

cluding the Federal program) was 65.3 percent, compared with 65.0 percent in 1967. These ratios are the lowest registered in a decade.

The loss ratios for private carriers and, to some extent, for State funds do not take into account the premium income that is returned to employers in the form of dividends. Data available from State insurance commissions indicate that dividends generally average about 4-6 percent of premiums.

Concurrent Receipt of OAA Payments and OASI Benefits*

Two programs are the major public source of financial support for the aged in the United States: Old-age assistance (OAA) and the old-age and survivors insurance (OASI) segment of the old-age, survivors, disability, and health insurance program. The recipient and beneficiary rolls of these programs were about the same size in 1950. By 1968, however, the number of OAA recipients had declined from nearly 3 million to slightly more than 2 million and the number of OASI beneficiaries aged 65 and over had risen to more than 16 million. One aged person in 10 was receiving OAA in 1968. Eight in 10 were receiving monthly OASI benefits in that year.

The growth in OASI benefits undoubtedly contributed to the decline in OAA payments as the proportion of aged persons eligible under the OASI program rose. The number of persons receiving payments concurrently under both programs has been steadily increasing, however—from 276,000 in 1950 to 1,154,000 in 1968. As a proportion of all OAA recipients, these beneficiary-recipients grew from 10 percent of the total in 1950 to 57 percent in 1968. The proportion of all OASI beneficiaries aged 65 and over who also were receiving OAA was higher than 12 percent in 1950 but had declined to 7 percent by 1958. Since 1958 the proportion of OASI beneficiaries receiving OAA has remained about the same, with the number receiving both types of payments rising as the number of OASI beneficiaries has risen.

* Prepared by Philip Frohlich, Division of Disability Studies, Office of Research and Statistics.

A study of OAA recipients who had been receiving assistance less than a year has been conducted to explore the relationship between the two programs indicated by this concurrent receipt of program payments. Data were available from the most recent national survey of OAA recipients,¹ conducted by the Bureau of Family Services of the then Welfare Administration in 1965, and from earnings and benefit records of the Social Security Administration. The study is based on a sample of more than 5,000 persons who were granted OAA in the 12 months ending with June 1965.

BENEFICIARY STATUS OF OAA RECIPIENTS

Of the 2,119,000 persons receiving OAA in June 1965, 46 percent were OASI beneficiaries. Of the 237,000 of these recipients who had received assistance less than a year—the universe for this study—69 percent were beneficiaries. The higher proportion of beneficiaries among the recent recipients implies the continuing increase in the proportion of assistance recipients who also receive OASI.

Two out of 3 of the beneficiaries among the recent recipients were drawing benefits as retired

TABLE 1.—OASI beneficiary status of recipients recently approved for OAA as of June 1965, by sex

OASI beneficiary status	Total	Men	Women
Total number (in thousands).....	237	95	142
Total percent.....	100	100	100
Beneficiaries.....	69	81	61
Retired worker.....	46	74	27
Auxiliary.....	7	(¹)	12
Survivor.....	9	(¹)	15
Unknown.....	7	7	7
Nonbeneficiaries.....	31	19	39

¹ Less than 0.5 percent.

workers on their own work records, 1 out of 10 was an auxiliary beneficiary, and slightly more than 1 out of 10 were survivor beneficiaries

¹ The survey was based on a sample of nearly 45,000 persons representing all recipients on the OAA rolls. These data were weighted by inflation factors based on the proportion of each State's total OAA population that was included in the sample. For data from this survey, see Bureau of Family Services, *Findings of the 1965 Survey of Old-Age Recipients: Part I, May 1967; Part II, September 1967; and Part III, April 1968.*

(table 1). Almost all of the auxiliary and survivor beneficiaries were women, but these beneficiaries comprised only half of all women beneficiaries; the other half were retired workers. Almost all the men were retired workers, with men outnumbering women 2 to 1 in this category. Most of the auxiliary beneficiaries were married women and, for the most part, were drawing wife's benefits (table 2). The fact that most of the survivor beneficiaries were nonmarried women suggests that they were chiefly widow beneficiaries.²

TABLE 2.—Women OASI beneficiaries recently approved for OAA as of June 1965, by type of benefit and marital status

[In thousands]

Type of OASI benefit	Total	Married	Non-married
Total number.....	87	26	61
Retired worker.....	38	5	33
Auxiliary.....	17	16	1
Survivor.....	21	1	20
Unknown.....	11	4	7

The proportions of retired-worker beneficiaries, auxiliary beneficiaries and survivor beneficiaries among the recent recipients of OAA were about the same as the proportions among persons aged 65 and older who were awarded OASI benefits in 1965 (table 3). Whether or not a person qualified for OAA was apparently not related to the type of OASI benefit he got.

WORK HISTORY OF OAA RECIPIENTS

To qualify for OASI benefits, the persons who began to receive OAA in 1965 must have either worked under covered employment long enough to be insured or have been the dependent (usually the wife or widow) of a person who had done so. There were no data in the study bearing on the work history of spouses of recipients, but the

² A recipient was classified as a beneficiary if income from OASI benefits was included in his OAA budget data. The Social Security Administration records for some persons who, according to their OAA records, were receiving OASI benefits could not be located because of insufficient identifying information. The men in this group were undoubtedly almost all retired workers; about half the women were retired workers and half were auxiliary and survivor beneficiaries.

TABLE 3.—OASI benefits received by all persons aged 65 and over with benefit awards in 1965 and by recipients recently approved for OAA as of June 1965, by type

Type of benefit	Persons aged 65 and over with awards in 1965 ¹		OAA recipients	
	Number (in thousands)	Percentage distribution	Number (in thousands)	Percentage distribution
Total.....	1,022	100	264	100
Retired worker.....	726	71	120	73
Auxiliary.....	122	12	20	12
Survivor.....	174	17	24	15

¹ Data from *Social Security Bulletin, Annual Statistical Supplement, 1965, table 64.*

² Unknown benefit types prorated according to the proportions of known types.

employment records and earnings records of the recipients themselves were examined to determine the extent to which the nonbeneficiaries had worked, had worked in covered employment, and approached meeting the work requirement for OASI. Quarters of coverage for the 18 years before these recipients went on OAA are shown in table 4.

TABLE 4.—Quarters of OASI covered employment, 1947-64, for recipients recently approved for OAA as of June 1965, by OASI beneficiary status and sex

Quarters of coverage	OASI beneficiaries			Nonbeneficiaries		
	Total	Men	Women	Total	Men	Women
Total number (in thousands).....	164	77	87	73	18	55
Total percent.....	100	100	100	100	100	100
No quarters.....	13	5	21	72	59	77
Quarters.....	75	94	57	17	35	11
1-5.....	9	6	11	10	19	7
6-10.....	9	12	7	3	6	2
11-13.....	6	7	4	1	2	(¹)
14 or more.....	51	69	35	3	8	1
No earnings record located.....	12	1	22	11	6	12
Median quarters for those with quarters.....	23	25	18	5	5	5

¹ Less than 0.5 percent.

To be insured under OASI a person aged 65 or older in 1965 needed from 6 to 14 quarters, depending upon age and sex. A woman who became aged 65 in 1965 needed 11 quarters, a man 14. A woman who became 70 in 1965 or before needed 6 quarters; a man who became 73 then or earlier needed 6 quarters. No one could draw benefits as a retired worker with less than 6 quarters.

The data in table 4 indicate, not surprisingly,

that most nonbeneficiary recipients lacked the covered employment to qualify for OASI on their own work records. Only 7 percent—16 percent of the men and 3 percent of the women—had the 6 quarters that would qualify a man aged 73 or older and a woman aged 70 or older, and only 8 percent of the men and 1 percent of the women had enough quarters to be insured regardless of their age. In comparison, almost 9 out of 10 beneficiary men had 6 or more quarters, and more than 2 out of 3 had the 14 quarters that insured them regardless of age. About half the beneficiary women, of course, were insured as auxiliaries or survivors on their husbands' earnings records.

These figures indicate that very few of the nonbeneficiaries could qualify for OASI benefits on the basis of their own employment during the 18 years before they applied for assistance. Employment during the first 10 years of coverage—from 1937 through 1946—may have given insured status to a few more workers but the total including the 3 percent definitely insured, was not likely to be more than 5–6 percent.

Evidence on the recipient's employment during his entire life from OAA records and on his total earnings in covered employment supports the information in the 1947–64 earnings records. Less than half the nonbeneficiary women had ever worked, and less than half of these had any covered earnings. Although most nonbeneficiary men had worked, only slightly more than half had any covered earnings (table 5). Of the 29 percent of all nonbeneficiaries who did have some covered earnings, the median total covered earnings for the 28-year period from 1937 through

TABLE 5.—Employment and lifetime earnings in covered employment for recipients recently approved for OAA as of June 1965, by OASI beneficiary status and sex

Employment and covered earnings	OASI beneficiaries			Nonbeneficiaries		
	Total	Men	Women	Total	Men	Women
Total number (in thousands).....	164	77	87	73	18	55
Percent:						
Employed at some time.....	84	99	70	55	87	45
With covered earnings.....	80	98	64	29	55	21
Median lifetime covered earnings for those with earnings.....	\$8,500	\$13,500	\$4,800	\$785	\$900	\$705

TABLE 6.—Employment characteristics of recipients recently approved for OAA as of June 1965, by OASI beneficiary status and race

Employment characteristics	White		Other than white	
	OASI beneficiaries	Non-beneficiaries	OASI beneficiaries	Non-beneficiaries
Total number (in thousands).....	128	54	36	17
Percent:				
Employed at some time.....	82	48	90	79
Currently employed.....	4	2	15	8
Employed within last 5 years.....	34	11	51	31
With covered earnings.....	80	27	82	39
Median lifetime covered earnings.....	\$9,000	\$780	\$7,285	\$770

1964 was \$785. Nine out of 10 of these workers had lifetime covered earnings of less than \$5,000. These figures emphasize the nonbeneficiaries' meager work history in covered employment.

The fact that nonbeneficiaries did not meet the work requirements for OASI is not surprising, but the question remains as to why those few who did meet the requirement were not drawing their benefits. There is no evidence in the study to answer this question, but there are several possible explanations. A recipient's application for OASI benefits may have been in process at the time of the survey. Some recipients may not have been aware of their rights under OASI. Some recipients who were currently working may have believed that they could not draw benefits while they were working, and some with high budget requirements may not have applied because of the earnings test.

Examination of the employment and earnings records of the OAA recipients by age, race, education, and region showed that the differences between beneficiaries and nonbeneficiaries remained the same regardless of differences in these variables. Comparison of recipients by race showed that persons of races other than white consistently had more employment, more covered employment, and more recent employment than white recipients, although their median earnings were lower (table 6).

CHARACTERISTICS ASSOCIATED WITH OASI STATUS

Among those newly receiving OAA, beneficiary-recipients and nonbeneficiaries differed on a num-

TABLE 7.—Selected characteristics of recipients recently approved for OAA as of June 1965, by OASI beneficiary status and sex

Characteristic	OASI beneficiaries			Nonbeneficiaries		
	Total	Men	Wom-en	Total	Men	Wom-en
Total number (in thousands)....	164	77	87	73	18	55
Percent:						
Married.....	37	48	27	21	38	15
Living in own home..	75	75	74	53	57	52
Owning home.....	32	33	31	21	22	21
Living in household with 3 or more persons.....	17	19	16	30	29	31
Needing no care.....	78	79	77	66	68	65
Receiving contributions from children.....	6	5	7	17	10	19

ber of demographic and personal characteristics (table 7).³ A higher proportion of beneficiaries were married. More beneficiaries were living in their own homes and owned or were buying the homes they lived in. Beneficiaries lived in smaller households. They were also more mobile and required less care than nonbeneficiaries. Fewer beneficiaries received contributions from their children. Although considerably more beneficiaries than nonbeneficiaries were men, these differences were generally not related to sex. Marital status was an exception—more men than women were married—and more nonbeneficiary women were receiving contributions from children.

This pattern of differences appears to be associated with the past employment of the recipient or the recipient's spouse. Those characteristics associated with the recipients' failure to qualify for OASI benefits—nonmarried status, not owning one's home, needing care, and receiving financial aid from children—may be associated with the existence of little or no employment experience.

FINANCIAL CHARACTERISTICS

Amount of Individual OASI Benefits

Income from OASI benefits and other sources for the beneficiary-recipients among the recent

³ See Philip Frohlich, "Characteristics of New Old-Age Assistance Recipients, 1965," *Social Security Bulletin*, July 1968, pages 16-19, for a more detailed examination of this area.

OAA recipients were examined to see what financial factors accounted for their eligibility for OAA. As noted earlier, the benefit records of some beneficiaries were not obtainable because of the lack of identifying information. In addition, as a result of a time lag between OASI awards and entry in the OAA record, some persons were recorded as beneficiaries on SSA records and as nonbeneficiaries on OAA records. The discussion of individual benefits is restricted here to those persons for whom benefit data were available in the records of both programs.

The median monthly benefit of the OASI beneficiaries was \$48 (table 8). The majority of the

TABLE 8.—Amount of OASI benefits received by recipients recently approved for OAA as of June 1965, by type

Benefit amount	Total	Retired worker	Auxiliary	Survivor
Total number (in thousands)....	147	109	17	21
Total percent.....	100	100	100	100
\$40 or less.....	41	38	78	23
41-59.....	26	26	16	37
60-79.....	20	21	6	26
80-99.....	9	10	-----	13
100 or more.....	4	5	-----	1
Median amount.....	\$48	\$50	\$27	\$55

beneficiaries were retired workers with a median benefit of \$50. The auxiliary beneficiaries, primarily wives, received a median of \$27. The median survivor benefit was \$55.

These benefit amounts were considerably lower than comparable figures for all aged OASI beneficiaries. Retired workers with benefits in current-payment status at the end of 1965 had a median benefit of \$83—66 percent higher than the median for OAA beneficiary recipients. Survivor beneficiaries had a median benefit of \$74, compared with \$55 for OAA recipients receiving survivor benefits.

Clearly, low benefits were one of the reasons why the OASI beneficiaries in the study needed assistance. As table 8 shows, 2 out of 3 of the beneficiary-recipients received less than \$60 a month and almost 9 out of 10 got less than \$80. In general, twice as many retired-worker and survivor beneficiaries had benefits under \$60 among the OAA recipients as there were among all persons drawing retired-worker and survivor benefits in 1965, and about a third as many of the recipients had benefits of \$80 or more. Almost

8 out of 10 auxiliary beneficiaries among the recipients had \$40 or less.

Another reason the beneficiaries in the study needed assistance was because they lacked income from sources other than OASI. Data from the 1963 Survey of the Aged⁴ showed that about half the income of all beneficiaries aged 65 and over came from earnings, benefits, and pensions other than OASI and from other sources such as asset income (table 9). Only 9 percent of the income of married couples and nonmarried women and only 4 percent of the income of nonmarried men among the recipients came from sources other than OASI and assistance.

TABLE 9.—Source of income for beneficiary units aged 65 and over, 1962, and for recipients recently approved for OAA as of June 1965, by type of unit

Source of income	Married couples		Nonmarried men		Nonmarried women		
	Total, 1962 ¹	OAA recipients, 1965	Total, 1962 ¹	OAA recipients, 1965	Retired workers, 1962 ¹	Widows, 1962 ¹	OAA recipients, 1965
Number reporting (in thousands).....	3,289	31	1,384	39	1,690	1,325	63
Total percent.....	100	100	100	100	100	100	100
Earnings.....	25	1	14	(²)	21	7	1
OASI income.....	40	52	54	50	46	52	49
Other benefits or pensions.....	14	3	16	1	11	6	3
Public assistance.....	1	39	3	46	4	4	43
Other (including interest, dividends, and rent).....	20	5	14	3	19	32	5
Mean income.....	\$3,563	\$1,884	\$1,690	\$1,368	\$1,631	\$1,494	\$1,308

¹ Data from Lenore A. Epstein and Janet H. Murray, *The Aged Population of the United States* (Research Report No. 19), Office of Research and Statistics, 1967, table 3.6, p. 291.

² Less than 0.5 percent.

Comparison of Beneficiaries and Nonbeneficiaries

Comparing the financial circumstances of OASI beneficiaries with nonbeneficiaries among the OAA recipients involved an examination of the budget data of the recipients. The budget is an accounting of an applicant's income and his financial needs. The local welfare agency makes a determination of the money needs of the appli-

⁴ See Lenore Epstein and Janet Murray, *The Aged Population of the United States: The 1963 Social Security Survey of the Aged* (Research Report No. 19), Social Security Administration, Office of Research and Statistics, 1967.

cant's budget unit as these needs and circumstances are defined by the State. If the applicant's income is below his total requirement figure the agency may approve an assistance payment. If the assistance payment does not bring the income up to the requirements, the difference is the unmet need. Analysis of budget data in this study was in terms of budget units in which the incomes and requirements of married couples were combined into one unit. The number of budget units was less than the number of recipients, and the income of the budget unit was not always synonymous with the income of the individual recipient.

The budget data showed that OASI beneficiaries had higher financial requirements than nonbeneficiaries, but their assistance payments were lower and fewer of them had unmet needs remaining after receiving assistance (table 10).

TABLE 10.—Mean amount of total requirements met by specified source of income and of unmet need for recipients (budget units) recently approved for OAA, by OASI beneficiary status as of June 1965

Source of income	OASI beneficiary units		Nonbeneficiary units	
	Mean amount	Percent of total	Mean amount	Percent of total
Total requirements ¹	\$115	100	\$93	100
OASI benefit income.....	59	51	.....	.....
Other income.....	5	4	13	14
OAA payment.....	52	45	76	82
Unmet need.....	1	1	4	4
Percent with unmet need.....	.....	10	.....	22
Mean unmet need for those with unmet need.....	\$13	.....	\$15	.....

¹ Income, assistance payments, and unmet need may total more than total requirements because some income was used to reduce medical vendor payments, which were not included in the requirements.

The mean total requirements for a beneficiary budget unit was \$115 a month, compared with \$93 for nonbeneficiaries. This difference in the amount of the financial requirements between beneficiaries and nonbeneficiaries remained consistent despite variations in the amount of requirements related to other factors, such as region, living arrangements, and marital status. The distribution of recipients by the amount of their requirements also shows the differences between beneficiary and nonbeneficiary units (table 11). The proportion of nonbeneficiary units with requirements of less than \$60 was three times as great as the 8 percent of the beneficiary units in this range. Forty percent of the beneficiary units

TABLE 11.—Total requirements of recipients (budget units) recently approved as of June 1965, by beneficiary status

Total requirements	OASI beneficiary units	Non-beneficiary units
Total number (in thousands).....	152	70
Total percent.....	100	100
Under \$30.....	4	7
\$30-59.....	4	17
60-89.....	23	28
90-119.....	29	24
120-149.....	20	11
150 or more.....	20	13
Mean amount.....	\$115	\$93

had requirements of \$120 or more, compared with 24 percent of the nonbeneficiaries.

Among the budget units with income from OASI benefits, the amount of the requirements was directly associated with the amount of the OASI benefits (table 12). Units with low benefit income tended to have lower financial requirements: as benefit income increased the units receiving assistance were predominantly those with higher requirements.

TABLE 12.—Total requirements of recipients (budget units) recently approved for OAA as of June 1965 with OASI benefits, by amount of benefit

Total requirement	Amount of OASI benefit		
	\$40 or less	\$41-79	\$80 or more
Total number (in thousands).....	48	75	29
Total percent.....	100	100	100
Less than \$60.....	13	5	14
\$60-89.....	36	22	2
90-119.....	29	32	22
120-149.....	10	24	28
150 or more.....	12	16	44

¹ Income and assistance payments may total more than requirements because some income was used to reduce medical vendor payments.

The data on income and requirements indicate that income from OASI benefits was a factor in reducing the proportion of recipients with low requirements. Since requirements higher than income are essential to qualify for assistance, only those beneficiary units with requirements higher than their benefit income became recipients. Budget units of beneficiary-recipients averaged \$64 in income other than assistance payments (including \$59 in income from OASI), compared with an average of \$13 for the nonbeneficiaries (table 10). Almost three-fourths of

the nonbeneficiary units had no income other than assistance payments.

The amount of the OAA payments, which make up part or all of the difference between income and requirements, was also related to income from OASI benefits. The mean assistance payment for nonbeneficiary units was \$76, 50 percent higher than the mean amount for beneficiary units (\$52). These relationships between OASI income, requirements, and assistance payments are illustrated in table 10, where the proportions of total requirements met by various income sources are shown for both beneficiary and nonbeneficiary units.

Income from OASI benefits met more than half of the total requirements of the beneficiary units. With the 4 percent met by income from other sources, only 45 percent was left for assistance payments. The nonbeneficiary units, with no income from benefits, had only 14 percent of their requirements met by other income, and 86 percent was left unmet except by assistance, if possible.

Examination of the sources of aggregate income other than assistance and the proportionate amounts from each source for all recent recipients (table 13) indicates the preponderance of

TABLE 13.—Total aggregate income (other than assistance) from specified source for recipients (budget units) recently approved for OAA as of June 1965, by OASI beneficiary status

Income source	All units	OASI beneficiary units	Non-beneficiary units
Total number (in thousands).....	222	152	70
Total aggregate income (in millions).....	\$11	\$10	\$1
Total percent.....	100	100	100
OASI benefits.....	81	88	.....
Other benefits and pensions.....	9	5	59
Earnings.....	1	1	3
Cash contributions from children.....	2	1	13
Other cash income.....	7	2	9

OASI benefits as a source of income. More than 80 percent of all income received by all the recent recipients, including nonbeneficiaries, was from OASI. For beneficiaries, OASI was the source of almost 90 percent of the income they received. For nonbeneficiaries, of course, without income from benefits, the relative importance of the income from other sources was much greater.

Although these comparisons are for aggregate incomes and requirements, they illustrate that OASI is by far the most important income source,

other than assistance, in meeting the needs of OAA recipients. Their effect is to lower the amount of the assistance payment that the agency must provide. The comparisons also show that beneficiaries with low requirements do not qualify for OAA, since their needs would be met by income they already had. Nonbeneficiaries, with little income other than assistance, qualify with low requirements and need higher assistance payments.

SUMMARY AND CONCLUSIONS

The purpose of this study was to explore the relationship between OASI and OAA. It provided evidence that OAA recipients who were not receiving OASI benefits had limited employment experience and little covered employment. Almost half the nonbeneficiaries had never been employed and fewer than 3 out of 10 had ever worked in covered employment. The men, of course, had more employment experience than the women, but nearly half the nonbeneficiary men had never worked in covered employment. For those who had covered employment at any time in their lives the median lifetime earnings were \$900 for men and \$705 for women.

The study also examined evidence on why OASI beneficiaries needed assistance in addition to their benefits. The major reason was a combination of high requirements, low benefit

amounts, and a lack of income from other sources than OASI. Half the beneficiaries in the study were receiving less than \$50 a month in OASI benefits, and less than 10 percent of the total income of the beneficiary-recipients came from sources other than OASI and OAA. Since their income, though low, was higher than the income of recipients without benefits, the beneficiaries who had qualified for assistance had done so at higher requirement levels than the nonbeneficiaries. Beneficiaries with low income needs were able to meet these needs with their benefits and other income without recourse to assistance.

Data from the study showed that the benefit income for those beneficiaries who needed assistance met a substantial part of their need and lowered the amount of assistance paid to help meet the rest of their needs. The assistance payments to nonbeneficiaries were 50 percent higher than those to beneficiaries. Since 93 percent of all aged OASI beneficiaries were not receiving OAA, most beneficiaries apparently had enough income from their benefit and other sources to keep from needing assistance.

The study also throws a light on the complementary relationship between social insurance and public assistance. The OASI program helps meet the minimal needs of some who otherwise would require assistance. If need beyond the benefit amount exists, the assistance program may supplement the OASI program but at a lower level of payment than would have been necessary if there had been no benefit income.