

# Public Assistance Supplementation of the Income of Old-Age and Survivors Insurance Beneficiaries\*

*The number of beneficiaries of old-age and survivors insurance and the number of recipients of public assistance, shown regularly in the Bulletin, duplicate each other slightly, since some insurance beneficiaries also receive public assistance. The following article shows the extent of and the explanation for the duplication between old-age and survivors insurance and the programs of old-age assistance and aid to dependent children. The information was obtained by State and local public assistance agencies about the middle of 1948 and was summarized by the Bureau of Public Assistance in cooperation with the Bureau of Old-Age and Survivors Insurance.*

FOR the most part the complementary programs of old-age and survivors insurance and public assistance, provided under the Social Security Act for aged persons and children, serve separate groups of individuals. In June 1948, 1,465,000 elderly men and women received benefits under old-age and survivors insurance and 2,368,000 received old-age assistance. Somewhat fewer than 146,000 of these persons received both types of payments (chart 1). In the same month, some 322,000 families included one or more child beneficiaries of old-age and survivors insurance; 449,000 families received aid to dependent children; only about 21,600 families received both insurance benefits and aid to dependent children (chart 2).

The extent of the concurrent receipt of insurance benefits and these types of assistance payments has been known for some States. It was determined for the first time for the country as a whole through studies made about the middle of 1948 by the State and local assistance agencies in 50 jurisdictions.<sup>1</sup> This article pre-

\* Prepared by the Statistics and Analysis Division, Bureau of Public Assistance, with the cooperation of the Program Analysis Division, Bureau of Old-Age and Survivors Insurance.

<sup>1</sup> Alaska did not make the study of the old-age assistance case load, and Nevada, which does not administer a State-Federal program of aid to dependent children, did not participate in the study of the case loads in aid to dependent children.

sents the results of these studies.

Individuals qualify for insurance benefits through their own earnings in covered employment or the earnings of specified relatives; benefits are paid without regard to any other resources the beneficiaries may have. Recipients of old-age assistance and aid to dependent children, on the other hand, receive assistance because they do not have enough income to meet their minimum expenses at a standard set by the assistance agency. Insurance beneficiaries may receive assistance if their benefits and other income do not meet their need according to assistance standards. They must, of course, also meet the other eligibility requirements set by the State where they live.

Old-age and survivors insurance is administered nationally by a Federal agency. A uniform formula for computing the primary insurance benefit was established by Congress in the Social Security Act; wives', children's, and survivors' benefits are related in amount to the primary benefit. The primary benefit depends on the length of time the worker was in covered employment and the amount of his covered employment earnings, but it is scaled to replace only part of his wage loss at retirement. An aged wife, a surviving parent, or a child receives a benefit equal to one-half the amount of the primary benefit; an aged widow receives three-fourths of her husband's primary benefit. By June 1948 the maximum amount pay-

able to a retired worker who received the full primary benefit was \$44.40 a month. The total family benefit payable on the worker's wage record cannot exceed twice the primary benefit, 80 percent of the wage earner's average monthly wage, or \$85, whichever is the smallest amount.

Not many primary beneficiaries by June 1948 received the maximum amount. Some had become entitled on the basis of wages that were on a much lower level than wages in 1948. Some had qualified on the basis of temporary work in defense and war industries, but, since the benefit amount is determined by dividing wages earned in covered employment by the total number of months elapsed between 1937 and the quarter of their entitlement, their benefits also were computed on a low average monthly wage. The time for accumulating wage credits had been relatively short for all workers, hence the amount added by the annual increment of 1 percent provided in the formula for each year of covered employment was small. In June 1948, average benefits paid among the States to all aged beneficiaries (retired workers, wives, widows, parents) ranged from \$17.05 in Mississippi to \$24.02 in Connecticut.

The assistance programs are administered by State and local agencies, with the Federal Government sharing part of the cost of assistance and administration. Eligibility for assistance and the amount of assistance given are determined by State policy. A striking fact in any comparison of old-age and survivors insurance and public assistance is the greater degree of adjustment in assistance payments to changed economic conditions. While the benefit formula of the insurance program has remained unchanged since 1939, with only slight increase in newly awarded benefits provided by the increment of 1 percent, in the same 10 years the amounts payable under the public as-

assistance programs have been increased from time to time. Increases in assistance payments have reflected changed concepts of the nature of the assistance programs, attempts to adjust payments to rising living costs, and more adequate financing. Congress twice increased the Federal share of assistance payments, effective in January 1940 and again in October 1946, thus making more funds available to help the States meet the increased need of the recipients. Average payments of old-age assistance in the States in June 1948 ranged from \$15.79 in Mississippi to \$63.50 in Colorado.

## Receipt of Old-Age and Survivors Insurance and Old-Age Assistance

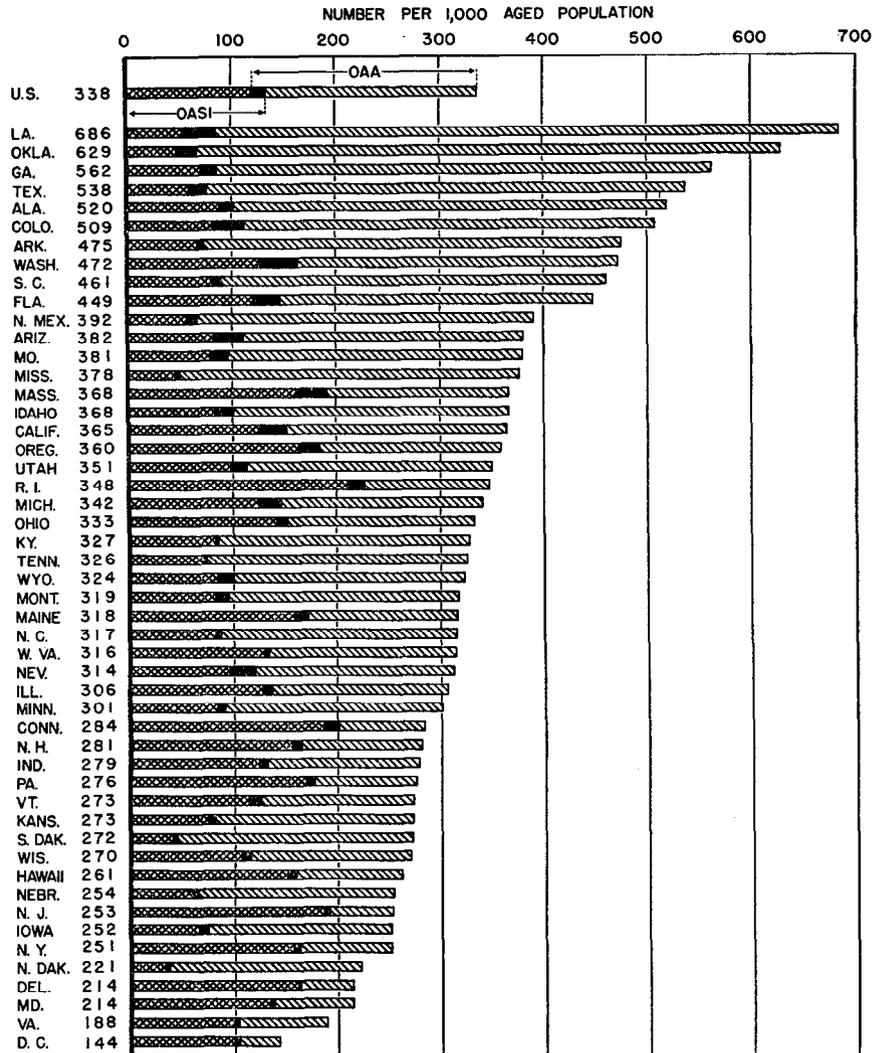
### Method of Study

The study of the concurrent receipt of insurance benefits and old-age assistance payments was made in most States in June 1948 but in some States in another month about the middle of 1948.<sup>2</sup> Information was obtained from old-age assistance case records and represents the situation at the time the case was last reviewed by the agency visitor. Instructions for the study took into account the fact that assistance to married recipients is frequently based on a joint budget for husband and wife, with a sharing of expenses and income. They specified that the receipt of insurance benefits was to be reported for any married recipient living with a spouse 65 years of age or older, if the joint assistance budget or the budget for either spouse showed that there was income from the insurance program.

In most instances of beneficiary couples with both husband and wife 65 years of age or older, each receives an insurance benefit; occasionally, however, only one spouse qualifies. Since two beneficiaries were counted for each couple in which both husband and wife were aged 65 or older, even though only one of them received a benefit, the total number of persons shown as receiving both insurance benefits and old-age assistance pay-

<sup>2</sup> Data for Washington relate to the January 1948 case load for old-age assistance.

Chart 1.—Aged persons receiving OASI benefits, OAA payments, or both, per 1,000 population aged 65 and over, June 1948<sup>1</sup>



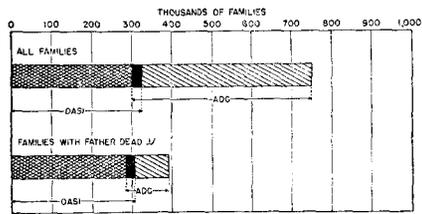
<sup>1</sup> Excludes Alaska; population data not available. OASI represents old-age and survivors insurance, and OAA, old-age assistance.

ments may be slightly exaggerated. On the other hand, the number of aged beneficiaries receiving some type of public assistance was probably somewhat larger than is indicated by a study limited to case loads for old-age assistance, because some aged beneficiaries doubtless receive aid to the blind and others general assistance.

In 36 States the information for the study was obtained on a sample basis. The cases reviewed in a given State were selected by taking every *n*th case from a complete list of cases aided in

the survey month, by taking all cases having a case number ending with certain specified digits, or by using tables of random sampling numbers. To avoid overweighting the samples with combinations in which husband and wife received separate assistance payments, the scheduling of this combination was arbitrarily made dependent on the sample status of the husband. If his case occurred in the sample, both he and his recipient wife were scheduled; if his case did not occur in the sample, neither he nor his wife was scheduled even though

**Chart 2.—Families with children under age 18 receiving OASI benefits, ADC payments, or both, in 50 States, June 1948\***



\* OASI represents old-age and survivors insurance, and ADC, aid to dependent children.

<sup>1</sup> Number of families with father dead that receive both types of payments; partly estimated.

his wife's case was selected by the sampling method.

In a few States, low beneficiary rates for the aged indicated that cases receiving both types of payment were comparatively rare; these States were asked to review a minimum of 500 cases. The minimum samples were intended to measure the relative size of the group receiving both assistance and benefits in that State but not to provide State break-downs of the characteristics of the group. It was assumed that if this group represented a very small proportion of the total assistance load a further break-down would not be particularly useful. For all other States, the sample minimum was 3,000 cases or the entire case load, whichever was smaller. The 3,000-case minimum was specified so that each State sample might have at least 125 cases receiving both assistance and benefits. In a few States the objective of 125 scheduled cases was not achieved.

### Characteristics of Persons Receiving Concurrent Payments

The instructions for the study requested pertinent information on the sex, marital status, and age of wife of the assistance recipients who received insurance benefits. This information was requested in place of reports on the beneficiary type, because beneficiary type is not usually included in assistance records. As shown in the tabulation below (and table 1) persons of every classification included in the study were found among the recipients of old-age assist-

ance receiving insurance benefits. The characteristics of the persons receiving payments under both programs suggest that need for supplementary assistance was not limited to any one type of beneficiary.

*Selected characteristics of persons receiving old-age assistance and old-age and survivors insurance*

	Percentage distribution
Total.....	100

Single persons:	
Male.....	40
Female.....	23
Couples:	
Wife aged 65 years or older.....	25
Wife under age 65.....	12

"Single" persons include individuals who were widowed, divorced, or married but not living with their spouses. Couples are classified according to the age of the wife to indicate whether both husband and wife might be receiving insurance benefits. In all

States combined and in most individual States, single men comprised the largest group of insurance beneficiaries receiving assistance (table 1). In all States combined, couples with wife aged 65 or older were the next in number, although single women were nearly as numerous. Couples with wife under age 65 made up a relatively small part of the total for the 50 States and in most individual States.

As compared with the distribution of these sex and marital groups among all aged beneficiaries in June 1948, single females were underrepresented in the beneficiary groups getting assistance, and single men were overrepresented. Couples with wife aged 65 or older represented the same proportion of all aged beneficiaries and of those getting old-age assistance. Couples with wife under age 65 seem to have been proportion-

**Table 1.—Percentage distribution of single persons and couples receiving both OASI benefits and OAA payments, by characteristic, in a month of 1948<sup>1</sup>**

State <sup>2</sup>	Total	Single persons		Couples	
		Male	Female	Wife aged 65 or older	Wife under age 65
Total, 50 States <sup>3</sup> .....	100	40	23	25	12
Arizona.....	100	30	17	37	16
California.....	100	35	29	25	10
Colorado.....	100	34	23	31	12
Connecticut.....	100	45	28	21	6
District of Columbia.....	100	54	31	9	6
Florida.....	100	32	18	25	25
Hawaii.....	100	48	3	3	9
Idaho.....	100	48	12	24	15
Illinois.....	100	51	21	21	7
Kansas.....	100	25	27	29	18
Louisiana.....	100	33	20	25	22
Maine <sup>4</sup> .....	100	44	23	24	10
Maryland.....	100	54	26	15	5
Massachusetts.....	100	33	35	25	8
Michigan.....	100	48	14	24	14
Minnesota.....	100	53	19	22	6
Missouri.....	100	43	18	29	10
Montana.....	100	51	19	20	10
Nevada.....	100	68	14	9	8
New Hampshire.....	100	44	28	21	7
New Jersey.....	100	50	25	19	6
New York.....	100	53	27	14	6
North Dakota.....	100	45	22	20	13
Ohio.....	100	49	22	20	10
Oregon.....	100	44	17	28	11
Pennsylvania.....	100	54	21	18	6
Rhode Island.....	100	45	32	19	4
South Dakota.....	100	44	21	24	12
Texas.....	100	25	20	33	23
Utah.....	100	38	24	29	9
Vermont.....	100	40	22	25	13
Washington <sup>5</sup> .....	100	35	20	33	12
Wisconsin.....	100	47	19	23	10
Wyoming.....	100	54	17	24	5

<sup>1</sup> Data are for May in 2 States, for June in 40 States, and for July in 6 States; OASI represents old-age and survivors insurance, and OAA, old-age assistance.

<sup>2</sup> State data not shown separately if number in sample was less than 100.

<sup>3</sup> Excludes Alaska, which did not make the study.

<sup>4</sup> Represents data for 4 districts for June, 2 districts for April, and 1 district for May.

<sup>5</sup> Represents data for January.

ally less numerous in the group receiving assistance.

The sex and marital characteristics of the total aged population in the various States influence the distribution of all aged beneficiaries and also of aged beneficiaries receiving assistance. Thus, among the groups receiving both types of payments, single men comprised 84 percent in Hawaii and 68 percent in Nevada. Males predominate in the population aged 65 and older in both these jurisdictions.

The average benefit of the insurance beneficiaries who received assistance was \$4.61 lower than the average for all aged beneficiaries in June 1948. This suggests that the beneficiaries receiving assistance had had lower wages or shorter periods of work in covered employment than had aged

beneficiaries in general. Less than 5 percent of the single male beneficiaries in the study, for example, had benefits as large as \$30; nearly one-fifth were receiving the minimum benefit.

### Size of Insurance Benefits and Assistance Payments

For more than 85 percent of the elderly single persons and couples studied, the amount received from the assistance agency was larger than the amount of their insurance benefits. In nearly all the States where the sample was large enough to obtain significant State data, the amount of assistance exceeded the amount of benefit for at least 75 percent of the single persons and couples studied.

Average payments under the two

programs for single persons and couples in all reporting States were as follows:

Recipient	Average payment	
	Old-age assistance	Old-age and survivors insurance
Single male.....	\$35.46	\$18.94
Single female.....	38.42	16.37
Couple.....	53.15	26.39
Wife aged 65 or older with: 2 old-age assistance payments.....	63.81	29.76
1 old-age assistance payment.....	59.11	29.21
Wife under age 65.....	40.91	20.60

The average assistance payments shown above somewhat understate the average amounts of supplementary income needed by the beneficiaries who received assistance, because of the limitations provided by State maximums and other policies for reducing the amounts of assistance that can be paid.

### Proportion of Case Load With Insurance Benefits and Proportion of Total Assistance Paid to These Persons

Beneficiaries of old-age and survivors insurance to whom assistance payments were made accounted for approximately 6 percent of the old-age assistance case load in the 50 States combined, but for considerably different proportions from State to State (table 3). In California, Connecticut, Massachusetts, Nevada, Oregon, Rhode Island, and Washington, about 11-14 percent of the assistance recipients were insurance beneficiaries. In contrast, beneficiaries represented less than 2 percent of the old-age assistance case load in Arkansas, Kentucky, Mississippi, North Dakota, South Carolina, South Dakota, Tennessee, and West Virginia.

Differences in the State proportions are related in part to differences in the extent of coverage of the insurance program. With the exception of Nevada, all the States in which more than 10 percent of the old-age assistance recipients were insurance beneficiaries were in the upper third of the States when ranked according to the proportion of the total aged population receiving insurance benefits in

Table 2.—OASI benefits and OAA payments to persons with both types of payments, in a month of 1948<sup>1</sup>

State <sup>2</sup>	Average payment to single persons		Average payment to couples		Percent of total OAA payments that exceeded OASI benefits
	Old-age and survivors insurance	Old-age assistance	Old-age and survivors insurance	Old-age assistance	
Total, 50 States <sup>3</sup> .....	\$18.00	\$36.54	\$26.39	\$53.15	85.5
Alabama.....	18.03	45.23	28.75	69.35	97.7
Arizona.....	20.17	49.75	31.19	81.23	96.8
Arkansas.....	18.39	47.15	29.38	74.14	96.9
California.....	19.73	42.14	31.21	55.89	88.2
Colorado.....	16.82	32.74	21.77	42.66	69.6
Connecticut.....	15.72	32.85	21.77	42.66	89.9
Delaware.....	16.82	32.74	21.77	42.66	89.7
District of Columbia.....	15.72	32.85	21.77	42.66	63.0
Florida.....	16.35	21.78	24.44	54.55	57.0
Georgia.....	17.52	33.22	24.44	54.55	84.1
Hawaii.....	17.75	37.06	26.49	46.89	82.2
Idaho.....	17.75	37.06	26.49	46.89	89.9
Illinois.....	18.91	35.17	24.61	44.15	89.9
Indiana.....	16.49	45.41	23.16	64.42	97.9
Iowa.....	16.32	27.89	24.78	38.72	81.6
Kansas.....	16.50	29.06	24.78	38.72	80.8
Kentucky.....	19.98	39.32	30.36	57.59	84.7
Louisiana.....	19.63	32.55	27.18	47.85	78.7
Maine.....	17.66	32.85	26.24	56.08	79.4
Maryland.....	15.49	31.99	25.87	49.16	90.0
Massachusetts.....	18.36	32.39	24.82	49.52	86.0
Michigan.....	19.87	46.11	24.82	49.52	99.1
Minnesota.....	17.45	29.50	25.55	42.05	80.5
Mississippi.....	16.93	33.82	25.87	47.70	85.3
Missouri.....	17.59	41.16	25.87	47.70	87.8
Montana.....	14.23	35.63	25.87	47.70	89.5
Nebraska.....	18.51	33.27	26.09	46.73	81.0
Nevada.....	18.51	33.27	33.54	59.74	97.8
New Hampshire.....	19.34	34.61	28.61	51.92	79.3
New Jersey.....	17.36	26.33	25.97	39.04	74.2
New Mexico.....	18.67	35.10	29.34	46.59	84.4
New York.....	14.62	30.96	22.11	43.49	92.0
North Carolina.....	15.20	25.47	22.62	39.81	79.4
North Dakota.....	18.95	36.97	28.79	64.11	89.8
Ohio.....	15.98	32.27	24.45	46.53	91.3
Oklahoma.....	19.54	42.09	31.83	63.69	96.0
Oregon.....	18.17	31.58	25.08	51.61	81.9
Pennsylvania.....	18.36	39.73	24.87	54.79	90.6
Rhode Island.....	17.36	26.33	25.97	39.04	74.2
South Carolina.....	18.67	35.10	29.34	46.59	84.4
South Dakota.....	14.62	30.96	22.11	43.49	92.0
Texas.....	15.20	25.47	22.62	39.81	79.4
Utah.....	18.95	36.97	28.79	64.11	89.8
Vermont.....	15.98	32.27	24.45	46.53	91.3
Washington.....	19.54	42.09	31.83	63.69	96.0
West Virginia.....	18.17	31.58	25.08	51.61	81.9
Wisconsin.....	18.36	39.73	24.87	54.79	90.6
Wyoming.....	18.36	39.73	24.87	54.79	90.6

<sup>1</sup> Data are for May in 2 States, for June in 40 States, and for July in 6 States.  
<sup>2</sup> State data not shown separately if number in sample was less than 50; shown in italics if number was 50-99.

<sup>3</sup> Excludes Alaska, which did not make the study.  
<sup>4</sup> Represents data for 4 districts for June, 2 districts for April, and 1 district for May.  
<sup>5</sup> Represents data for January.

June 1948. Similarly, of the States in which insurance beneficiaries represented less than 2 percent of the total number of aged recipients of assistance, all but West Virginia were in the lowest third of the States when ranked according to the proportion of aged persons receiving insurance benefits.

In general, insurance beneficiaries do not comprise a large proportion of

**Table 3.—Percent of OAA recipients with OASI benefits and percent of total OAA payments made to OASI beneficiaries, in a month of 1948<sup>1</sup>**

States ranked by number of aged OASI beneficiaries per 1,000 population aged 65 or older, June 1948	Percent of OAA recipients with OASI benefits	OAA payments to recipients with OASI benefits as a percent of total OAA payments
Total, 50 States <sup>2</sup> .....	6.1	5.7
Rhode Island.....	12.1	9.3
Connecticut.....	14.2	11.5
New Jersey.....	7.4	5.5
Massachusetts.....	14.3	9.8
Oregon.....	11.2	8.5
Pennsylvania.....	8.0	5.5
Washington <sup>3</sup> .....	10.9	7.5
Maine <sup>4</sup> .....	7.8	6.4
New Hampshire.....	8.4	6.0
Delaware.....	6.2	5.0
New York.....	8.4	6.4
Hawaii.....	9.0	6.4
Ohio.....	6.1	4.6
California.....	11.2	9.6
Michigan.....	9.6	8.0
Florida.....	7.9	6.5
Maryland.....	6.4	5.1
Illinois.....	6.2	5.1
West Virginia.....	1.6	1.0
Indiana.....	5.2	4.0
Vermont.....	8.4	7.7
Nevada.....	11.1	10.6
Wisconsin.....	6.4	5.5
Utah.....	6.3	4.9
Colorado.....	6.7	4.7
Arizona.....	9.6	8.7
District of Columbia.....	8.4	6.9
Alabama.....	2.7	2.3
Virginia.....	3.0	3.9
Idaho.....	6.0	4.6
Wyoming.....	5.8	4.4
Montana.....	5.4	4.5
Missouri.....	5.4	4.6
Minnesota.....	3.9	3.0
North Carolina.....	2.2	2.1
South Carolina.....	1.5	1.2
Louisiana.....	4.8	4.5
Georgia.....	2.7	2.8
Kentucky.....	.8	.5
Kansas.....	4.2	3.3
Texas.....	3.4	3.0
Tennessee.....	1.0	.8
Iowa.....	5.3	3.8
Arkansas.....	1.7	1.4
Oklahoma.....	3.2	2.8
Nebraska.....	3.9	3.4
New Mexico.....	2.7	1.9
Mississippi.....	1.2	1.1
South Dakota.....	1.9	1.7
North Dakota.....	1.9	1.7

<sup>1</sup> Data are for May in 2 States, for June in 40 States, and for July in 6 States.

<sup>2</sup> Excludes Alaska, which did not make the study.

<sup>3</sup> Represents data for January.

<sup>4</sup> Represents data for 4 districts for June, 2 districts for April, and 1 district for May.

the assistance loads in States where they represent very small proportions of the total aged population; with certain exceptions, they represent relatively small proportions in rural States and higher proportions in the more industrialized States. Furthermore, all the factors (discussed in the next section) that result in variation in the proportion of beneficiaries getting assistance also affect the proportion of old-age assistance recipients who have insurance benefits.

Payments of old-age assistance to persons with insurance benefits totaled about \$5 million in the study month—somewhat less than 6 percent of the month's total assistance payments. In Connecticut and Nevada, payments to aged insurance beneficiaries represented more than 10 percent of such costs, in 20 States the proportion was from 5 to 10 percent, and in 28 States it was less than 5 percent.

The States in which assistance payments to insurance beneficiaries represented the largest percentages of the total expenditures for assistance were usually the States in which insurance beneficiaries represented the largest proportion of all recipients. In practically all States, however, the proportion of assistance costs accounted for by payments to insurance beneficiaries was somewhat smaller than the proportion of the case load which such beneficiaries comprised. As compared with other recipients of old-age assistance, a large proportion of whom have no income except their assistance payment, recipients who are insurance beneficiaries have their benefits even if they have nothing else. The average amount of assistance paid to recipients who are insurance beneficiaries is therefore below the average for those who are not.

### Proportion of Aged Insurance Beneficiaries Receiving Old-Age Assistance

The 145,300 persons found by the study to be receiving old-age assistance in addition to insurance benefits represented 10 percent of all aged beneficiaries in the reporting States. For the individual States the proportions ranged from about 2 percent in Delaware, Kentucky, and West Virginia to 20 percent or more in Arizona, Colorado, Louisiana, Nevada, Okla-

homa, Texas, and Washington; the extremes were 2 percent in Delaware and 35 percent in Louisiana. The State differences reflect variations both in the need of the beneficiaries and in the availability of assistance.

*Resources of insurance beneficiaries.*—The proportion of aged insurance beneficiaries who received assistance in the study month was less than half that of the aged population, excluding insurance beneficiaries, who received old-age assistance—10 percent as compared with 24 percent. In each State also, relatively fewer aged insurance beneficiaries than other aged persons received assistance; in some States the contrast in the proportions was much larger than for the country as a whole (table 4). The smaller proportions of aged insurance beneficiaries receiving old-age assistance than of other aged persons obviously reflects the fact mentioned above—that the beneficiaries, on the average, have more income than do other aged persons. The Bureau of Old-Age and Survivors Insurance has pointed out some of the reasons in addition to the insurance benefits themselves:

"Insurance beneficiaries not only are several years younger than the aged population as a whole but they have been retired from industry for only a few years, and, in general, their employment before retirement was fairly steady. For the most part they have been able to accumulate some assets—frequently a home and a small amount of savings or investments—which have not yet been depleted. Therefore, they are able to draw on these assets to supplement their benefits when necessary. Moreover, insurance benefits when added to their other retirement income enable many beneficiaries to live independently on their own resources, although the level of living of some of them is lower than that of public assistance recipients. In addition, some beneficiaries in current-payment status increase their retirement incomes by working in non-covered employment, and some do so by earning less than \$15 a month in covered employment."<sup>3</sup>

Information on the total income of aged insurance beneficiaries is avail-

<sup>3</sup> Bureau of Old-Age and Survivors Insurance, Analysis Division, Analytical Note No. 47, June 30, 1948.

able for 20 cities only.<sup>4</sup> However, because savings depend largely on the same factors that result in relatively high benefits—steady work at good wages—beneficiaries in States with the largest average benefits can be expected to have other resources that are relatively large. Industrial pension plans tend to be concentrated in the more highly industrialized regions of the East and North, where old-age and survivors insurance benefits also are larger. Furthermore, it may be easier in these regions for aged persons to find employment that supplements their benefits or that enables workers who would have little besides their benefits to postpone retirement. State variations in the amount of the other resources of beneficiaries are doubtless greater than are the average-benefit variations, since the latter are reduced by the uniform benefit formula. More ample retirement resources may therefore be the chief reason that only a small proportion of aged beneficiaries received assistance in some of the States with relatively high average benefits.

Even among the States in which both the average benefit and the other resources of beneficiaries can be assumed to be comparatively large, however, there are very marked contrasts in the proportions of beneficiaries getting assistance. There are equally great contrasts among the States with low benefits where other resources are probably also limited. Such contrasts obviously have other causes.

If old-age assistance were administered under identical standards and regulations throughout the Nation, as is the Federal insurance system, the variation in the proportion of aged beneficiaries receiving assistance in the States would reflect only State differences in the requirements and

<sup>4</sup> Bureau of Old-Age and Survivors Insurance, Division of Program Analysis, *Resources of Old-Age and Survivors Insurance Beneficiaries, Preliminary Summary and Conclusions*, June 1949. Reports on various phases of these studies have been published in the *Bulletin*, in July 1943, September 1943, March 1944, December 1944, January 1945, April 1945, May 1945, September 1945, November 1945, January 1946, March 1947, August 1947, October 1947, February 1948, and September 1948. A complete report on 19 cities is in preparation.

incomes of the beneficiaries. Because assistance programs are State administered, however, differences in the laws, policies, and financing of the programs are also important factors in the variation in the proportion of beneficiaries receiving assistance.

In nearly all States in 1948 the amount that assistance standards allowed for food alone for an aged person would have equaled or exceeded

the average insurance benefit in the State. Furthermore, nearly all beneficiaries receiving the maximum benefit would be considered needy in most States if they had no resources other than the benefit. It is by no means true, however, that an insurance beneficiary who would receive assistance in one State would receive it in all other States.

*Inadequacy of assistance funds.—*

The States in which the proportion of aged beneficiaries receiving old-age assistance is small in comparison with the proportion of other aged persons aided are States with relatively low fiscal ability and large numbers of needy persons. In eight States<sup>5</sup> the proportion of beneficiaries aided was less than one-fourth the proportion of the remaining aged population receiving old-age assistance. In these States, inadequate funds for assistance necessarily restrict assistance policies. The limited insurance coverage of the population in most of these States puts on public assistance a disproportionate burden for the support of retired persons and survivors of deceased workers. Large assistance loads, in turn, make it harder for elderly beneficiaries to get assistance.

Assistance agencies in some of the States with inadequate funds try to help as many persons as possible by limiting the number of consumption items included in their assistance standards. Among the items for which little or no provision is made in these States is medical care—one of the expenses for which beneficiaries might be expected to seek assistance.

In other States that cannot meet need in full, the agencies set standards that they consider realistic for the minimum requirements of recipients, but they instruct their workers to base assistance payments on a specified percentage of the cost of such requirements. In the study month, West Virginia, for example, provided assistance enough to assure that each recipient's total income would meet 58 percent of his requirements. Percentages may have been still lower in certain counties of several other

**Table 4.—Percent of aged OASI beneficiaries and of other aged persons in the population receiving OAA payments, June 1948<sup>1</sup>**

States ranked by percent of aged OASI beneficiaries receiving old-age assistance	Percent of—	
	Aged beneficiaries receiving OAA payments	Other aged persons receiving OAA payments
Total, 50 States <sup>2</sup> .....	10.0	23.7
Louisiana.....	35.4	65.6
Oklahoma.....	28.2	60.3
Arizona.....	25.7	30.4
Colorado.....	25.4	44.7
Washington.....	23.1	36.9
Texas.....	21.5	50.0
Nevada.....	20.0	21.9
Florida.....	17.9	35.5
California.....	17.4	25.0
Missouri.....	17.0	31.6
Idaho.....	16.8	20.7
Georgia.....	15.8	52.2
Massachusetts.....	15.4	21.9
Michigan.....	14.0	22.8
New Mexico.....	13.8	34.9
Wyoming.....	13.8	24.0
Utah.....	13.7	26.6
Iowa.....	13.4	19.1
Montana.....	13.1	24.6
Oregon.....	11.9	21.5
Nebraska.....	11.7	20.1
Alabama.....	11.2	46.6
Vermont.....	10.6	16.8
Kansas.....	10.2	20.8
North Dakota.....	10.2	19.2
South Dakota.....	10.0	23.8
Arkansas.....	9.8	43.4
Minnesota.....	9.4	23.1
Wisconsin.....	8.9	17.3
Illinois.....	8.1	19.5
Mississippi.....	7.8	34.6
Ohio.....	7.6	21.1
Rhode Island.....	7.3	15.6
Maine.....	7.1	17.5
Connecticut.....	6.8	10.4
South Carolina.....	6.6	40.9
New Hampshire.....	6.3	13.8
Hawaii.....	6.2	12.0
Indiana.....	6.1	17.0
North Carolina.....	5.9	25.0
New York.....	4.9	10.4
Pennsylvania.....	4.8	12.0
District of Columbia.....	3.7	4.6
Maryland.....	3.7	8.8
Tennessee.....	3.3	27.2
New Jersey.....	2.6	7.5
Virginia.....	2.6	9.6
Kentucky.....	2.3	26.5
West Virginia.....	2.2	21.0
Delaware.....	2.0	6.0

<sup>1</sup> Number receiving OAA payments for month in which study was made (see footnotes, table 1); total number of aged OASI beneficiaries for June 1948 for all States except Washington, where data were for December 1947.

<sup>2</sup> Excludes Alaska, which did not make the study.

<sup>5</sup> Alabama, Arkansas, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, West Virginia.

States that authorize the local units to meet a uniform percentage of need if local funds are inadequate. Since these policies limit the amount against which an applicant's income is measured to determine his eligibility for assistance, they exclude persons having income equal to the percentage of requirements met. It is probable that some insurance beneficiaries in these States have enough income to make it impossible for them to get assistance, even though they have less than 100 percent of the amount that assistance standards would provide if the agency could meet them in full. Such policies help to explain the relatively small proportion of beneficiaries receiving assistance in some of the Southern States where average insurance benefits and, probably, amounts of other income are low.

*Other assistance policies affecting eligibility.*—A great variety of other policies are influential in determining how many beneficiaries can receive assistance. Limits on the amount of real or personal property or current income that recipients may have differ from State to State. In some States the property limits do not apply to property that the recipient uses as a home; in Tennessee, on the other hand, an applicant is ineligible for old-age assistance if the assessed valuation of his home is more than \$1,000.

State policies governing the consideration given to the need and the income of members of a recipient's family also differ. Many, but not all, States include the needs of an ineligible wife in determining the need of a male recipient; some States also permit a recipient with dependents to allocate whatever income he may have to meet the needs of his dependents before it is measured against his individual requirements. Some States refuse assistance if the agency believes that an applicant's legally responsible relatives are able to support him. In contrast, laws in Texas and Utah make it illegal for assistance agencies to interview relatives of applicants for old-age assistance to seek support for the applicant.

The total effect of varied assistance policies on the number of aged per-

sons eligible for assistance cannot be measured State by State. It can be illustrated, however, by contrasting the provisions for old-age assistance in Delaware and Louisiana—the States representing the extremes in the proportion of beneficiaries receiving old-age assistance.

Delaware provides old-age assistance for an unusually limited group. The State law specifies that the sum of the assistance and any regular cash income shall not exceed \$480 a year. A person with monthly cash income of \$40 or more, therefore, cannot receive old-age assistance. Even if an applicant's cash income is less than \$40, he is ineligible for aid if he has a bank account of more than \$300, if he owns an automobile, or if he has a responsible relative (spouse, child, or grandchild) whom the agency considers able to support him. Life insurance policies must usually be adjusted so that the recipient's only remaining equity is the cost of his burial. The agency relies chiefly on clinics and hospitals for the medical care of recipients and hence includes comparatively little for medical needs in the plans of old-age assistance recipients.

Since Delaware ranks in the highest fourth of the States in the average benefit received by insurance beneficiaries, and since the beneficiaries' other resources can be assumed to be relatively high also, it is probable that most beneficiaries in this State are ineligible for old-age assistance.

Under assistance policies in Louisiana, a recipient can have, in addition to his home, other real property with an assessed value of \$1,500, provided that this property is developed as a resource; the maximum for a couple is \$2,000. The holding of life or burial insurance is permitted if the cash surrender value is not more than \$1,000. A maximum of \$500 is set on permissible cash or other assets. The law provides that the total monthly income including assistance shall be at least \$50 for one recipient and at least \$45 each for two or more recipients in a household. Requirements above \$50 are recognized in the assistance standards. Under agency policy, whatever private income recipients have is applied first to the needs of their dependents in the

household. Visitors are not instructed, as in Delaware, to get in touch with relatives to seek contributions to the support of the recipient.

Because of the more limited resources among the population generally in Louisiana than in Delaware, a larger proportion of beneficiaries would be expected to receive assistance in Louisiana if assistance policies were identical. Difference in assistance policies is an additional reason for the difference between these two States in the proportion of aged beneficiaries receiving old-age assistance—and is one explanation of less pronounced differences in the proportion for the other States.

*Unwillingness to apply for assistance.*—Another factor—not unrelated to assistance policies—affecting the proportion of insurance beneficiaries getting public aid is the attitude of the beneficiaries toward applying for it. Old people are reluctant to ask for public aid where the legislators and the staff of the assistance agencies make it evident that they consider old-age assistance a program only for destitute persons. There is less reluctance to apply in States where policies are influenced by pension philosophy and where large numbers of people are receiving assistance. An unknown number of insurance beneficiaries whose incomes are small enough to make them eligible for public assistance have continued to live at a very low level rather than apply for assistance. Perhaps some of them do not know that they may receive both insurance benefits and assistance payments.

The study of beneficiary resources in 20 communities made by the Bureau of Old-Age and Survivors Insurance between 1941 and 1946 contributed striking evidence of the fact that beneficiaries were not rushing to ask for public assistance. The Bureau has found, furthermore, that persons who are eligible for insurance benefits and whose retirement resources are limited enough for them to qualify for public assistance often do not stop work at age 65 or, if they do stop, they are likely to take a job again when their health permits or they can get employment. In each of the cities in which the studies were made, bene-

ficiaries with the smallest amount of retirement income and assets reported employment more frequently than did those with more adequate resources.

### **Increase in Number of Persons Receiving Payments Under Both Programs**

Several State public assistance agencies have reported that the number of recipients of assistance receiving insurance benefits has increased. Such increases have resulted in part from the growing number of aged beneficiaries under old-age and survivors insurance, especially after the war when many elderly workers were released from employment. The number of old people receiving insurance benefits in the United States in June 1948 was 22 percent larger than in June 1947 and 55 percent larger than in June 1946.

Assistance agencies in Delaware, the District of Columbia, Oregon, and Virginia reported the number of recipients getting old-age and survivors insurance in June 1947 and June 1948.<sup>6</sup> In these States the number of persons with income from both programs increased by about 50 percent or more, although the number of aged beneficiaries in the same States increased only some 20 percent in the year. Rising living costs are primarily responsible for the greater increase in the number of beneficiaries receiving old-age assistance than in the total number of beneficiaries. Some of those who applied for assistance had doubtless exhausted savings that would have enabled them to remain self-supporting somewhat longer if living costs had not gone up so much.

### **Receipt of Old-Age and Survivors Insurance and Aid to Dependent Children**

Provided that a parent has acquired insured status for old-age and survivors insurance, two groups of children under age 18 are eligible for benefits: children of a retired worker

<sup>6</sup>Data on the number of beneficiaries receiving benefits were not available by State before June 1947; earlier data included all benefits in force, even though some were not in current-payment status.

if living with and dependent on the parent, and children who had been dependent on a parent who had died. The latter group represented about 96 percent of all child beneficiaries in June 1948.

Information on the number of families receiving both old-age and survivors insurance and aid to dependent children was obtained by State and local assistance agencies as part of a study of the characteristics of families receiving aid to dependent children. The study was made in all the 50 States that administer aid to dependent children with Federal participation; the study month varied for the different States from March to June 1948. Instructions for the study specified that receipt of old-age and survivors insurance was to be reported if received by anyone in the group included in determining the assistance payment. While in the great majority of cases the children probably received benefits, occasionally a grandparent or other elderly relative may have been the only beneficiary in the group. No attempt was made in the study to obtain information on the number of children receiving both insurance benefits and assistance since the basis of the child count differs for the two programs.<sup>7</sup>

Fewer State data are presented for this study than for the study of old people receiving assistance and insurance benefits. The size of the State samples for the study of the characteristics of families receiving aid to dependent children was determined

<sup>7</sup>Because of the family maximum in the insurance program, claims for benefits for children under age 18 in large families frequently are not filed for more than three children if the mother is a beneficiary or for more than four children if she is not. The number of child beneficiaries is smaller in these families, therefore, than the number of children who would be eligible for or who actually share the benefits. If such families also receive aid to dependent children, all the children under age 18 might be counted as receiving assistance. In the States which give aid to dependent children only to children under age 16 or age 14, on the other hand, children who have reached these ages would be excluded from the number of children receiving aid to dependent children, though they might be included in the count of child insurance beneficiaries.

so as to provide valid State data for most items in that study. The number of families in the sample that received both aid to dependent children and insurance benefits was too small in some States to make a further break-down valid for the State, although the State data are included in the national totals.

State agencies were asked to schedule at least 500 families or their entire case load, whichever was less, and it was suggested that no more than 5,000 families be studied. Within these limits, the States determined the size of their samples in accordance with the amount of State detail desired. Forty-three States studied only part of their case loads, using the sampling methods that were applied to the study of concurrent receipt of old-age and survivors insurance and old-age assistance.

### **Characteristics of Families Receiving Concurrent Payments**

The study found that, in five-sixths of the families receiving both insurance benefits and aid to dependent children, the mother was maintaining a home for the children and no natural or adoptive father or stepfather was in the home. Receipt of insurance benefits in these families indicates that the father was dead.

<i>Relatives with whom children were living</i>	<i>Percentage distribution</i>
Total	100.0
Mother only	84.0
Both parents, natural or adoptive	4.5
Mother and stepfather	1.7
Father only	.6
Father and stepmother	( <sup>1</sup> )
Stepparent, no natural parent in home	.3
Other relative <sup>2</sup>	8.9

<sup>1</sup> Less than 0.05 percent.

<sup>2</sup> In a few of these families the relative with whom the children lived rather than the children may have received the insurance benefit.

Probably the father was dead, also, in most of the 9 percent of the families in which the children were living with relatives other than parents. Among the families receiving both types of payments there were few with fathers in the home. This is also true of all families that include child insurance

beneficiaries; in only about 5 percent of the families receiving insurance benefits and aid to dependent children were the natural or adoptive fathers of the children in the home. These fathers must have been at least 65 years old since the family received old-age and survivors insurance benefits; they must have been physically or mentally incapacitated since the children also received aid to dependent children.

In the families receiving both insurance benefits and assistance in which the mother was the only parent in the home, an average of 2.96 children received aid to dependent children, as compared with an average of 2.46 in similar assistance families not receiving insurance benefits. Of the mother-only families receiving old-age and survivors insurance, one-third had more than three children. Their need for assistance may have resulted from the fact that the maximum family insurance benefit payable is too low to meet the need of the larger families, especially families with more than three children, unless they have other resources.

### *Size of Insurance Benefits and Assistance Payments*

In the 50 States combined the total payments of aid to dependent children to families with insurance benefits were 167 percent of the amount of their benefits. This ratio was lower than the ratio (202 percent) of total assistance to total benefits for the aged persons getting both. California was the only State in which the total amount of aid to dependent children was as much as two and a half times the total amount of insurance benefits paid.

Insurance benefits received by the families also receiving aid to dependent children averaged \$37; assistance paid to these families averaged almost \$62. For 76 percent of the families, the assistance payment was larger than the insurance benefit. The assistance payment exceeded the benefit for at least two-thirds of the families getting both types of payments in all but two of the 21 States for which the study supplied significant State data on this point.

### *Proportion of Case Load With Insurance Benefits and Proportion of Assistance Paid to These Cases*

As in old-age assistance, only a minor part of the case load or expenditures for aid to dependent children can be attributed to supplementation of the income of beneficiaries of old-age and survivors insurance. Families receiving both types of payments comprised only 4.8 percent of all families receiving aid to dependent children; in Arkansas, New Mexico, Oklahoma, and Tennessee such families represented less than 2 percent of the case loads (table 5). In contrast, such families represented 10-12 percent of the case loads in Indiana, Maine, Massachusetts, New Jersey, Ohio, and Vermont, and 16 percent in Connecticut.

The contrast between these two groups of States results largely from differences in the occupations of the employed population of the States and in the proportion of all families in the population that include child insurance beneficiaries. Three<sup>3</sup> of the four States in which less than 2 percent of the assistance case load was receiving insurance benefits in the study month were among the lowest 10 States when ranked by the proportion of all children receiving insurance benefits in June 1948. Furthermore, in all but two (Kentucky and West Virginia) of the third of the States with the smallest proportions of the case load receiving insurance benefits, the child beneficiary rate was below the average for the country. All of these are rural States where the exclusion of agricultural employment limits the number of old-age and survivors insurance beneficiaries.

The relationship between State rank in the proportion of aid to dependent children families receiving old-age and survivors insurance benefits and in beneficiary rate is less consistent for children than for the aged. State differences in the composition of the aid to dependent children case load affect the State variation in the proportion of the assistance families receiving insurance benefits. For example, in the States with more than

<sup>3</sup> Arkansas, New Mexico, and Oklahoma.

10 percent of the assistance families receiving insurance benefits, families with the father dead represented higher-than-average proportions (30-39 percent) of all families receiving aid to dependent children. Since survivor children account for most of the child insurance beneficiaries, it is not surprising that the proportion of the aid to dependent children case load receiving insurance benefits in these States was also relatively large.

West Virginia and Pennsylvania, on the other hand, had the highest child beneficiary rates in the country, but only 2 percent and 3.7 percent, respectively, of the families receiving aid to dependent children also received insurance benefits. Families with survivor children represented small proportions of the case loads in these States, partly because eligibility for aid to dependent children has been extended through more liberal interpretation of incapacity of a parent and absence from the home. As a result, in more than four-fifths of the families receiving aid to dependent children in these States the father was living. Of the families with father living, only the relatively small number with father 65 or more years of age could have included child beneficiaries. Despite high child beneficiary rates, therefore, small proportions of the total aid to dependent children case loads received old-age and survivors insurance benefits.<sup>9</sup>

Payments of aid to dependent children to families receiving old-age and survivors insurance accounted for only 4.5 percent of the expenditures for aid to dependent children in all States but represented 10 or more percent of such expenditures in Connecticut, Indiana, Maine, and Vermont (table 5). Such payments represented less than 2 percent of all aid to dependent children payments in the study month in Arkansas, New Mexico, Oklahoma, South Carolina, Tennessee, and West Virginia.

<sup>9</sup> Disability grants, widows' assistance, and death benefits from the United Mine Workers of America Welfare and Retirement Fund undoubtedly also reduced somewhat the number of families with child beneficiaries of old-age and survivors insurance who had to apply for aid to dependent children in West Virginia and Pennsylvania.

## Proportion of Families With Child Insurance Beneficiaries Receiving Aid to Dependent Children

The 21,600 families getting both insurance benefits and aid to dependent children represented 6.7 percent of all families with child beneficiaries in June 1948. It is not possible to show the comparable proportion for each State, since State figures for the number of families in which there are child beneficiaries are not available. The proportions doubtless vary, as do those for aged beneficiaries getting old-age assistance, and are influenced by similar factors—State differences in the total resources of beneficiary families, in funds available for assistance, assistance policies, and the willingness of families who might qualify for assistance to request it.

The proportion of families with child beneficiaries receiving aid to dependent children was somewhat smaller than the percent of aged beneficiaries receiving old-age assistance. Unfortunately, it is not known whether other resources—including employment of some members of the survivor families—made assistance less necessary for families with child beneficiaries than for aged beneficiaries, or whether differences in assistance policies for the two age groups made it more difficult in some States for families with child beneficiaries to get assistance. The differences in the proportions of beneficiaries receiving assistance under the two programs may reflect largely the greater urgency of medical care for aged persons. On the other hand, at the time of the study, more States had reductions in the percent of need met by payments for aid to dependent children than for old-age assistance and the reductions were frequently larger.

## Implications of the Findings

Despite the limitations on the types of employment now covered under old-age and survivors insurance, this program has materially reduced the number of old people and families with dependent children who otherwise

**Table 5.—Percent of ADC families with OASI benefits, percent of total ADC payments made to beneficiary families, and percent of ADC payments that exceeded OASI benefits to same families, in a month of 1948<sup>1</sup>**

States ranked by number of child OASI beneficiaries per 1,000 population under age 18, June 1948	Percent of ADC families with OASI benefits	ADC payments to families with OASI benefits as a percent of total ADC payments	Percent of all ADC payments that exceeded OASI benefits <sup>2</sup>
Total, 50 States <sup>3</sup> .....	4.8	4.5	75.7
West Virginia.....	2.0	1.3	-----
Pennsylvania.....	3.7	2.3	68.6
Maine.....	10.8	10.0	83.1
Massachusetts <sup>4</sup> .....	10.2	8.1	87.0
New Hampshire.....	7.5	4.6	-----
New Jersey.....	11.6	9.6	75.0
Ohio.....	11.6	9.2	68.5
Rhode Island.....	8.0	5.0	-----
Connecticut.....	16.3	10.4	71.1
Michigan.....	7.7	6.6	75.0
Florida.....	4.3	4.6	78.7
Indiana.....	11.0	11.5	71.4
Illinois.....	4.7	3.5	79.0
New York.....	5.1	4.1	83.6
Virginia.....	3.6	3.3	-----
Maryland.....	4.1	3.8	-----
Kentucky.....	2.2	2.1	-----
Arizona.....	6.0	6.0	-----
Oregon.....	8.6	6.2	-----
Vermont.....	11.9	12.5	66.3
Delaware.....	8.5	8.2	-----
California.....	8.5	6.9	90.2
Alabama.....	2.7	2.7	80.0
Utah.....	4.0	3.0	87.6
Washington.....	5.8	4.0	-----
North Carolina.....	3.5	3.5	65.1
Georgia.....	2.8	2.5	-----
Montana.....	4.6	3.7	79.8
South Carolina.....	2.4	1.8	-----
Wisconsin <sup>5</sup> .....	8.8	7.7	86.8
Tennessee.....	1.7	1.5	-----
Colorado.....	4.8	4.0	-----
Hawaii.....	3.2	2.3	-----
Missouri.....	3.0	3.1	75.3
Idaho.....	4.8	3.5	-----
Texas.....	3.2	3.9	-----
District of Columbia.....	5.7	4.2	-----
Louisiana.....	2.6	2.3	-----
Wyoming.....	7.1	5.0	-----
New Mexico.....	1.5	1.4	-----
Minnesota.....	5.7	6.0	85.7
Oklahoma.....	1.7	1.9	-----
Kansas.....	4.6	4.0	-----
Iowa.....	9.1	7.0	70.0
Arkansas.....	1.8	1.3	-----
Nebraska.....	4.1	3.5	-----
Mississippi.....	2.5	2.9	-----
South Dakota.....	3.0	3.8	-----
North Dakota.....	2.8	2.1	-----
Alaska <sup>6</sup> .....	7.7	8.3	-----

<sup>1</sup> Data are for May in 2 States, for June in 40 States, and for July in 6 States; ADC represents aid to dependent children, and OASI, old-age and survivors insurance.

<sup>2</sup> State data not shown separately if number in sample was less than 50; shown in italics if number was 50-99.

<sup>3</sup> Excludes Nevada, which did not make the study.

<sup>4</sup> Represents data for March.

<sup>5</sup> Represents data for April.

<sup>6</sup> Not ranked because population data not available.

would receive public assistance. Moreover, for those receiving pay-

ments under both programs the insurance benefit has reduced the amount of the assistance payment.

The proportion of beneficiaries found in 1948 to be getting concurrent payments—1 in 10 for aged beneficiaries and 1 in 15 for families with child beneficiaries—does not reflect the total number whose income was too low to meet their needs. Undoubtedly other beneficiaries applied for assistance but were unable to receive it because their assets exceeded the property limitations in the assistance program or because their income—though recognized by the assistance agency to be inadequate—exceeded the reduced percentage of need that the agency was able to meet for all recipients. Earlier studies of the resources of insurance beneficiaries have shown, moreover, that some beneficiaries refrain from seeking help altogether, and others for as long as they can, often existing at extremely low levels of living as an alternative.

The proportion of beneficiaries receiving public assistance in 1948 was lower also than can be expected in a mature insurance program unless fundamental changes are made in title II of the Social Security Act. During most of the years that the insurance program has been in operation, retired and survivor beneficiaries who were able to work could supplement their insurance benefits with earnings in noncovered employment or earnings of less than \$15 in covered employment—a situation that may not continue indefinitely. Some for whom work was impossible or not available had assets that they could use. As the aged beneficiaries become an older group, more of them will use up their assets so that more of them will find it necessary to seek assistance.

An increase in insurance benefits would do much to counteract this tendency. A benefit formula that provided a larger primary benefit and permitted larger total benefits to be paid on a single wage record would increase the amounts payable to workers who had worked in employments already covered by the program and to their survivors. Extension of coverage would also increase the benefits of the people in these employments

in the instances in which a worker's periods of covered employment have been intermingled with periods of noncovered employment for which he received no wage credits.

In nearly all States the average amount of supplementary assistance in 1948 was found to be well above the average amount of the insurance benefit to the same persons. Insurance benefits would have to be more than doubled to reduce materially the need for supplementary assistance. Increase in the maximum benefit payable on a single wage record, so that larger families will receive amounts as nearly commensurate with their needs as the smaller families, would considerably reduce the burden on the aid

to dependent children program, since the record shows that it is the larger families among the survivor beneficiaries who are most apt to receive assistance. Because a benefit formula must be set to meet the requirements of the greatest number of potential beneficiaries, benefits would doubtless continue to be inadequate for the largest survivor families if the parent's average monthly wage had been low. Benefits will probably be inadequate also for some retired persons with unusual medical expenses.

Extension of old-age and survivors insurance to include workers in employments not presently covered, especially if coverage is extended to agricultural employment, would go

far to shift part of the burden of support of those who are too old or too young to work for a living from public assistance to the insurance program. Reduction of the assistance costs in agricultural States with relatively small tax resources would help to release funds for more adequate assistance to the persons who would still need it and for other State services.

Periods of illness have the same effect as periods of noncovered employment in reducing insurance benefits or making it impossible to qualify for benefits. Provision of insurance benefits for disability could substantially reduce the need for public assistance.

## UNEMPLOYMENT INSURANCE FINANCING

(Continued from page 9)

States no employer should be held responsible for unemployment which, but for the combination, would not have been compensated.

### Transfers of Experience

Most of the amendments in the experience-rating provisions have been designed to reduce rates generally for all employers. Transfer provisions are designed to give a successor employer any advantages in terms of rate reduction that the predecessor employer from whom he acquired a business may have had. The demand that the successor be allowed to make use of his predecessor's experience record as a basis for his rate determination grew out of the requirement in pooled-fund States that rates must be based on a minimum of 3 years' experience and in reserve-account States that before an employer's rate can be reduced he must have accumulated enough in his reserve account to meet the standards in section 1602 (a) (3) of the Internal Revenue Code. Legislation in recent years has been marked by the general extension of transfer provisions making the con-

ditions under which experience-rating records are transferred less and less restrictive.

In 1945, all but one<sup>39</sup> of the 45 States with experience rating had transfer provisions. In 1949 all the 51 State laws include provision for transfers.

In 1945 only three<sup>40</sup> of the States made provision for partial transfers. The others limited transfers to those situations in which the successor acquired all or substantially all of his predecessor's business. In 1949, 19 States<sup>41</sup> provide for partial as well as total transfers—that is, the laws provide for the transfer of only a part of the experience-rating record when only a portion of a business is acquired by a successor employer. The other 32 States still limit the transfer provisions to instances in which the acquisition includes all or substantially all of the predecessor's business.

In 1945 in only 15 States<sup>42</sup> was the transfer of the record mandatory if

<sup>39</sup> Idaho.

<sup>40</sup> Indiana, Pennsylvania, Wisconsin.

<sup>41</sup> California, the District of Columbia, Florida, Indiana, Kansas, Louisiana, Maryland, Montana, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, Texas, Utah, Virginia, Washington, Wisconsin.

<sup>42</sup> Arkansas, California, Colorado, Georgia, Illinois, Iowa, Kentucky, Maine, Massachusetts, Missouri, Nebraska, New Hampshire, New Jersey, Oregon, South Carolina.

the transfer of the business came within the terms of the provision; in 6 States<sup>43</sup> the transfer was not made without the consent of both predecessor and successor; in 3<sup>44</sup> the consent of the successor alone was needed; and in 1,<sup>45</sup> the consent of the predecessor. In 14 States<sup>46</sup> the transfers could be made at the discretion of the agency. In 1949 a higher proportion of States make statutory provision for the mandatory transfer of the record in case of the business transfer. In 35 States<sup>47</sup> the record must be transferred if the successor acquires the total business and in 8 States<sup>48</sup> if he acquires a portion of the business.

<sup>43</sup> Hawaii, North Carolina, Pennsylvania, South Dakota, Virginia, Wyoming.

<sup>44</sup> Arizona, the District of Columbia, Kansas.

<sup>45</sup> Florida.

<sup>46</sup> Connecticut, Delaware, Indiana, Louisiana, Maryland, Michigan, Minnesota, New Mexico, North Dakota, Ohio, Oklahoma, Texas, Vermont, Wisconsin.

<sup>47</sup> Alabama, Alaska, Arizona, Arkansas, California, Colorado, the District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.

<sup>48</sup> California, the District of Columbia, Indiana, Louisiana, Maryland, Utah, Washington, Wisconsin.