

Notes and Brief Reports

Assistance Payments in Relation to Federal Maximums

For the second time in 2 years the maximum assistance payments in which the Federal Government will participate have been increased and the formula for determining the extent of Federal participation in the payments has been revised. The first increase was effective in October 1946, when Federal maximums were raised from \$40 to \$45 a month for old-age assistance and aid to the blind and from \$18 for the first child and \$12 for each additional child to \$24 and \$15, respectively, for aid to dependent children. The second increase begins on October 1, 1948. Federal maximums will then be \$50 a month for an aged or blind person and \$27 for the first child and \$18 for each additional child in a family of dependent children. These increases were made to enable States to make larger payments to recipients and thus compensate for higher living costs.

In September 1946, before the 1946 amendments became effective, about one-third of the payments for old-age assistance and aid to the blind and almost three-fourths of the payments for aid to dependent children were at or above the Federal maximums applicable in that month. In October 1947, a year after the maximums were raised, approximately the same proportion of recipients of old-age assistance and aid to the blind received payments at or above the new maximums, whereas two-thirds of the payments for aid to dependent children were at or above the maximums.

The clustering of payments in all three programs at the Federal maximums in some States and the substantial proportion of payments above these maximums in others seem to indicate that, in spite of the increases provided by the 1946 amendments, the maximum payments could not meet the needs of a large number of recipients, according to agency standards in effect in October 1947. In most States, therefore, some payments in

all three programs were above the Federal maximums. Nineteen States, however, made no payments for old-age assistance in excess of these maximums; 18 States made no such payments for aid to the blind; and 15 States made none for aid to dependent children. The following tabulation shows the proportions of payments at the Federal maximums in those States in October 1947.

Proportion of payments at Federal maximums	Number of States		
	Old-age assistance	Aid to the blind	Aid to dependent children
Total.....	19	18	15
No payments at Federal maximums.....	6	4	6
Some payments at Federal maximums:			
Less than 25 percent.....	9	10	0
25-49.9 percent.....	3	2	4
50-74.9 percent.....	1	2	2
75-100 percent.....	0	0	3

With few exceptions, the States that made no payments above the Federal maximums were those whose 1946 per capita income was below the national average, and most of them ranked among the lowest third.

In old-age assistance, six States—Delaware, Kentucky, Maine, Mississippi, Missouri, and South Carolina—made no payments at the Federal maximum. All but Missouri had State maximums lower than the Federal maximum of \$45. Missouri had a statutory maximum of \$45, but its effective maximum was only 90 percent of this amount because a shortage of funds had forced a percentage cut in payments. The four States that made no payments for aid to the blind at the Federal maximum were Kentucky, Maine, Mississippi, and South Carolina—all with maximums lower than the Federal limitation. Of the six States that made no payments for aid to dependent children at the Federal maximums, three—Kentucky, Mississippi, and South Carolina—had lower State maximums. Alaska, Missouri, and Texas had maximums as high as or higher than the Federal maximums, but a cut in payments due to shortage of funds had resulted in

effective maximums that were lower than the Federal maximums.

Some payments were larger than the Federal maximums for old-age assistance in 32 of the 51 States; for aid to the blind, in 29 of the 47 States with approved plans under the Social Security Act; and for aid to dependent children, in 35 of the 50 States. The proportion of payments over the maximums varied among these States from a fraction of 1 percent to 96 percent, but in most of them the proportion of such payments was substantial, as is shown in the following tabulation.

Proportion of payments above Federal maximums	Number of States		
	Old-age assistance	Aid to the blind	Aid to dependent children
Total.....	32	29	35
Less than 25 percent.....	13	7	2
25-49.9 percent.....	11	14	2
50-74.9 percent.....	4	5	5
75-100 percent.....	4	3	26

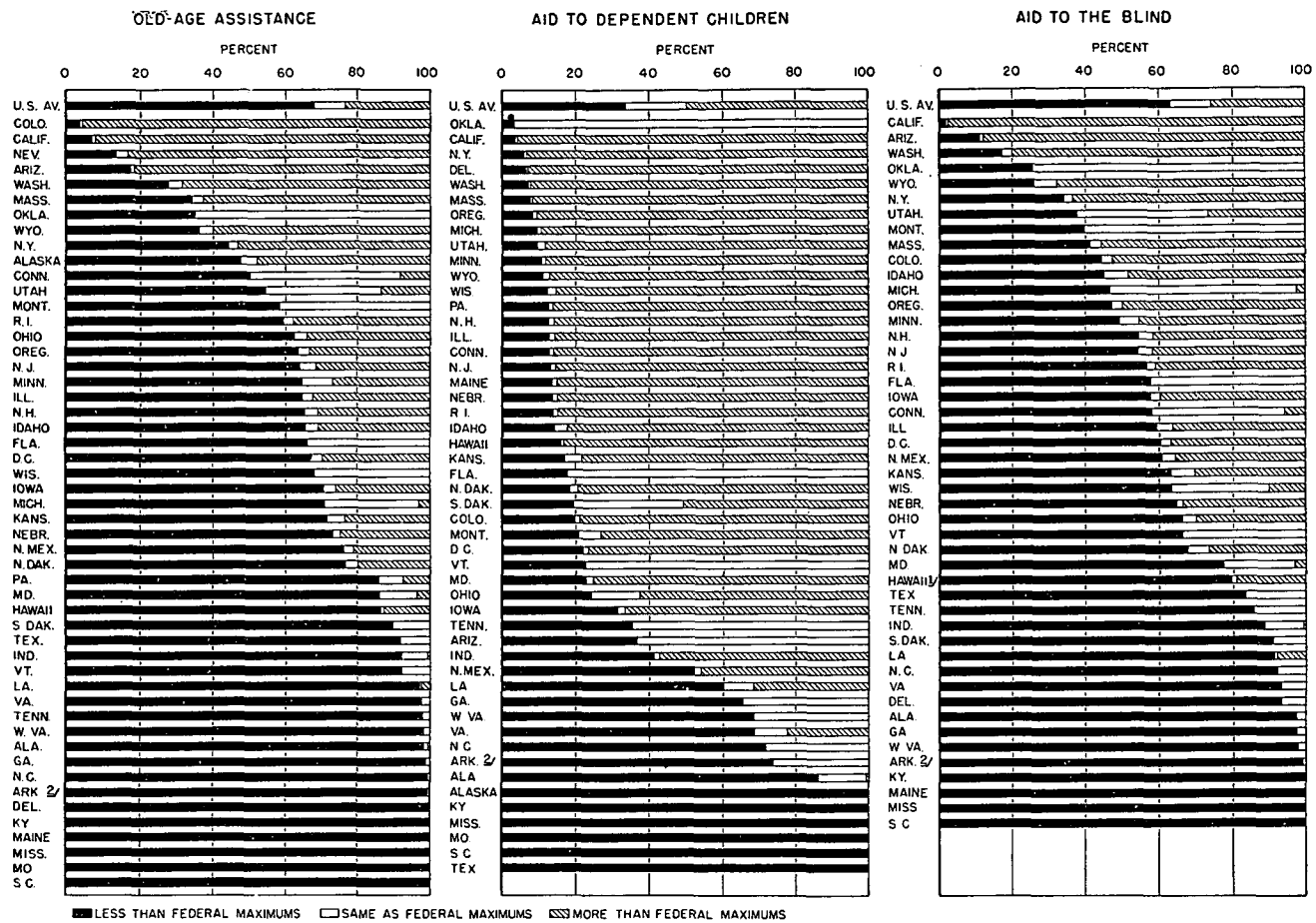
In old-age assistance, six of the eight States and, in aid to the blind, five of the eight States that made more than half their payments above the current Federal maximums had per capita income above the national average in 1946. In all States with per capita income above the national average in 1946 and in 12 States with lower per capita income, more than half the aid to dependent children payments were in excess of the current Federal maximums.

In October 1947, about 23 percent of the payments for old-age assistance, almost 26 percent of those for aid to the blind, and 50 percent of those for aid to dependent children were above the present Federal maximums (chart 1). In view of the increase on October 1, 1948, in the Federal maximums to \$50 for the aged and the blind and to \$27 for the first child and \$18 for each additional dependent child, the proportions of payments already above these amounts is significant. In October 1947, 16 percent of the payments for old-age assistance, almost 19 percent for aid to the blind, and about 46 percent for aid to dependent children were above the new 1948 maximums.

Even when the 1948 amendments

CHART 1.—Percentage distribution of payments in relation to Federal matching maximums, by program, October 1947

[Federal matching maximums: Old-age assistance and aid to the blind, \$45 per month; aid to dependent children, \$24 per month for the first child and \$15 for each additional child]



¹ Percentages computed on base of less than 100.

² Data for September 1947.

are in effect, the maximum amounts in which the Federal Government can participate will still not meet the needs of many persons and families under current budgeting standards and prices. This is particularly true for families receiving aid to dependent children, since nearly half the payments in October 1947 already exceeded the Federal maximums. Despite a 50-percent increase between September 1946 and October 1948 in the Federal maximum for a 2-child family, the maximums in this program are still far less adequate than those for old-age assistance and aid to the blind. The Federal Government can participate in a payment for one aged or blind individual up to \$50, in contrast to \$45 for a mother, incapacitated father, and 2 children.

In spite of the inadequacy of the

Federal maximums, however, the 1948 amendments can increase payments for most recipients. With the additional Federal funds, States will be in a position to revise their standards to take account of higher prices. The resulting increase in payments can amount to as much as \$5 per aged and blind recipient and \$3 per child receiving aid to dependent children, provided the States continue to spend State and local funds at the current rate per recipient. Some States, however, will need to raise their administrative or legislative maximums to permit an increase for recipients whose payments are already at the maximum. Rising case loads, moreover, will make it necessary for some States to spend larger sums from State and local funds if recipients are to receive the full increase in pay-

ments made possible by the new amendments.

Social Insurance and Related Payments in 1947

Disbursements under social insurance and related programs amounted to \$5.6 billion in 1947. The decline from the 1946 total of \$6.0 billion reflects a decrease of \$1 billion in unemployment insurance payments that was only partially offset by increases in retirement, disability, and survivor payments.

Veterans and their survivors received \$3 billion under programs administered by the Veterans Administration. This amount was 54 percent of the total expended. Two-thirds of the payments made under the veterans' programs were for pensions