

# Old-Age Assistance Recipients: Reasons for Nonentitlement to Old-Age and Survivors Insurance Benefits

by CHARLES E. HAWKINS\*

*Even under the 1950 amendments to the Social Security Act, there are many aged persons in this country who are not able to qualify for benefits under the old-age and survivors insurance program. Some of them, as their opportunities for employment and ability to work decline, are forced to apply for old-age assistance. Before the amendments, of course, the number of such persons was greater. The reasons that needy aged persons who were added to the old-age assistance rolls in April 1949 were not getting insurance benefits are examined in the following pages.*

FIVE out of every 6 aged persons added to the public assistance rolls in April 1949 were not entitled to old-age and survivors insurance benefits. The insurance provisions of the Social Security Act had been in effect more than 12 years, but for one reason or another these persons had not qualified for benefits.

During 1949 an average of more than 45,000 persons a month were approved for old-age assistance. The old-age and survivors insurance beneficiaries among them were receiving an average monthly benefit of about \$20. This amount with their other income, if any, was insufficient to meet their minimum needs, with the result that they required supplementary assistance payments.

Basic amendments to the coverage provisions and to the benefit formula in the old-age and survivors insurance program established by the Social Security Act were under consideration during 1949 and 1950 and were enacted into law in August 1950 (Public Law 734, Eighty-first Congress, second session). One major purpose of the amendments was to establish old-age and survivors insurance in its intended position as the major income-maintenance program for aged persons. The reasons that needy aged persons were not getting insurance

\*Division of Program Statistics and Analysis, Bureau of Public Assistance.

benefits were accordingly of great concern to public assistance agencies during this period.

Current factual data on the subject were needed both for immediate use in conjunction with the amendments that were under consideration and for long-time planning. Accordingly, the Bureau of Public Assistance, the Bureau of Old-Age and Survivors Insurance, and the State agencies responsible for the old-age assistance programs jointly undertook a sample study in March 1950 of the status of old-age assistance recipients with respect to old-age and survivors insurance. The study was limited to recipients recently added to the rolls, since this group had had the greatest opportunity to engage in covered employment. Most of these recipients had not been receiving public aid during all or part of the period during which the old-age and survivors insurance program had been in operation. Among all old-age assistance recipients, in contrast, there were many who had been unable to engage in any employment in the years after 1936, when jobs were first covered by the insurance program.

To obtain information for the study, personal interviews were held with most of the recipients in the sample, excluding those who were in receipt of old-age and survivors insurance benefits and those who were

known to have had no employment of any kind after 1936. So that these interviews could be conducted with a minimum expenditure of time and travel, it was desirable that the recipients chosen be those whom the assistance agency personnel would be seeing for other reasons. In most States, eligibility for old-age assistance is reviewed at 12-month intervals. Cases added to the rolls in April 1949, and not subsequently removed, were accordingly generally due for review in March or April 1950, and that time was selected for the interviews. A sample was selected from the group who had been added in April 1949.

The schedule was inevitably somewhat detailed as it had to account for the recipient's employment status in each of the 49 calendar quarters that had elapsed from the beginning of 1937 until April 1, 1949. For this reason a sample of sufficient size to provide statistically reliable detail for individual States was not used. The sample chosen (6,711 cases—one-sixth of the 40,266 cases added to the rolls in April 1949 and remaining on the rolls through March 1950) was large enough to permit desired cross classifications of national data and a substantial amount of detail by socio-economic regions.

The study was a joint undertaking of the Bureau of Public Assistance, the Bureau of Old-Age and Survivors Insurance, and State and local public assistance agencies. The Bureau of Old-Age and Survivors Insurance assisted in the initial planning of the study's content and of the schedules and tabulations to be used, and it tabulated the data after the schedules were completed. The sample cases were selected by the State agency or local agencies in accordance with a uniform plan. Identifying informa-

tion, including data on whether old-age and survivors insurance benefits were being received, was then recorded on the schedules.

For recipients who were not insurance beneficiaries, the schedules were routed through the State agencies and the central office of the Bureau of Public Assistance to the Bureau of Old-Age and Survivors Insurance, where quarters of covered employment were identified and entered on the schedules. These entries not only showed accurately the periods of covered employment but provided valuable benchmarks to which non-covered employment could be related in the subsequent personal interviews.

During the interview the recipient's employment history—as complete as possible—was reconstructed for the years from 1937 to 1949. State and local assistance agency personnel conducted the interviews and filled in schedule items. For those old-age assistance recipients who were ini-

tially identified as receiving old-age and survivors insurance benefits, the study schedules were sent directly to the field offices of the Bureau of Old-Age and Survivors Insurance, where detail on benefits was entered.

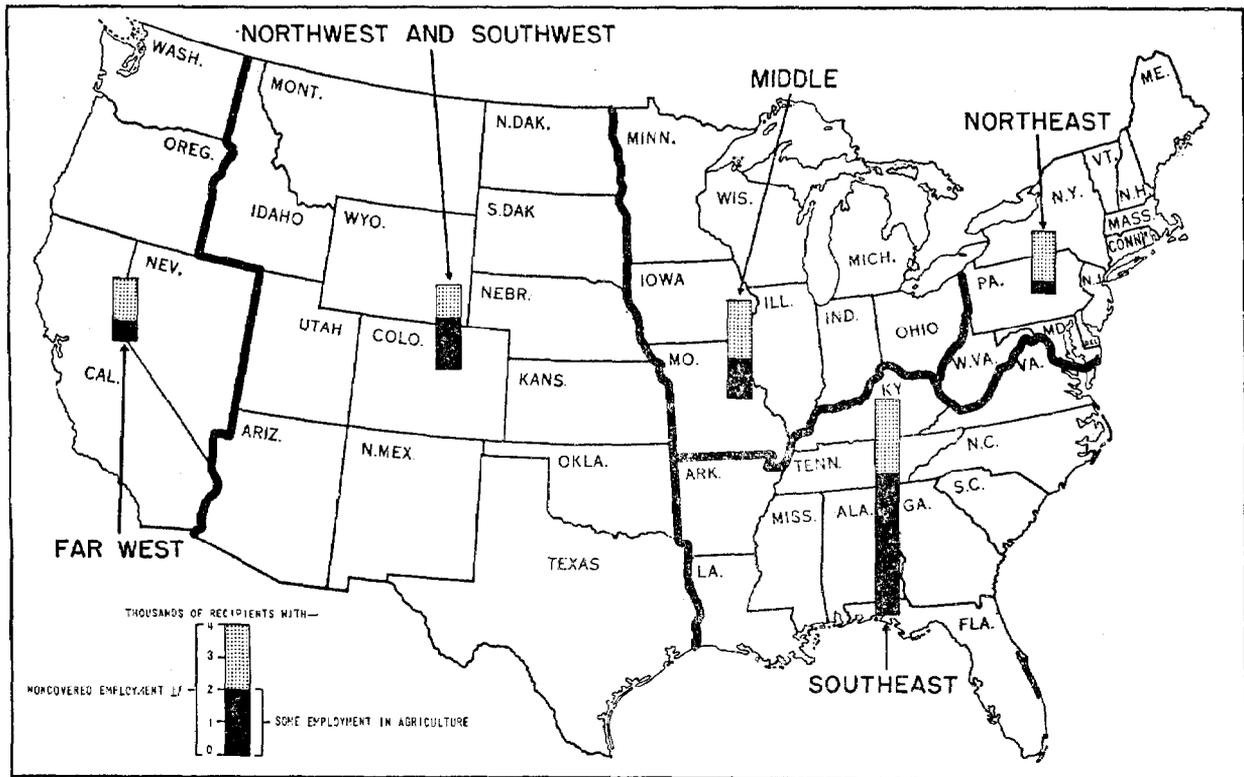
At the time of the study, in order to have insured status, an individual aged 65 or over had to have earned at least \$50 in covered employment in at least half the number of quarters elapsed after 1936 and before the quarter in which his sixty-fifth birthday occurred, with a minimum of 6 quarters. This requirement meant that old-age assistance recipients who had attained age 65 just before their approval for assistance in April 1949 needed 24 quarters of coverage to qualify for old-age and survivors insurance benefits. Those recipients who were over age 65 needed fewer quarters of coverage, since the 6-quarter minimum was applicable for persons whose sixty-fifth birthday occurred before July 1940. Covered

employment before January 1951 excluded agricultural employment—whether as an operator or for wages—domestic service in a private home, nonfarm self-employment, railroad employment, and employment for government agencies or nonprofit organizations.<sup>1</sup>

Of the 40,236 recipients who were placed on old-age assistance rolls in April 1949 and who continued through March to receive assistance payments,

<sup>1</sup>The 1950 amendments made it possible for anyone who was then aged 65 or who would attain age 65 by the middle of 1954 to qualify for old-age and survivors insurance benefits at any time after the attainment of age 65, on the basis of 6 quarters of covered employment acquired at any time after 1936. The definition of covered employment was extended to include, for 1951 and subsequent years, most self-employment other than that on farms, certain farm workers and domestic workers, certain Federal Government employees, and, under special agreements, State and local government employees and employees of nonprofit organizations.

Chart 1.—Old-age assistance recipients\* not receiving old-age and survivors insurance benefits, by agricultural employment and by other noncovered employment, 1937-49



\* Added to the old-age assistance rolls in April 1949 and remaining on the rolls through March 1950. Data derived from sample representing one-sixth of these recipients.

<sup>1</sup> Excludes recipients who were receiving old-age and survivors insurance benefits.

7,050 were also old-age and survivors insurance beneficiaries whose incomes were insufficient to meet their needs. The remaining 33,216 were not entitled to insurance benefits, and all but a small group (1.2 percent of the total), who apparently had enough covered employment to qualify, were established as ineligible for insurance benefits at the time of the study. No effort was made to obtain an employment record for the deceased husbands of widowed recipients of assistance who were not insurance beneficiaries. This article is primarily concerned with the 33,216 old-age assistance recipients who were not insurance beneficiaries.

### *Recipients With Employment After 1936*

Of the 33,216 recipients of old-age assistance who were not old-age and survivors insurance beneficiaries, 17,622 or 53.1 percent had some quarters of employment<sup>2</sup> after 1936, 43.0 percent had no employment, and employment records were not available for 4.0 percent. About one-fourth of those with employment (12.6 percent of the total) had some employment in the first quarter of 1949, just before their first assistance payment. Very few of the recipients with employment had worked entirely in covered employment. For 60.9 percent, employment had been entirely of the noncovered types 32.0 percent had had some covered and some noncovered employment; and only 7.1 percent had been in covered employment exclusively.

*Agricultural employment.*—One of the most significant findings of the study was the extent to which the recently approved old-age assistance recipients had engaged in employments not covered by the Social Security Act.<sup>3</sup> Numerically, the most important type of employment was agriculture. Of 17,622 recipients who

were not old-age and survivors insurance beneficiaries and who had had some employment after 1936, there were 8,022 who had had part or all of their employment either as farm operators or as farm laborers (see chart). This number substantially exceeded the number of recipients (6,870) who had engaged in covered employment of all types.

Thirteen out of every 14 recipients in the study with employment in agriculture would have had enough quarters of coverage to have qualified for old-age and survivors insurance benefits if this employment had been covered by the Social Security Act. Of those with some employment in agriculture, 82.6 percent had spent more than half the period of their employment in agriculture, and 53.3 percent had not engaged in any other occupation.

Some persons with employment in agriculture had farmed for themselves and also worked for other farmers during the period of their employment. Some of them shifted from one type of farm employment to the other, in turn farming for themselves and working for others, while some supplemented their own farm operations by working for wages on a nearby farm. Of all the old-age assistance recipients studied who had had any employment in agriculture, a majority had spent the largest part of their time farming for themselves. However, the total number of persons who had worked on farms for wages (4,668) at any time during the period slightly exceeded the total with farm self-employment (4,374).<sup>3</sup>

The 11 States in the Southeast region accounted for one-third of all recipients studied but included more than half the recipients who were not insurance beneficiaries and had had agricultural employment. The distribution of these recipients between farm self-employment and farm employment for wages was approximately the same for the Southeast region as for the Nation.

*Nonfarm self-employment.*—Self-employment other than farming

ranked next in importance to agriculture in the work histories of recipients who were not old-age and survivors insurance beneficiaries.<sup>4</sup> Among the nonentitled recipients with any employment, 23.1 percent had some self-employment. More than half of this group had been self-employed for 7 years or more after 1936, and almost 2 out of every 10 had been so employed for at least 10 years. Nine out of every 10 of the recipients with a record of self-employment would have been able to qualify for insurance benefits if all their self-employment had been covered. Two-thirds of the recipients who had been self-employed also had engaged in other types of employment. Men receiving assistance outnumbered women by more than 4 to 1 in the group with self-employment, as compared with a ratio of slightly more than 2 to 1 among the recipients with any type of employment.

*Domestic service.*—Almost as many old-age assistance recipients studied had worked in domestic service in private homes as in nonfarm self-employment. Among the 3,906 recipients with domestic employment, women outnumbered men by about 6 to 1. The women who had worked in domestic service constituted 58.1 percent of all of the female recipients with an employment history who were not old-age and survivors insurance beneficiaries. More than two-fifths of them had 7 years or more of this type of employment after 1936, and about one-fifth had more than 10 years. Of the recipients who had spent part of their time in domestic service, 78.0 percent had worked sufficiently long after 1936 to have qualified for insurance benefits if all their employment had resulted in quarters of coverage.

*Other noncovered employment.*—Work in agriculture, domestic service, and nonfarm self-employment jointly accounted for about 4 out of every 5 of the assistance recipients who were not old-age and survivors insurance beneficiaries and who had some noncovered employment. Individually

<sup>3</sup>The total of the two numbers exceeds the total number of recipients with employment in agriculture because some of the recipients had had employment of both types.

<sup>4</sup>Self-employment (with the exception of such employment in agriculture and certain professions) is covered under the 1950 amendments for years in which net earnings in self-employment total \$400 or more.

**Table 1.—Old-age assistance recipients<sup>1</sup> not receiving old-age and survivors insurance benefits, with employment after 1936, by quarters of coverage and by sex, age, and region**

Age and region	Total			Male			Female					
	Total number of recipients	Percent with specified number of quarters of coverage			Total number of recipients	Percent with specified number of quarters of coverage			Total number of recipients	Percent with specified number of quarters of coverage		
		6 or more	Less than 6	None		6 or more	Less than 6	None		6 or more	Less than 6	None
Total.....	17,622	20.9	18.1	61.0	11,862	24.5	19.1	56.3	5,760	13.3	16.0	70.6
Age group:												
65-69.....	10,170	28.3	19.2	52.5	6,492	34.1	20.1	45.8	3,678	17.9	17.8	64.3
70-74.....	4,344	14.9	19.2	65.9	3,072	17.8	21.1	61.1	1,272	8.0	14.6	77.4
75 and over.....	3,108	5.0	12.9	82.0	2,298	6.5	13.8	79.6	810	.7	10.4	88.9
Region:												
Northeast.....	2,292	31.7	18.3	50.0	1,464	38.9	18.0	43.0	828	18.8	18.8	62.3
Southeast.....	6,984	12.9	14.7	72.4	4,752	15.9	18.1	66.0	2,232	6.5	7.5	86.0
Middle.....	3,390	24.8	20.0	55.2	2,298	27.7	19.6	52.7	1,092	18.7	20.9	60.4
Northwest and Southwest.....	2,766	19.5	19.3	61.2	1,980	23.9	19.4	56.7	786	8.4	19.1	72.5
Far West.....	2,190	30.7	24.4	44.9	1,368	34.6	22.8	42.5	822	24.1	27.0	48.9

<sup>1</sup> Added to the old-age assistance rolls in April 1949 and remaining on the rolls through March 1950. Data derived from sample representing one-sixth of these recipients.

the other types of noncovered employment were not numerically important. Employment by State or local governments accounted for the largest number of quarters of employment for 5.7 percent of the non-entitled recipients; employment by nonprofit organizations accounted for 2.4 percent and by railroads for 1.0 percent. Miscellaneous and unidentified types of noncovered employment made up the major part of the employment of 9.4 percent.

**Covered employment.**—A total of 6,870 old-age assistance recipients who were not entitled to old-age and survivors insurance benefits had a record of one or more quarters of coverage. Of these, more than half (53.5 percent) had 6 or more quarters. Men outnumbered women by approximately 3 to 1 in the group of recipients with a record of covered employment.

There was also a larger percentage of male than of female recipients with 6 or more quarters of coverage (an amount sufficient to qualify them for insurance benefits under the 1950 amendments). Among the men with quarters of coverage, more than half (56.2 percent) had 6 or more quarters; the corresponding percentage for women was 45.4. Old-age assistance recipients with 6 or more quarters of coverage accounted for 20.9 percent of the recipients with employment after 1936 who were not insurance beneficiaries in March 1950 (table 1).

The proportion varied from approximately 1 recipient out of every 8 in the agricultural southeastern States to 1 out of every 3 in the predominantly industrial northeastern States.

The proportion of aged recipients who had quarters of coverage declined rapidly with the age of the recipients. Almost half of those under age 70 who had worked had acquired some quarters of coverage. In contrast, about one-third of those aged 70-74 and fewer than one-fifth of those aged 75 and over had any quarters of coverage. It appears that the recipients who did not need old-age assistance until several years after they had attained age 65 had tended to engage in farming or in self-employment, neither of which was covered employment before the 1950 amendments.

A comparison of the number of quarters of coverage each recipient had with the total number he needed to qualify for old-age and survivors insurance benefits indicates that 21.8 percent of the recipients who had any quarters of coverage could have qualified for insurance benefits on the basis of four additional quarters (1 year) or less. For 57.9 percent the additional quarters of coverage needed amounted to 12 or less.

To determine the extent to which the wartime demand for labor provided quarters of coverage for the old-age assistance recipients and also to what extent the limited employment

opportunities of the late 1930's had curtailed covered employment opportunities, the years between 1937 and 1949 were divided into 3 periods—prewar (1937-41), war (1942-45), and postwar (1946-49). It was found that 3 out of every 4 of the recipients with quarters of coverage had acquired some or all of these quarters during the war; for 1 out of 4, all their covered employment occurred during this period. About half the recipients acquired part or all of their quarters of coverage during the postwar period, including 1 out of every 10 whose only quarters were acquired after the war. Slightly more than one-third of the recipients with some quarters of coverage had acquired part or all of them before the war, and about 1 out of every 8 had had covered employment only in this period. As might be expected, the recipients had acquired most of their quarters of coverage during the war years. It was also found that more of the recipients had worked in covered employment during the postwar years than during the prewar years, despite the fact that they were then several years older.

**Recipients who discontinued employment after 1936.**—Of the old-age assistance recipients in the study, 2 out of every 5 who were not old-age and survivors insurance beneficiaries had been employed after 1936 but had stopped working before 1949.

Disability was the most frequent reason that the recipients quit work, outnumbering other reasons by more than 2 to 1 and accounting for 27.7 percent of the recipients as compared with 12.8 percent for whom other reasons were reported. Among those who had stopped working because of disability, very few recovered sufficiently to consider themselves again able to work. Out of the 9,180 recipients who had stopped work because of disability, only 1.8 percent recovered. As many as 65.4 percent had been continuously disabled for a year or more when they were approved for assistance in April 1949, and 19.0 percent had been continuously disabled for five or more years.

### **Recipients With No Employment After 1936**

More than two-thirds of the 14,280 recipients of old-age assistance who had no employment after 1936 were

housewives. Nearly one-fourth were unable to work at any time after 1936 because of disability, while about 1 out of every 18 did not work for other reasons. Housewives accounted for a majority (53.9 percent) of the female recipients who were not receiving insurance benefits. Among the 33,216 recipients who were not receiving insurance benefits, women outnumbered men by almost 4,500.

The proportion of female recipients who had been housewives increased somewhat with their age; the proportion of recipients of both sexes who had not worked because they had been disabled was even more closely related to age, the proportion increasing with the age of the recipients.

### Other Characteristics of Recipients

The type and amount of employment in which a recipient of old-age assistance had engaged since 1936 determined whether he qualified for old-age and survivors insurance benefits. At the same time, the proportion of recipients added in April 1949 who were insurance beneficiaries varied considerably according to such factors as age, sex, race, and geographical location. Some of these factors are closely related to the employment records and have already been discussed; their effects on the total group of recipients studied are sufficient to warrant separate consideration.

*Age.*—The old-age assistance recipients studied were all aged 65 or over in April 1949 when they were added to the assistance rolls, and were accordingly aged 66 or over in March 1950. Approximately half were under age 70, about one-fourth were aged 70–74, and about one-fourth were 75 or over. Their median age was about 5 years younger than for all recipients on the old-age assistance rolls, roughly half of whom were over age 75.

There are in the population many persons who are in need before reaching age 65 and who qualify for old-age assistance promptly after reaching their sixty-fifth birthday. Probably the group of recipients under age 70 was rather heavily weighted with recipients of this type who were aged 66 at the time of the study. On the

other hand, there is a strong presumption that many of the recipients aged 70 or over had been self-sufficient before they found it necessary to apply for assistance. Certainly one of the major sources of self-sufficiency is employment, and it is accordingly not surprising to find that there had been a substantial amount of employment among the older recipients.

Of all the old-age assistance recipients studied, 17.5 percent were also old-age and survivors insurance beneficiaries. Among recipients under age 70, the percentage was 15.3; for those in the age groups 70–74 and 75–79, the percentages were 23.6 and 19.9. Probably the most important factor in the low percentage of the recipients under age 70 who were insurance beneficiaries was the larger number of quarters of coverage needed to acquire insured status. This presumption is supported by the findings on quarters of coverage earned by recipients. The proportion of the recipients under age 70 who were not insurance beneficiaries and who had 6 or more quarters of coverage was almost twice the proportion of such recipients aged 70–74 (28.3 percent as compared with 14.9 percent). It was accordingly for the group under age 70 that the liberalized insured-status provisions of the 1950 amendments were most beneficial.

*Sex.*—Almost 47 percent of the assistance recipients in the study were men, and 53.4 percent were women

(table 2). Of the male recipients, 23.3 percent were also old-age and survivors insurance beneficiaries; of the female recipients, 12.5 percent. Practically all the male recipients who were insurance beneficiaries were receiving primary benefits<sup>5</sup> based on their own employment records; dependent parent's benefits were received by only 0.1 percent of the males. In contrast, 8.8 percent of all the female recipients received wife's, widow's, and dependent parent's benefits, while 3.7 percent received primary benefits.

The importance of private domestic service in the employment records of female recipients is reflected in the small percentage who received primary benefits. While 30.5 percent of the women had some employment after 1936, only 12.1 percent of this group, or 3.7 percent of all female recipients studied, were receiving primary benefits in March 1950. More than 86 percent of the male recipients had some employment, and 26.8 percent of them (23.2 percent of the total) received primary benefits. This comparison may slightly understate the extent of entitlement to primary benefits by women, since some receiving wife's or widow's benefits may have been entitled to smaller primary benefits in their own right. The extent of understatement would be small, however, since the average wife's benefit received by the female beneficiary-recipients was about \$12, and the average widow's benefit about \$18.

The proportion of recipients who were being paid old-age and survivors insurance benefits varied more by socio-economic region among women than men. The extremes in the ranges between regions were in the Far West and Southeast. In the Far West, 36.1 percent of the male recipients were also insurance beneficiaries, almost 3 times the 13.0 percent who were entitled to benefits in the Southeast region. For female recipients the ratio was more than 4 to 1; 19.0 percent were entitled in the Far West and 4.7 percent in the Southeast.

Table 2.—Number of old-age assistance recipients<sup>1</sup> and percent receiving old-age and survivors insurance benefits, by sex and race

Sex and race	Number of recipients	Percent of recipients	
		Receiving old-age and survivors insurance benefits	Not receiving old-age and survivors insurance benefits
Total...	40,266	17.5	82.5
Male <sup>2</sup> .....	18,714	23.3	76.7
White.....	14,830	25.4	74.6
Nonwhite...	3,880	15.5	84.5
Female <sup>3</sup> ...	21,552	12.5	87.5
White.....	17,494	14.0	86.0
Nonwhite...	4,052	5.7	94.3

<sup>1</sup> Added to the old-age assistance rolls in April 1949 and remaining on the rolls through March 1950. Data derived from sample representing one-sixth of the recipients.

<sup>2</sup> Includes 24 recipients with race unknown.

<sup>3</sup> Includes 6 recipients with race unknown.

<sup>5</sup>The term "primary benefit" was changed to "old-age benefit" under the 1950 amendments.

**Race.**—Out of every 5 old-age assistance recipients studied, 4 were white and 1 was nonwhite. Only about half as large a percentage of nonwhite recipients as of white recipients were also old-age and survivors insurance beneficiaries—10.4 percent as compared with 19.3 percent. The difference is in substantial part attributable to the geographic concentration of the nonwhite recipients; 72.5 percent were in the 11 States comprising the Southeast region.

In the Southeast the percentage of recipients who were insurance beneficiaries was the lowest in the Nation, and while the proportions for white and nonwhite recipients varied, the difference was relatively small. For nonwhite recipients, the percentage with insurance benefits was 8.2, as compared with 9.0 for white recipients. In the rest of the country, which included only 27.5 percent of the nonwhite recipients, the difference was more marked; the percentage of nonwhite beneficiary-recipients was 15.8, as compared with 22.6 for white recipients.

## Conclusion

The study showed that 1 recipient in every 6 added to the old-age assistance rolls in April 1949, who remained on the rolls through March 1950, was receiving old-age and survivors insurance benefits but had insufficient resources, even with the insurance benefits, to meet his needs. One recipient in every 3 had worked long enough to qualify for insurance benefits (under the requirements in effect before the 1950 amendments) if all his employment had resulted in quarters of coverage but could not qualify because part or all of the employment was not covered under old-age and survivors insurance.

Approximately half the nonentitled assistance recipients who had worked after 1936 had part or all of their employment in agriculture. They were almost equally divided into two groups—those who had been self-employed farmers and those who had been agricultural laborers. Most of the remaining recipients who had worked had engaged in nonfarm self-

employment or domestic service in private homes. More than two-thirds of those who had not worked after 1936 were housewives; in many instances they were the wives or widows of men who had worked in noncovered employment.

The 1950 amendments that extended coverage under old-age and survivors insurance to most of the urban self-employed and to certain agricultural laborers and domestic workers in private homes will help to close the gaps in coverage. However, as long as gaps remain, a substantial number of persons who have worked fairly regularly in noncovered employment—especially in agriculture—may be expected to need old-age assistance.

About one-tenth of the recipients added to the old-age assistance rolls had been unable to work after 1936. These people were the victims of disability, one of the major hazards of contemporary life against which no insurance protection has been provided under the Social Security Act—either as originally enacted or in the amendments.

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## LAW-ENFORCEMENT AMENDMENT (Continued from page 3)

The group recognized the need to study and appraise the results of the amendment, and it discussed methods for gathering data through current reporting and special studies. Specifically, the group recommended that a special study of the effects of the amendment be made after it has

been in operation for 1 year. State agencies that had already administered State legislation similar to the Federal amendment were able to contribute useful suggestions for sound administration gained from their experience. Major stress was placed on the need for services to the families affected by this amendment.

The advice and suggestions obtained from this meeting and from

the two that preceded it have furnished invaluable material for the development of Federal policy and standards for State practice. Because the 2-year lapse between the adoption of the legislation and its effective date has made careful advance planning possible, it is anticipated that the administration of this amendment will have positive values for the families affected.