capita income position. When additional Federal funds are made available for assistance payments as a result of liberalizations in the formula for computing the Federal share, a low-income State that has been making greater-than-average effort to make monthly payments that are above the average for the Nation may wish to relieve the State and local tax burden for public assistance by reducing expenditures from State-local funds. A reduction in the outlay for assistance from these funds might well be questioned, however, in a State making less-than-average fiscal effort and also having average monthly payments to recipients that are comparatively low.

The same expenditure per inhabitant from State and local funds requires much greater fiscal effort in a low-income State than in a high-income State. An expenditure of \$17.45 per inhabitant in California, for example, represented 68 cents per \$100 of personal income, but the same per capita expenditure by Mississippi would require almost two and one-half times as much fiscal effort (\$1.66 per \$100 of personal income).

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## Recent Publications\*

### SOCIAL SECURITY ADMINISTRATION

BUREAU OF PUBLIC ASSISTANCE. *Characteristics of State Public Assistance Plans Under the Social Security Act: Old-Age Assistance, Aid to the Blind, Aid to Dependent Children, Aid to the Permanently and Totally Disabled.* (Public Assistance Report No. 40.) Washington: U.S. Govt. Print. Off., 1960. 116 pp. 60 cents.

MYERS, ROBERT J. *Methodology Involved in Developing*

\*Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

*Long-Range Cost Estimates for the Old-Age, Survivors, and Disability Insurance System.* (Actuarial Study No. 49.) Washington: Division of the Actuary, 1959. 56 pp. and appendix. Processed. Limited free distribution; apply to the Division of the Actuary, Social Security Administration, Washington 25, D.C.

### GENERAL

BERKOWITZ, MONROE. *Workmen's Compensation: The New Jersey Experience.* New Brunswick, N.J.: Rutgers University Press, 1960. 298 pp. \$6.

Considers problems and trends in workmen's compensation, adequacy of payments, administration, financing, rehabilitation and medical care, and employment of the handicapped.

BRACHMANN, KURT. *Handbuch der Sozialversicherung.* (6th ed.) Bad Godesberg, Germany: Asgard-Verlag, 1959. 3 vols. Loose-leaf.