

dollars would be much less. Thus, if Mississippi were to make the same fiscal effort as New York, by spending for assistance 62 cents per \$100 of income payments, the resulting expenditure per inhabitant would be only \$3.77 compared with \$10.99 in New York. To equal New York's expenditure per inhabitant, Mississippi would have to make more than five times its current fiscal effort.

No matter what standard might be set for a public assistance program, it would always take a larger percent of income payments to maintain that standard in the lowest-income States than in other States. If Mississippi, for example, were to spend as much per recipient from State and local funds as the average State, it would have to devote 1.59 percent of its income to public assistance—almost two and one-half times the Nation-wide average of 0.65 percent and more than was spent in the fiscal year 1950 in any other State except Colorado, Louisiana, and Washington.

Liberalized Eligibility Provisions and Old-Age Benefits

The 1950 amendments to the Social Security Act provide, until the middle of 1954, fully insured status for any individual living on September 1, 1950, who has as many as 6 quarters of coverage. About 700,000 persons aged 65 or over became newly insured as a result of this liberalization in the insured-status requirements and hence became eligible to receive old-age benefits. More than three times as many old-age benefits were awarded in September–November 1950 as in the corresponding period a year earlier, chiefly because of this liberalization.

The newly eligible persons have, on the whole, substantially lower average monthly wages and fewer credited increment years than persons insured under the 1939 amendments. As a result, the average monthly amount of old-age benefits awarded to "new eligibles" is markedly lower than in the case of persons eligible under the 1939 provisions. This benefit pattern was discussed briefly in the February 1951 issue of the BULLETIN (pages

Table 1.—Average monthly amount of old-age benefits newly awarded, by eligibility status and sex of beneficiary, July and September–November 1950

[Based on 20-percent sample]

Eligibility status	Average monthly amount newly awarded						Percentage increase, Sept.–Nov. from July		
	Total		Male		Female		Total	Male	Female
	July	Sept.–Nov.	July	Sept.–Nov.	July	Sept.–Nov.			
Total.....	\$29.13	\$31.36	\$30.32	\$33.15	\$23.24	\$26.01	8	9	12
"New eligibles".....	29.13	25.37	30.32	26.25	23.24	23.07	68	68	73
"1939 eligibles".....		49.02		50.79		40.25			

14–15). Tabulated data for a 20-percent sample of old-age benefits awarded in September–November are now available and bear out the general conclusions reached in that note.

Benefits Awarded

The average old-age benefit awarded during September–November to persons insured under the 1939 amendments was \$49.02, about 68 percent larger than the July average (table 1). The average for the newly eligible group was only \$25.37, however, so that for all old-age benefit awards the average for September–November was only 8 percent higher than that in July. The average old-age benefit awarded in September–November to male beneficiaries eligible under the 1939 amendments was about \$10.50 higher than the average for women, compared to a difference of about \$7.00 in July.

Three-fourths of all old-age benefit awards during September–November were made to newly eligible persons (table 2). The minimum monthly amount of \$20 was payable in 56 percent of the awards to "new eligibles"; for female beneficiaries, comprising more than a fourth of the newly eligible group, 74 percent of the awards were for the minimum amount. Only 8 percent of the newly eligible beneficiaries received monthly benefits of \$40 or more. In contrast, the \$20 minimum was payable in only 7 percent of the awards to "1939 eligibles," while \$40 or more was payable in 79 percent of these cases.

Relatively more awards were made during September–November to old-age beneficiaries aged 65–69 than in July, since the reduction in quarters

of coverage required for insured status is greatest for persons in this age group. (For a person who attained age 65 in the last half of 1950, the reduction is from 27 quarters to 6 quarters.) With respect to "new eligibles" alone, 77 percent of the men and 81 percent of the women were aged 65–69; most of the rest were aged 70–74. Persons who at-

Table 2.—Number and percentage distribution of old-age benefits newly awarded, by eligibility status, amount of benefit, and sex of beneficiary, September–November 1950

[Based on 20-percent sample]

Amount of monthly benefit	Total		Male		Female	
	Number	Per cent	Number	Per cent	Number	Per cent
Total						
Total.....	266,050	100	199,475	100	66,575	100
\$20.00.....	116,498	43	74,333	36	42,165	63
20.01–29.99.....	41,382	16	31,070	16	10,312	15
30.00–39.99.....	39,826	15	33,181	17	6,645	10
40.00–49.99.....	28,287	11	23,626	12	4,661	7
50.00–59.99.....	22,269	8	19,934	10	2,335	4
60.00–68.50.....	17,788	7	17,331	9	457	1
"New eligibles"						
Total.....	198,598	100	143,396	100	55,202	100
\$20.00.....	111,574	56	71,095	49	40,479	74
20.01–29.99.....	37,829	19	28,825	20	9,004	16
30.00–39.99.....	33,536	17	28,975	20	4,561	8
40.00–49.99.....	13,443	7	12,417	9	1,026	2
50.00–59.99.....	1,467	1	1,346	1	121	(1)
60.00–68.50.....	749	(1)	738	1	11	(1)
"1939 eligibles"						
Total.....	67,452	100	56,079	100	11,373	100
\$20.00.....	4,924	7	3,238	6	1,686	15
20.01–29.99.....	3,553	5	2,245	4	1,308	12
30.00–39.99.....	6,290	9	4,206	8	2,084	18
40.00–49.99.....	14,844	22	11,209	20	3,635	32
50.00–59.99.....	20,802	32	18,588	32	2,214	19
60.00–68.50.....	17,089	25	16,593	30	446	4

¹ Less than 0.5 percent.

Table 3.—Number and percentage distribution of old-age benefits newly awarded, by eligibility status, age, and sex of beneficiary, July and September–November 1950

[Based on 20-percent sample]

Age ¹	Total				Male				Female			
	July		Sept.–Nov.		July		Sept.–Nov.		July		Sept.–Nov.	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Total	18,540	100	266,050	100	15,436	100	199,475	100	3,104	100	66,575	100
65–69	13,178	71	193,586	73	10,888	71	141,579	71	2,290	74	52,007	78
70–74	3,669	20	54,429	20	3,092	20	41,712	21	577	18	12,717	19
75 and over	1,693	9	18,035	7	1,456	9	16,184	8	237	8	1,851	3
"New eligibles"			198,598	100			143,396	100			55,202	100
65–69			154,886	78			110,290	77			44,596	81
70–74			43,295	22			32,787	23			10,508	19
75 and over			417	(?)			319	(?)			98	(?)
"1939 eligibles"	18,540	100	67,452	100	15,436	100	56,079	100	3,104	100	11,373	100
65–69	13,178	71	38,700	57	10,888	71	31,289	56	2,290	74	7,411	65
70–74	3,669	20	11,134	17	3,092	20	8,925	16	577	18	2,209	20
75 and over	1,693	9	17,618	26	1,456	9	15,865	28	237	8	1,753	15

¹ Age on birthday in 1950.
² Less than 0.5 percent.

tained age 75 in the first half of 1950 and all those over age 75 were insured under both the 1939 and the 1950 amendments with the minimum 6 quarters of coverage.

With respect to "1939 eligibles" alone, the proportion of old-age beneficiaries in the group aged 75 and over increased from 9 percent for July awards to 26 percent for September–November. This increase was due chiefly to the new provision permitting beneficiaries aged 75 and over to draw benefits regardless of the amount of their earnings.

Benefits in Current-Payment Status

Table 4 shows the number and average monthly amount of old-age benefits in current-payment status

at the end of each month from August to November 1950, by eligibility status. The most significant fact shown by this table is the rapid growth in the number of "new eligibles" receiving old-age benefits; by the end of November the newly eligible group comprised 12 percent of all old-age beneficiaries. This group will continue to grow rapidly for several months until these life claims are taken care of.

The average monthly benefit payable at the end of November to "new eligibles" was only \$25.32, less than the average old-age benefit being paid at the end of August under the 1939 amendments and only slightly more than half the average amount payable to "1939 eligibles" at the end of November. Chiefly because of this low average for "new eligibles," the in-

Table 4.—Number and average monthly amount of old-age benefits in current-payment status at the end of the month, by eligibility status and by month, August–November 1950

[Based partly on 20-percent sample]

Month	Total		"1939 eligibles"		"New eligibles"		
	Number	Average monthly amount	Number	Average monthly amount	Number	Average monthly amount	As percent of all old-age beneficiaries
August	1,405,592	\$26.36	1,405,592	\$26.36			
September	1,444,772	46.62	1,432,558	46.79	12,214	\$26.32	1
October	1,583,318	45.39	1,461,309	46.76	102,009	25.67	7
November	1,681,370	44.38	1,487,514	46.87	193,856	25.32	12

crease from August to November in the average monthly amount for all old-age beneficiaries was only 68 percent, even though the average amount payable to "1939 eligibles" increased during the same period by 78 percent.

Amended OASI Benefit Formula

The substantial increase in benefit levels under old-age and survivors insurance that was provided by the 1950 amendments is effected, for current beneficiaries and those becoming eligible in the near future, largely by means of a conversion table in the amended Act. For beneficiaries becoming eligible later, most of the increase is produced by the use of a new benefit formula. An analysis of the amended formula and its effect on benefits has been made by the Division of the Actuary¹; certain portions of the analysis, which is primarily mathematical and quantitative, are summarized here.

The new formula for calculating the primary insurance amount of individuals who acquire 6 quarters of coverage after 1950 is as follows:

Average monthly wage	Primary insurance amount
\$30 or less	\$20
31	21
32	22
33	23
34	24
35–49	25
50 or more	.50 percent of first \$100 of average monthly wage plus 15 percent of any balance not exceeding \$200.

The formula can be put into a more simplified form for calculating the benefit amount when the average monthly wage exceeds \$100. By an algebraic transformation, the primary insurance amount for average monthly wages of more than \$100 may be expressed as \$35 plus 15 per-

¹ Walter E. Wilcox, *Analysis of the Benefits Under Title II of the Social Security Act Amendments of 1950* (Actuarial Study No. 30).