

Notes and Brief Reports

Economic Status of Aged Persons and Dependent Survivors, June 1952

At the end of June 1952 about 3 in every 10 persons 65 years of age and over in the United States were drawing benefits under social insurance and related programs. Two in every 10 persons in this age group, including several hundred thousand also receiving old-age and survivors insurance, were on the old-age assistance rolls. Approximately half the aged population, in other words, were receiving payments under public programs based either on past employment or service, or on need. Fewer than one-third of all persons past age 65 had any income from employment either as earners or the wives of earners.

The accompanying tables present estimates of the number of aged persons and of survivors in the population in June 1952 who were receiving income from employment,

Table 1.—Estimated number of persons aged 65 and over, receiving income from specified source, June 1952¹

Source of income	Number of persons		
	Total	Men	Women
Total population aged 65 and over ²	13.2	6.2	7.0
Employment.....	4.1	2.5	1.6
Earners.....	3.1	2.5	.6
Wives of earners.....	1.0		1.0
Social insurance and related programs:			
Old-age and survivors insurance.....	3.4	1.9	1.6
Railroad retirement.....	.4	.2	.2
Federal employee retirement programs.....	.2	.1	(³)
Veterans' compensation and pension program.....	.3	.2	.1
Other ⁴3	.1	.2
Old-age assistance.....	2.6	1.2	1.4

¹ Continental United States.

² Includes persons with no income and with income from sources other than those specified. Some persons received income from more than one of the sources listed.

³ Fewer than 50,000.

⁴ Beneficiaries of State and local government employee retirement programs and wives of male beneficiaries of programs other than old-age and survivors insurance and railroad retirement.

Sources: Number of persons of specified age, sex, and marital status estimated from Bureau of the Census data. Number of persons in receipt of payments under social insurance and related programs and from public assistance, reported by administrative agencies (partly estimated).

social insurance and related programs, and public assistance.

Comparison of the 1952 data with similar estimates for earlier years indicates that a slow but significant shift is taking place in the relative importance of these income sources for the aged. Approximately as many aged persons were working in 1952 as were employed in 1944, the peak war year for the employment of older workers. Because of the increase in the total aged population, however, such workers and the aged dependent wives of workers, as a proportion of the total, dropped from about 40 percent to about 31 percent. The proportion receiving old-age and survivors insurance benefits rose during the same period from 5 percent to 26 percent. Increases, although of a smaller magnitude, occurred also in the proportion with benefits from the special programs for railroad and government workers. The relative number receiving old-age assistance showed few important changes, constituting approximately one-fifth of the total throughout the period.

A substantial rise in the proportion of social insurance beneficiaries has also taken place among orphans and widows under age 65. Between 1944 and 1952 the relative number of paternal orphans with old-age and survivors insurance benefits rose from about 14 per 100 to about 39 per 100, the relative number with veterans' benefits from about 4 per 100 to about 14. Over the same period, old-age and survivors insurance beneficiaries among widows under age 65 with children under age 18 in their care increased from approximately 11 per 100 to approximately 29, and the number with veterans' benefits from 4 to 13 per 100. More than half the widows in June 1952 were working, but whether the proportion with income from employment was larger or smaller than it was during the war years is not known, since there are no reliable estimates of employment among widows in the earlier period. The relative number of widows and orphans on the rolls for aid to dependent children was somewhat but not

Table 2.—Estimated number of widows under age 65, and of children under age 18 with father dead, receiving income from specified sources, June 1952¹

Source of income	[In millions]		Paternal orphans under age 18 ³
	Total	With 1 or more children under age 18	
Total in population ⁴	3.4	.7	2.1
Employment.....	2.0	.4	.1
Social insurance and related programs:			
Old-age and survivors insurance.....	.2	.2	.8
Veterans' compensation program.....	.4	.1	.3
Other ⁵	(⁶)	(⁶)	.1
Aid to dependent children.....	.1	.1	.3

¹ Continental United States.

² Excludes widows who have remarried.

³ Includes children not living with widowed mother.

⁴ Includes persons with no income and with income from sources other than those listed. Some persons received income from more than one source.

⁵ Railroad retirement and Federal employee retirement programs.

⁶ Fewer than 50,000.

Sources: Number of widows in population and employed persons among widows and paternal orphans under age 18 estimated from Bureau of the Census data. Number of paternal orphans under age 18 based on 1949 estimate prepared by Division of the Actuary, Social Security Administration. Number of persons in receipt of payments under social insurance and related programs and from aid to dependent children, reported by administrative agencies (partly estimated).

much larger in 1952 than in 1944, when about 1 in every 8 were recipients of this form of public assistance.

Social Welfare Expenditures in the United States, Fiscal Year 1950-51

Considerable interest exists, both in this country and elsewhere, in the proportion of its national income that the United States is spending from public funds for social welfare. To meet the many requests for such information, a summary of public welfare programs and expenditures in the fiscal year 1949-50 was presented in the *Bulletin* last year.¹ Similar data are now available for 1950-51.

For purposes of this analysis, social welfare has been broadly defined to

¹ October 1951, pp. 14-16.

include social insurance, public assistance, public health and medical services, education, the veterans' programs, vocational rehabilitation, housing and community development, and such special welfare programs as child welfare services, the school lunch program, and institutional care. Expenditures under these programs represented about 9 percent of our national income in the fiscal year ended June 30, 1950. Almost one-third of this amount, 3 percent of the national income, went for public education. The next largest amount, 2.2 percent of national income, was spent on veterans' programs. The various social insurance programs paid benefits amounting to somewhat less than 2 percent of national income, while civilian public health programs and public assistance each involved expenditures of 1 percent of the national income.

Most of the programs included in this analysis are administered by the States and localities, in some cases with Federal financial support. Of the \$24 billion spent in 1950-51 for social welfare programs, \$14 billion came from State and local funds. In addition, about \$2 billion of the \$10 billion spent by the Federal Government went to the States in the form of grants-in-aid. The largest of the grant programs is public assistance. The major part of the expenditures from Federal funds for unemployment insurance, education, and other welfare services and a substantial part of the Federal expenditures for civilian health and medical services also took the form of grants-in-aid to the States.

Total social welfare expenditures in 1950-51 accounted for about one-third of all government expenditures for all purposes. Education and the veterans' programs together took 55 percent of this amount, or about one-fifth of all government expenditures. Education accounted for 34 percent of all expenditures from State and local funds and the veterans' programs for almost 12 percent of all Federal expenditures. Social insurance benefits amounted to a little less than 6 percent of both Federal expenditures and of State and local expenditures.

Government expenditures, as used

Social welfare expenditures in the United States under civilian public programs in relation to national income and to total government expenditures, fiscal year 1950-51

Program	Program expenditures						
	Amount (in millions)			As percent of—			
	Total	From Federal funds	From State and local funds	National income ¹	Government expenditures ²		
					Total	From Federal funds	From State and local funds
Total ³	\$24,067.5	\$10,332.7	\$13,734.8	9.1	43.3	22.4	59.6
Social insurance ⁵	4,642.5	2,717.4	1,925.1	1.8	5.8	5.9	5.9
Old-age and survivors insurance.....	1,568.5	1,568.5	-----	.6	2.3	3.4	-----
Unemployment insurance and employment service.....	1,059.4	183.4	876.0	.4	1.6	.4	4.0
Workmen's compensation.....	604.5	32.1	632.4	.5	(4)	.1	(4)
Other ⁶	1,350.1	933.4	416.7	1.0	2.0	2.0	1.9
Public assistance.....	2,583.2	1,187.7	1,395.5	1.0	3.8	2.6	6.3
Health and medical services ⁷	2,512.2	315.3	2,197.0	1.0	3.7	.7	19.0
Other welfare services ⁸	496.4	114.0	382.5	.2	.7	.2	1.7
Education.....	7,626.7	126.7	7,500.0	3.0	11.2	.3	34.1
Veterans' programs.....	5,004.3	5,269.6	334.7	2.2	8.2	11.4	1.5
Pensions and insurance benefits ⁹	2,229.9	2,229.9	-----	.9	3.3	4.8	-----
Health services.....	691.1	691.1	-----	.3	1.0	1.5	-----
Other (education and special welfare benefits).....	2,683.3	2,348.6	334.7	1.0	3.9	5.1	1.5
Housing and community development.....	(10)	602.0	(10)	-----	-----	1.3	-----

¹ For fiscal year 1950-51, \$258.4 billion.

² Federal Government expenditures (including grants-in-aid and expenditures from social insurance trust funds, except those from State accounts in the unemployment trust fund) of \$46.2 billion; State and local government expenditures (including expenditures from State accounts in the unemployment trust fund but excluding Federal grants-in-aid) of \$22.0 billion.

³ Excludes State and local expenditures for housing and community development, for which data are not available.

⁴ Because a substantial portion of non-Federal workmen's compensation payments are made through private insurance carriers, they have been

omitted in computing percentages relating to State and local government expenditures.

⁵ Excludes veterans' programs.

⁶ Represents railroad and Federal, State, and local government employee insurance systems and temporary disability insurance programs in 3 States.

⁷ Includes hospital construction and medical research; excludes veterans' programs.

⁸ Represents vocational rehabilitation, child welfare services, school lunch program, and institutional care.

⁹ Pensions and compensation, readjustment allowances, burial awards, and Federal appropriation for Government life insurance.

¹⁰ Not available.

here, include expenditures from social insurance trust funds as well as the regular budgetary expenditures from general revenues. About 14 percent of the total social welfare expenditures and slightly more than 20 percent of the Federal expenditures came from trust funds built up through earmarked contributions made by insured persons, their employers, or employers and workers jointly.

The most notable changes from the previous year, when total social welfare expenditures were slightly more than 10 percent of national income, were a substantial decrease in veterans' payments, a decline of 50 percent in unemployment insurance benefits, and the doubling of benefit payments under old-age and survivors insurance.

The 100-percent rise in old-age and survivors insurance benefits re-

sulted primarily from the liberalization of benefits and extension of the coverage of the program under the 1950 amendments to the Social Security Act. This increase was more than offset by the \$1 billion decrease in unemployment insurance benefits as the economy recovered from the brief recession of 1949-50. As a result, total social insurance payments, though approximately the same in dollar amount, represented a somewhat smaller proportion of national income in the fiscal year 1950-51 than in the preceding year.

Expenditures under the veterans' programs declined some \$600 million, as the number of World War II veterans receiving educational grants and scholarships began to decline. As a result, expenditures for the veterans' programs represented 2.2 percent of the national income in the fiscal year 1950-51 and 2.8 percent

in the preceding year. Public expenditures for education were about \$1 billion more in 1950-51 than in the preceding year but continued to represent 3 percent of the larger national income.

Workmen's Compensation Payments, 1951

More work injuries and higher rates of payment brought workmen's compensation benefits to an estimated \$707 million in 1951, about 15 percent above the 1950 total. The proportionate increase was considerably greater than that for immediately preceding years and has not been exceeded at any time during the 13-year period for which estimates of payments are available. Even in the year 1942, marked by the shift into high gear for the war effort, payments of \$330 million topped the preceding year's total by only 13 percent.

Contributing to the record increase in payments was a 9-percent rise in disabling work injuries—compensable and noncompensable—between 1950 and 1951. The Bureau of Labor Statistics estimate of 2.1 million work injuries in 1951 reflects not only higher employment with more hours of exposure to industrial injuries but also an increase in the rate of injuries. Compensation payments to injured workers were based on the high wages of recent years; medical benefits showed the effect of higher costs of hospitalization and medical services. Thus, the continuing upward trend in workmen's compensation payments was greatly accelerated in 1951.

The increase was far from uniform from State to State. Under nine programs, payments in 1951 were at least 25 percent higher than in 1950. Most of these were in States that had failed to register as large a gain as the national increase during the preceding year; they had enacted legislation during 1951 to liberalize the maximum on the weekly benefit amount. In nine other States, 1951 payments were at more or less the same level as 1950 payments. A few of these States had outstepped the

national increase between 1949 and 1950.

Of the estimated \$707 million, \$444 million (63 percent) was paid by

Preliminary estimates of workmen's compensation payments, by State, 1950 and 1951¹

[In thousands]			
State	1950	1951	Percent- age change, 1951 from 1950
Total.....	\$616,789	\$707,075	+14.6
Alabama.....	2,137	3,264	+52.7
Arizona.....	5,800	5,900	+1.7
Arkansas.....	3,705	4,430	+19.6
California.....	57,070	66,570	+16.6
Colorado.....	3,568	3,200	-10.3
Connecticut.....	9,500	11,182	+17.7
Delaware.....	720	840	+16.7
Dist. of Col.....	2,360	2,635	+11.7
Florida.....	7,418	9,340	+25.9
Georgia.....	4,287	5,150	+20.1
Idaho.....	1,950	2,008	+3.0
Illinois.....	31,370	35,090	+11.9
Indiana.....	8,920	11,270	+26.3
Iowa.....	4,985	5,510	+10.5
Kansas.....	4,260	4,917	+15.4
Kentucky.....	6,767	7,400	+9.4
Louisiana.....	11,400	13,070	+14.6
Maine.....	1,600	2,040	+27.5
Maryland.....	6,920	8,410	+21.5
Massachusetts.....	24,100	27,600	+14.5
Michigan.....	23,243	24,100	+3.7
Minnesota.....	9,662	11,200	+15.9
Mississippi.....	2,420	3,310	+36.8
Missouri.....	10,520	12,146	+15.5
Montana.....	2,544	2,990	+17.5
Nebraska.....	2,360	2,758	+16.9
Nevada.....	1,500	2,295	+53.0
New Hampshire.....	1,670	1,855	+11.1
New Jersey.....	29,010	36,390	+25.4
New Mexico.....	2,330	2,640	+13.3
New York.....	119,188	134,590	+12.9
North Carolina.....	6,430	7,500	+16.6
North Dakota.....	1,100	1,256	+14.2
Ohio.....	40,000	40,600	+1.5
Oklahoma.....	8,044	9,890	+22.9
Oregon.....	8,983	11,248	+25.2
Pennsylvania.....	30,830	34,370	+11.5
Rhode Island.....	3,800	4,520	+18.9
South Carolina.....	4,000	3,920	-2.0
South Dakota.....	950	963	+1.4
Tennessee.....	5,429	6,352	+17.0
Texas.....	33,380	38,979	+16.8
Utah.....	1,880	2,090	+11.2
Vermont.....	900	1,115	+23.9
Virginia.....	5,640	6,250	+10.8
Washington.....	14,770	17,300	+17.1
West Virginia.....	9,632	10,096	+4.8
Wisconsin.....	13,356	15,049	+12.7
Wyoming.....	1,011	1,050	+3.9
Federal employees.....	23,370	30,427	+20.2

¹ Payments represent cash and medical benefits and include insurance losses paid by private insurance carriers (compiled from the *Spectator: Insurance by States of Fire, Marine, Casualty, Surety and Miscellaneous Lines*, 79th and 80th annual issues), net disbursements of State funds (data from the *Spectator*, the *Argus Casualty and Surety Chart* (52d and 53d annual editions), and State reports; estimates for some States), and self-insurance payments (estimated from available State data). Data for calendar years except for West Virginia, and for Federal employees, and for State fund disbursements in Maryland, Montana, North Dakota, Oregon, and Utah, for which data for fiscal years ended in 1950 and 1951 were used. Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act and the Defense Bases Compensation Act for the States in which such payments are made.

private insurance carriers. State funds paid out close to 24 percent of the total, and self-insurers about 14 percent. Preliminary estimates of the national totals for each type of insurer are shown below.

[In thousands]		
Type of insurer	1950	1951
Total.....	\$616,789	\$707,075
Private carriers.....	381,080	443,681
State funds.....	148,509	199,745
Self-insurers.....	87,200	96,649

In contrast to a 16-percent rise in private carrier payments, State fund disbursements went up only 12 percent. Excluding the program for Federal employees with its 30-percent increase, payments from other State funds rose less than 9 percent.

It is estimated that medical and hospitalization benefits accounted for about one-third of the total payments under workmen's compensation programs. Of the nonmedical payments, about 87 percent was cash compensation for nonfatal injuries and the remaining 13 percent was paid in death cases. Following are the preliminary estimates for each year:

[In millions]		
Type of payment	1950	1951
Total.....	\$617	\$707
Medical and hospitalization.....	200	232
Compensation, total.....	417	475
Disability.....	362	415
Survivor.....	55	60

OASI Benefit Formulas

Up to the present time there have been four different formulas for the determination of a benefit amount under the old-age and survivors insurance program, as shown in chart 1. The formula established by the original Social Security Act never became effective, since it was superseded by that in the 1939 amendments before any monthly benefits were payable. The formula provided in the 1950 legislation was effective only for the period from April 1952 to August of that year, when it was replaced by the formula in the 1952 amend-