8 percent of the total population, who have reached the age of 65. By 1960, about 15 million people, or about 9 percent of the population, will have reached that age. Our systems of protection against the economic hazards of old age and dependency are inadequate. There are now some 17 million jobs in which workers cannot build up wage credits for old-age retirement. The coverage of old-age and survivors insurance should be extended, and benefits should be adjusted upward with a higher limit upon earnings which may be received after retirement without loss of benefits. A lowering of the retirement age will be feasible in future years as we attain the levels of national output that sustained maximum employment and production will bring . . ."

Supplementing the two insurance programs are the public assistance programs, financed by States with the aid of Federal grants. In terms of the number of people aided and of total expenditures, the public assistance programs are now more significant than the social insurances. "About 4 million people now depend on public assistance, in part because existing social insurances, particularly old-age and survivors insurance, are deficient and because there is no national health insurance program. Expansion of social insurance will decrease the need for public assistance expenditures, but those who must still rely on public assistance should receive adequate payments. The Federal Government should make grants to States to help them finance general assistance payments, and all public assistance grants should take account of variations in the ability of the States to finance adequate assistance programs."

Pointing out that the whole question of benefits cannot be divorced from the question of the cost of the payments and how these costs are borne, the President declared that "It is of paramount importance to bear in mind that the costs of unemployment, old age, and sickness are borne by the community whether social security measures exist or not. Social security measures involve a change in the distribution of money, goods, and services among consumers only to the extent that the existence of the measures diverts additional funds to the support of the aided groups. This diversion does occur, but the additional funds are far less than the total volume of benefits provided under the programs.

"Nevertheless, the fact that wage earners' risks are met under social security measures through payments derived from taxes rather than directly from private sources in itself has economic implications. The social insurances are now financed by employees' contributions and employers' pay-roll taxes; the public assistance payments are financed from general revenues. Employees' pay-roll taxes place a heavy drain upon mass purchasing power while the employers' share of these taxes adds to costs of production. In financing an expanded social insurance program, these economic aspects should be considered."

Higher Educational Institutions and Social Security

By Dorothy F. McCamman*

Part of the solution to present-day problems of recruiting staffs for institutions of higher education lies in providing old-age and survivorship protection that is at least as adequate as that available in other employments. An evaluation of existing protection for college and university personnel indicates that the basic social security system has an important role to play in strengthening the economic security of staff members and their families and in placing the educational institution as an employer in a more favorable competitive position.

Of the 1,700 higher educational institutions in the United States, about one-third are publicly controlled and two-thirds are under private or denominational control. Employment in all the publicly controlled institutions falls outside the coverage of the old-age and survivors insurance system, by reason of the Social Security Act's exclusion of service performed for Federal, State, and local governments. The private and denominational colleges and universities are predominantly nonprofit in nature, and these are also excluded from old-age and survivors insurance coverage.[1] To what extent, then, has this group of employees achieved, in the absence of the protection of the basic social security system, economic security against wage loss resulting from old age or death?

About 9 out of every 10 public institutions of higher education, but only three-tenths of the private institutions, now have some type of formal retirement plan for their employees. Together, the public and private institutions with plans comprise half the 1,700 universities, senior colleges, professional and technical schools, junior colleges, teachers colleges, and normal schools in the country. The institutions with plans employed 94,500 teachers in 1946, more than three-fourths of the total regular teaching staffs of all higher educational institutions. How many of these 94,500 teachers are actually protected by the retirement plans of their schools is not known. Some individuals may have elected to stay outside the coverage of systems that provide for voluntary participation; others may not have met the age or service requirements set up for participating members. Also unknown is the exact extent to which the administrative personnel of educational institutions and the nonprofessional staff members (clerks, maintenance

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[1] In a calendar quarter in 1945, a total of 105 institutions falling in the classification of junior colleges, colleges, universities, and professional schools were making reports under old-age and survivors insurance for 1,783 employees.

workers, and custodians) have been afforded protection against dependency caused by old age and death. In private colleges especially, most plans are for faculty members exclusively.

To ensure that proposals or legislative action toward extending old-age and survivors insurance coverage may be based on adequate knowledge of the current situation, the Social Security Administration has been assembling data on plans now in operation for the retirement and survivorship protection of employees of higher educational institutions. This article summarizes available information on existing provisions and discusses briefly the role the basic social security system might play in increasing the protection of this group. No measurement is included in this analysis of protection which these employees can purchase or have purchased through private channels or of protection provided by the institution through informal arrangements.

Existing Protection

A brief explanation of the method used in developing the estimate of the number of teachers in institutions with plans may aid in the understanding and proper use of the figures. The estimates shown in table 2, originally prepared by the Office of the Actuary and the Division of Coordination Studies, Bureau of Research and Statistics, for use of the President's Commission on Higher Education, have been refined for inclusion in this article.

In general the 1947 *World Almanac* was used as the source for data on the number of teachers employed by institutions of higher education. That volume lists information on each institution included in the 1945–46 Educational Directory of the Office of Education (Part 3, Colleges and Universities). The Almanac data are "from questionnaires returned by the institutions in the year 1946." The questionnaires were mailed out early in June, with a follow-up in mid-August. It is probable, therefore, that most institutions have used the school year 1945–46 in reporting the number of teachers; for convenience, the period to which the estimate relates is referred to as "1946." The Almanac data on number of teachers exclude summer or extension staff teachers as well as all staff members engaged solely in administration; for colleges and universities, teachers are defined as those "for the regular courses leading to degrees." Adjustment of the figures in the Almanac was made in the case of junior colleges for which the number of teachers reported was out of line with the enrollment; in such cases it was assumed that teachers dividing their time between high school and junior college classes had been included.

Information in the files of the Social Security Administration, publications of the National Education Association, and lists made available by the Teachers Insurance and Annuity Association (referred to hereafter as the TIAA) were used in determining which institutions have retirement plans. The Educational Directory was used in identifying the institutions to which State-wide public retirement laws applied, and in classifying institutions as public or private and by type.

No measurement of the number of college and university employees who actually have retirement protection can be made on the basis of data now available. Even the total number of employees of such institutions can be gauged only roughly. Using the Almanac data as a base, it is estimated that the number of teachers (excluding summer or extension staff teachers) employed by higher educational institutions in 1946 was in the neighborhood of 120,000 to 125,000.[2] The Biennial Survey of Education for 1943–44, with data from 95 percent of the higher educational institutions of the country, reports an unduplicated total—not adjusted to full-time positions—of 112,000 teachers in resident instruction (excluding teachers engaged only in extension service work or for the summer session) in the reporting institutions. The total professional staff in these institutions (including staff engaged in general administration, extension service, and organized research, but excluding those employed in summer sessions only) is 151,000. If this ratio of resident instructional staff to total is used to inflate the Almanac figures, the total professional staff (not reduced to a full-time basis) would amount to about 165,000. There is no recent information at hand to indicate the number of nonprofessional staff members or the proportion that this group forms of the entire staff. It has been estimated on the basis of 1937–38 data that these nonprofessional employees represent slightly less than 30 percent of the total staff in all higher institutions, public and private, taken as a group.[3] If this proportion still holds, the 1946 employment of this group by higher educational institutions might total as much as 225,000.

Among the estimated 60,000 nonprofessional employees, relatively few have retirement protection; most institutions using TIAA contracts have failed to provide protection for maintenance and other nonprofessional employees, and membership in the State-wide teachers' systems is commonly open only to the professional staff. Of the 165,000 professional employees, probably at least 35,000 work in institutions without plans. Of the estimated 130,000 professional employees in institutions with plans, perhaps as many as one-tenth work only part-time and may therefore be excluded from the retirement plan, and an additional but unknown proportion have elected not to participate or have not met the eligibility requirements. It is probably conservative, therefore, to estimate the total num-

[2] The Almanac reports a total of 119,123 teachers at higher educational institutions, as follows: 99,194 teachers at 825 "senior colleges," 9,771 teachers at 217 teachers colleges and normal schools, and 10,158 teachers at 442 junior colleges. A high proportion of the 1,045 university, senior college, and professional and technological schools listed in the Educational Directory do not appear in the Almanac list of senior colleges. The institutions not included in the Almanac are predominantly private or denominational professional schools, of which the Directory lists more than 200. Inasmuch as such institutions have small staffs, on the average, adjustment of the Almanac total would probably not raise the number of teachers at colleges, universities, and professional schools to more than 104,000 or 105,000. If the junior college total is reduced to 8,000 to take account of teachers occupied primarily with high-school classes, the estimated total of teachers at higher educational institutions would be 122,000 to 123,000.

[3] For estimates of employment at higher educational institutions with plans in 1940, see "Higher Educational Institutions and the Social Security Act," by Merrill G. Murray and Ilse M. Smith, *Social Security Bulletin*, December 1940, pp. 21–28.

ber of higher educational employees without protection at 75,000 to 100,000.

Of the approximately 105,000 teachers at senior colleges, universities, and professional schools in 1946, an estimated 81,800 or 78 percent were teaching in institutions with plans. The most common form of plan at this level is the TIAA contract, used by private institutions that—in the aggregate—employed 37,800 teachers and by public institutions with total employment of 8,600 teachers. Membership in publicly administered retirement systems is available to universities and colleges, whose faculties totaled 28,700. Private colleges with self-administered plans or with plans insured other than under TIAA employed the remaining 6,700 teachers.

Of the approximately 10,000 teachers employed by teachers colleges and normal schools, 8,100 were in schools with plans. Except for a relatively small number, retirement protection for this group is afforded by publicly administered retirement systems with State-wide coverage.

Using the Almanac data for junior colleges with adjustments based on enrollment when necessary, it is estimated that junior colleges employed about 8,000 teachers in 1946.[4] Approximately 4,600 or 58 percent of these teachers were on the staffs of schools with retirement plans, and all but 400 of them were in schools covered by publicly administered retirement systems.

A teacher employed by a publicly controlled institution is more likely to have an opportunity to participate in a retirement plan than is a teacher at a private school. The number of institutions with plans in relation to the total number of institutions, by type, is shown in table 1. In each type of institution, a larger proportion of the public schools than of the private have plans. A rough measurement of the less complete coverage in private institutions may be obtained by comparing the estimates in table 2 with data from the Biennial Survey of Education, 1943–44; 58 percent of all teachers conducting resident classes were in private colleges, but only 48 percent of all teachers in institutions with plans were employed by private schools.

The geographic distribution of institutions of higher education in the continental United States, and of their instructional staffs, is shown in table 3. No direct comparison can be made between the size of the resident instructional staff in 1943–44 and the number of teachers employed in 1946 by institutions with retirement plans. The percentage distributions, however, indicate that there are wide variations among the States in the ratio of teachers at institutions with plans to all teachers in the State. Additional indications of the location of the gaps in coverage—but not of the magnitude of the groups affected—appear in the detailed distribution of all institutions and of institutions with retirement plans (table 3).

Of the 94,500 teachers on the staffs of higher educational institutions with plans, 50 percent were at public or private institutions using TIAA contracts and 43 percent were at public institutions covered by publicly administered retirement plans. The other 7 percent is accounted for by plans of private institutions which are self-administered or insured other than under TIAA. The protection afforded by the two major types of plans is summarized below.

Public retirement systems for

Table 1.—*Total number of institutions of higher education in continental United States and number of institutions with formal retirement plans, 1946*

Institutions and type of plan	Total	Universities and senior colleges	Professional and technical schools	Teachers colleges and normal schools	Junior colleges
Public and private institutions, total	1,695	779	266	215	435
Institutions with plans	843	428	46	164	205
Public retirement systems [1]	475	113	15	158	189
TIAA contracts	292	254	19	6	13
Other [2]	76	61	12		3
Public institutions, total	559	146	21	177	215
Institutions with plans	505	137	15	162	191
Public retirement systems [1]	475	113	15	158	189
TIAA contracts	30	24		4	2
Private institutions, total	1,136	633	245	38	220
Institutions with plans	338	291	31	2	14
TIAA contracts	262	230	19	2	11
Other [2]	76	61	12		3

[1] Includes an insignificant number of reinsured plans other than those under the Teachers Insurance and Annuity Association.

[2] Plans of private institutions which are self administered or insured other than under TIAA.

Table 2.—*Estimated number of teachers in higher educational institutions with formal retirement plans, 1946*

[Rounded to nearest hundred; totals are sums of unrounded figures]

Institutions and type of plan	Total	Universities and senior colleges	Professional and technical schools	Teachers colleges and normal schools	Junior colleges
Public and private institutions, total	94,500	77,300	4,500	8,100	4,600
Public retirement systems [1]	40,400	27,000	1,700	7,500	4,200
TIAA contracts	47,300	44,500	1,900	600	300
Other [2]	6,800	5,800	900		100
Public institutions, total	49,600	35,600	1,700	8,000	4,200
Public retirement systems [1]	40,400	27,000	1,700	7,500	4,200
TIAA contracts	9,100	8,600		500	(3)
Private institutions, total	45,000	41,700	2,800	100	400
TIAA contracts	38,200	35,900	1,900	100	300
Other [2]	6,800	5,800	900		100

[1] Includes an insignificant number of reinsured plans other than those under the Teachers Insurance and Annuity Association.

[2] Plans of private institutions which are self-administered or insured other than under TIAA.

[3] Less than 50.

[4] The Office of Education estimates that, in the fall of 1945, the resident instructional staff (full-time and part-time) of junior colleges and normal schools other than Negro institutions numbered 7,900 (Statistical Circular SRS–21.3–016, table 8). The subtraction of normal schools, which had a total administrative and instructional staff of only 406 in 1943–44, would probably be more than offset by the addition of the instructional staff of the 18 Negro junior colleges.

teachers.—Retirement protection for the faculty of higher educational institutions under public control is usually effected through affiliation with State-wide self-administered systems covering persons teaching at all educational levels. All States now provide for teacher retirement, either by systems primarily established for public school teachers or by systems for public employees that include teachers. Most of these State-wide systems cover the instructional staff of at least some of the public institutions of higher learning; some, however, limit their coverage of higher educational institutions to teachers colleges and normal schools. Public retirement protection for higher educational employees has also been effected—but in relatively few instances—through the establishment of a separate State system limited to university and college staffs, and through the coverage of municipal college staffs in municipally administered systems.

The State-wide systems covering teachers, while differing greatly in their maturity and specific provisions, have basic similarities.[5] These systems are designed primarily for retirement after many years of service. Most plans make no provision for the family of a teacher who dies in service except to refund his accumulated contributions. Monthly benefits for the survivor of a retired teacher are provided only if the member has chosen to take a reduced benefit during his lifetime. Although these provisions may serve the needs of the woman teacher without dependents, they fall short of providing adequate protection for the family of the typical college professor. Of the total resident instructional staff of institutions of higher education in 1943–44, 70 percent were men. At the time of the 1940 census, men comprised a slightly higher proportion (73 percent) of the group classified as employed "college presidents, professors and instructors"; three-fourths of these men, or 55 percent of the entire group, were married and had a wife "present in the household."

Most of the systems require relatively long periods of service as a condition for receipt of disability benefits. The amount of the benefit is small if disability occurs much before normal retirement age.

The teachers' systems have pioneered in the public retirement field by crediting or permitting members to purchase credit for out-of-State service. Nevertheless, a large number of the systems make no such provision, and most of the others set a limit on the years of out-of-State service

[5] The specific provisions are contained in the pamphlet, *Statutory Provisions for Statewide Retirement Systems*, published by the National Education Association, January 1946.

Table 3.—*Selected State data relating to higher educational institutions: Size of resident instructional staff, estimated number of teachers at institutions with formal retirement plans, and total number of institutions by type and number with plans, by State*

State	Resident instructional staff, 1943–44[1]		Teachers in institutions with plans, 1946[2]		Number of institutions, 1945–46: All types		Universities and senior colleges		Professional and technical schools		Teachers colleges and normal schools		Junior colleges	
	Number	Percentage distribution	Number	Percentage distribution	Total	With plans	Total	With plans	Total	With plans	Total	With plans	Total	With plans
Total	111,981	100.0	94,500	100.0	1,695	843	779	428	266	46	215	164	435	205
Ala.	1,349	1.2	1,200	1.2	26	13	13	7	3	1	5	5	5	------
Ariz.	343	.3	400	.5	6	5	1	1	1	------	2	2	2	2
Ark.	886	.8	700	.7	24	15	13	7	1	------	2	2	8	6
Calif.	7,717	6.9	6,800	7.2	95	67	35	24	15	2	------	------	45	41
Colo.	1,261	1.1	1,700	1.8	17	14	6	4	2	1	3	3	6	6
Conn.	1,765	1.6	1,300	1.4	24	6	7	5	5	1	6	------	6	------
Del.	158	.1	100	.1	4	1	2	1	1	------	------	------	1	------
D. C.	1,990	1.8	1,300	1.4	25	8	11	4	6	------	2	2	6	2
Fla.	893	.8	700	.8	16	6	11	4	1	------	------	------	4	2
Ga.	1,816	1.6	1,900	2.0	51	25	24	13	9	2	1	1	17	9
Idaho	355	.3	300	.3	8	6	3	2	------	------	2	2	3	2
Ill.	8,025	7.2	5,900	6.3	105	33	36	20	36	4	11	6	22	3
Ind.	2,546	2.3	2,100	2.3	38	16	25	12	8	2	2	2	3	------
Iowa	2,036	1.8	1,300	1.4	46	26	24	13	2	------	1	1	19	12
Kans.	1,797	1.6	400	.4	43	19	19	6	1	------	2	------	21	13
Ky.	1,482	1.3	1,000	1.0	39	14	14	8	6	------	5	4	14	2
La.	1,830	1.6	1,800	1.9	18	9	16	8	1	------	1	1	------	------
Maine	499	.4	400	.4	13	8	6	4	1	------	4	4	2	------
Md.	2,199	2.0	2,700	2.8	30	18	16	12	6	------	5	5	3	1
Mass.	6,162	5.5	6,000	6.4	69	32	29	17	13	3	16	11	11	1
Mich.	3,653	3.3	3,600	3.8	42	25	21	12	8	1	4	4	9	8
Minn.	2,658	2.4	3,700	3.9	46	23	15	5	9	------	9	6	13	12
Miss.	861	.8	900	.9	33	21	12	7	------	------	2	2	19	12
Mo.	3,725	3.3	1,800	1.9	54	10	17	9	10	1	7	------	20	------
Mont.	389	.3	300	.3	11	8	4	2	1	1	3	2	3	3
Nebr.	1,281	1.1	700	.7	22	12	13	5	------	------	5	4	4	3
Nev.	70	.1	100	.1	1	1	1	1	------	------	------	------	------	------
N. H.	568	.5	500	.5	8	2	5	2	------	------	2	------	1	------
N. J.	1,552	1.4	1,000	1.0	32	14	10	4	9	3	7	6	6	1
N. Mex.	347	.3	400	.5	8	7	3	3	1	1	3	2	1	1
N. Y.	14,383	12.8	14,200	15.0	115	68	54	32	30	15	17	12	14	9
N. C.	2,643	2.4	2,100	2.2	52	23	26	16	------	------	6	6	20	1
N. Dak.	477	.4	500	.5	12	10	4	2	------	------	5	5	3	3
Ohio	5,701	5.1	5,200	5.5	66	30	46	29	16	1	2	------	2	------
Okla.	1,518	1.4	1,400	1.5	34	27	11	8	1	------	6	6	16	13
Oreg.	1,068	1.0	1,100	1.1	20	10	12	6	1	------	5	3	2	1
Pa.	8,064	7.2	5,800	6.1	105	45	53	28	28	3	14	14	10	------
R. I.	498	.4	400	.4	8	3	3	2	3	------	2	1	------	------
S. C.	1,131	1.0	800	.9	33	12	20	11	3	1	------	------	10	------
S. Dak.	495	.4	500	.5	16	10	7	5	1	1	4	4	4	------
Tenn.	1,849	1.7	1,400	1.5	48	17	27	10	7	------	5	5	9	2
Tex.	4,355	3.9	3,300	3.5	84	45	34	17	5	------	7	7	38	21
Utah	687	.6	900	1.0	10	7	5	3	1	------	------	------	4	4
Vt.	483	.4	400	.4	11	8	6	4	------	------	3	3	2	1
Va.	2,492	2.2	1,900	2.0	44	17	21	13	7	2	3	2	13	------
Wash.	1,439	1.3	1,100	1.2	23	15	11	5	------	------	5	3	7	7
W. Va.	899	.8	900	.9	19	14	11	7	------	------	6	6	2	1
Wis.	2,607	2.3	1,800	2.0	39	18	15	8	7	------	13	10	4	------
Wyo.	132	.1	------	------	2	------	1	------	------	------	------	------	1	------

[1] Resident instructional staff during 1943–44 for all institutions reporting in Biennial Survey of Education, 1942–44. Total includes 847 instructors of U. S. Service Academies not distributed by State. Federal Security Agency, U. S. Office of Education, *Statistics of Higher Education, 1943–44*, table 5.

[2] Number of teachers as reported to 1947 *World Almanac* in answer to questionnaires sent out in 1946. Rounded to nearest hundred; total is sum of unrounded figures.

that may be credited. Even the most liberal of the provisions of this type fail to meet the needs of teachers moving between public and private institutions or shifting to other types of employment. Almost without exception, in case of transfer out of public employment, no accumulation of employer contributions vests in the withdrawing employee.

In systems that specify a single contribution rate for all members, the rate is frequently 5 percent of annual salary. Many of the systems use rates actuarially fixed to produce an annuity of the desired size at retirement after a specified period of service; such systems often provide that the rate may not exceed 5 percent or that, if more, the member may elect to contribute only 5 percent. The contribution of the public, in the role of employer, usually amounts to a matching of the employee contribution plus an amount to meet the accrued liability for service creditable to original members but performed prior to enactment of the system. In a number of the plans the contribution—and the amount credited in determining benefits—applies only to a limited compensation, such as the first $1,800 or $2,400 of annual salary; in many cases, therefore, the retirement benefits are inadequate for college faculties.

Teachers Insurance and Annuity Association.—TIAA, a legal reserve life insurance company, was organized at the suggestion of the Carnegie Foundation for the Advancement of Teaching to issue life insurance and annuity contracts to employees of universities and colleges. TIAA retirement annuity contracts are the basic contracts used by a large majority of the colleges and universities that have inaugurated contributory retirement plans and finance them by means of annuity contracts. The contract belongs to the staff member; if his employment relations are broken, he carries his contract with him and may continue premium payments himself or may share the payments with a subsequent employer. The contracts do not provide for lump-sum settlement to the staff member, thus assuring that the primary purpose of providing retirement income will not be thwarted. At retirement the annuitant may choose between various options ranging from an annuity with payments ceasing at his death to an annuity with payments of the same amount to his wife after his death. If the staff member should die before his annuity payments begin, the full accumulation to the credit of the contract is the basis of a benefit payable to a specified beneficiary; a number of different income methods of settlement are provided.

Most of the TIAA contracts are purchased with premiums of 10 percent of salary shared equally between the college and the individual. The inadequacy of this contribution rate has been emphasized by TIAA officials. As long ago as 1943, Rainard B. Robbins, vice president of the Association, declared: "Until the late 1920's a professor who started contributions of 5 percent of salary at age 35 with the employing college making equal payments could look forward to retirement income at age 65 of more than half salary; today the prospect of a corresponding professor is about one-third of salary. This is due largely to the impact of lower interest rates and evidences of greater longevity on the part of annuitants." [6]

A recent annual report of the TIAA states: "Many colleges recognize the inadequacy of the present 5-percent matched contributions. A few have already increased contributions and a number of others are actively considering ways and means of correcting this defect. Some have hoped for relief through extension of the coverage of the Social Security Act."

Extension of Social Security Coverage to Employees of Higher Educational Institutions

Exclusion from coverage under old-age and survivors insurance of employment for nonprofit institutions and for State and local governments was due primarily to problems involved in taxing such pay rolls. The constitutionality of levying the Federal social insurance tax on State and local governments in their role as employer is open to question. Moreover, some groups of public employees feared that their existing retirement systems would be weakened if coverage were extended to State and local employment, and they therefore actively opposed coverage. In the case of nonprofit institutions, some feared that to levy the employer's tax would undermine the traditional tax-exempt status of organizations operated chiefly for educational, religious, and charitable purposes. Some leaders in the nonprofit field believed that an extension of old-age and survivors insurance to that area might impair religious and academic freedom, the traditional separation of church and state, and public encouragement of religious, educational, and philanthropic enterprises.

A gradual shift of sentiment has been apparent in recent years, evidenced by the fact that many of the representatives of the groups once opposing coverage are now actively supporting an extension of the Federal program. Among such groups is the American Council on Education, which includes in its membership about 110 national organizations operating in the field of education and some 7,000 to 8,000 institutional members — colleges, universities, State school systems, local school systems, and private schools. In his testimony at the social security hearings in March 1946, Dr. George Zook, president of the Council, recommended the extension of old-age and survivors insurance coverage to the faculties and other employees of higher educational institutions. Dr. Zook pointed to the findings of a survey conducted by the Council in 1941–42, at which time about four-fifths of the college executives canvassed "expressed themselves in favor of going under the provisions of old-age and survivors insurance." [7]

As early as March 1939 the Association of American Colleges resolved: "That the Association of American Colleges favors the recommendation of the National Advisory Council on Social Security that colleges and universities be included in the operation of the Social Security Act and that

[6] "Adequacy of Benefits Under College Retirement Plans," *Association of American Colleges Bulletin*, December 1943, pp. 457–476.

[7] *Amendments to Social Security Act: Hearings Before the House Committee on Ways and Means*, 79th Congress, February–June 1946, p. 856.

the Board of Directors appoint a special committee to support this action." The Committee on Insurance and Annuities of the Association of American Colleges has subsequently recommended on a number of occasions that the Association reaffirm its position in favor of inclusion under old-age and survivors insurance, stating: "In the long run, financially and socially, we believe that it is in the best interest of the colleges to come under the coverage of this Act. . . ." A statement urging the extension of old-age and survivors insurance to all employees of nonprofit educational institutions was presented by the Association of American Colleges at the 1946 hearings of the House Ways and Means Committee.

Other organizations and individuals appearing before the Ways and Means Committee to urge an expansion of old-age and survivors insurance coverage recommended that employment for educational institutions be covered. Many individuals—teachers, maintenance workers, and other employees of higher educational institutions—have written to the Social Security Administration to express their concern over their exclusion from the program.

Problems of taxation need not bar governmental and nonprofit employees from the protection of the social security program. A specific provision to the effect that the contributions paid by employers are not to be regarded as general-purpose taxes or as a precedent for such taxes might reassure college officials that the intent is to preserve the traditional tax-exempt status of nonprofit institutions. If employees of State and local governments were to be covered by means of voluntary compacts between the State and the Federal Government, the payment of the employer tax would be voluntary and questions of sovereignty and constitutionality need not arise.

Advantages of extension of coverage.—Teachers and other employees of higher educational institutions would gain three major advantages from coverage under old-age and survivors insurance.

The large group of employees now without any systematic retirement provision would gain protection against want in their old age. Although the size of this group cannot be definitely determined, it may be in the neighborhood of 75,000 to 100,000. Many of these workers now without protection are in relatively low-paid occupations, such as clerical and maintenance work, and many or most of them are presumably unable to provide, as individuals, for their old age. If they were doing the same type of work for an industrial or commercial concern, they would have basic protection for themselves and their dependents through the old-age and survivors insurance system.

Teachers and other employees of higher educational institutions would gain survivorship protection. This advantage is of importance to employees who are members of plans that are designed primarily to provide retirement income as well as to employees who are not covered by any type of plan. The predominance of married men on the faculties of colleges and universities is an indication of the urgent need for survivorship protection.

Finally, employees who spend only part of their working lifetime in the nonprofit or governmental field would have continuity of protection under old-age and survivors insurance. Their protection under the basic Federal program would increase while they were working in these fields and would not, as at present, be impaired or lost. The wage credits accumulated in other jobs—during the summer, for instance—would be combined with credits earned in their regular employment for educational institutions.

Coordination with the Federal program.—No employee of a higher educational institution need suffer any loss of protection through coverage under the Federal social insurance program. It has long been recognized that teachers should have more than the minimum benefit furnished by the Federal social insurance system. The objective is to increase, not decrease, the protection available to such workers and their families. Both types of program—the basic national system and the specific plan for school employees—have definite roles to play in achieving this objective.

The basic social insurance system would provide continuing protection, crediting all service no matter where or in what occupation, and would assure that the employee and his family, or his survivors, receive a benefit sufficient to provide the essentials of life when earnings cease because of old age or death. The special plan would supplement this basic protection. It would continue to make the profession of teaching attractive by rewarding the teacher who spends much of his working life in this field with a substantial benefit in addition to the basic benefit of the Federal system.

Under such a plan the limitations of a special system are balanced by the strength of an underlying program. The fact that State and local retirement systems cannot provide adequately for persons who move in and out of government service becomes less serious when all governmental as well as nongovernmental employment can be credited under the basic system. Retirement benefits under the social insurance system are increased if the beneficiary has eligible dependents; under the usual special plan for teachers, retirement benefits are decreased if the teacher wishes to provide monthly benefits for his dependents after his death. The monthly benefits which the social insurance system would pay to the families of educational employees who die before retirement age might continue long after the family had used up the lump-sum refund of contributions—usually the only survivor payment made by the State and local systems in such cases.

This teamwork could also be carried over to permanent disability insurance, if the social security program is amended as proposed. Faculty members and other school employees are now inadequately protected against the risk of premature retirement due to disability. Most of the State and local retirement systems require relatively long periods of service as a condition for receipt of monthly disability benefits, and the amount of the benefit is small if disability occurs much before normal retirement age. Perhaps as many as half the disabilities occur well before retirement age. The need for income at this time—when family responsibilities may be at their height and there has been insufficient time or opportunity to accumulate private savings—is at least as great as the need for income during old age. The period required to establish eligibility for disability benefits under the social security system would probably be shorter than under the special plan, and although basic benefits might be relatively low, additional allowances could probably be made for dependents.

The type of coordination proposed is similar to that which is now being used in private industry. The successful adaptation of industrial retirement systems which were in operation when old-age and survivors insurance began, refutes the argument that existing special plans for teachers would be destroyed if coverage of the Federal system were extended to employment in governmental and nonprofit schools.

There is no tailor-made formula for adaptation of all existing plans covering teachers. The problems involved in coordinating the State-wide public retirement systems with the Federal program would differ from those encountered in coordinating a plan that involves TIAA contracts. The problems of covering teachers who have already built up equities in existing plans will be more difficult than the problems of providing supplementary protection for teachers who come within the scope of the special plan at a future date. But these problems are by no means insurmountable, and the TIAA has already announced its willingness to tackle them: " . . . if a college were brought under the Social Security Act, its retirement plan could be modified as might seem desirable or necessary, and annuity rights already established would persist and would supplement whatever benefits might thereafter be established under either the national retirement plan or a modification of the college's private plan. If and when the social security legislation is extended to employment for colleges and universities, officers of TIAA will be ready to counsel with college officers as to desirable changes in plans involving its contracts."[8]

[8] Teachers Insurance and Annuity Association, *Planning a Retirement System*, 1945, p. 30.

Conclusion

Higher educational institutions have long been interested in providing their staff members with a guarantee against dependency in old age. Such a guarantee has placed colleges in a favorable position when competing for high-caliber personnel with employers who may be able to offer greater and more immediate financial inducements. Educational institutions have found that a retirement plan pays dividends also in the form of high morale and efficiency, in that it increases the security of the individual and at the same time makes possible the advancement of the younger staff members.

But despite many years of operation of retirement provisions for employees in institutions of higher education, perhaps as many as 75,000 to 100,000 employees—out of a total of approximately 225,000—lack protection against loss of income in old age. Their families, and the families of many of the staff members covered by retirement plans, lack basic protection against dependency caused by the breadwinner's death.

The national program of old-age and survivors insurance can provide maximum protection at reasonable cost for employees who do not now have economic security against wage loss resulting from old age or death. Moreover, old-age and survivors insurance can serve as a foundation for the supplementary retirement protection which would make employment for educational institutions even more attractive.

Many officials and employees of colleges and universities are now fully aware of the advantages of inclusion and are urging that the Social Security Act be amended to permit the coverage of employment performed for higher educational institutions.

Old-Age and Survivors Insurance for Agricultural and Domestic Workers and the Self-Employed

A report exploring alternative methods of extending coverage to the self-employed and to agricultural and domestic employees was recently published by the Division of Tax Research of the Treasury Department.[1] *Because of the pertinence of its subject, the Bulletin is reproducing here the introductory section of the report.*

The Social Security Act, approved on August 14, 1935, provided the United States for the first time with a general old-age insurance program and shifted this country from among the more backward to the more advanced countries in the field of social security. Its comprehensive character notwithstanding, the 1935 act provided old-age insurance coverage for only part of the country's population; it left large groups of people outside the program.

The principal groups excluded from the benefits of the old-age insurance program were agricultural workers, domestic service workers, self-employed persons, government employees, employees of educational, religious, and charitable organizations, and persons employed in the railroad industry. In 1946, these categories included about 30 million people and represented approximately 40 percent of the country's paid employment.

The exclusion of the several groups from the program was prompted by different reasons. Railroad employees were covered by a separate system established by the Railroad Retirement Act of 1935. Government employees were excluded partly because some were covered under existing pen-

[1] *The Extension of Old-Age and Survivors Insurance to Agricultural and Domestic Service Workers and to the Self-Employed*, November 1947. The study does not discuss the question of public policy involved in extending coverage or offer specific recommendations.