

Notes and Brief Reports

Effect of Increased OASI Benefits on Public Assistance, September-December 1954 *

The 1954 amendments to the Social Security Act that became effective in September included provisions increasing benefit payments for all current beneficiaries of old-age and survivors insurance and permitting immediate entitlement to benefits of a group of persons who had heretofore been excluded. This new group consists of surviving parents, widows, and children of individuals who died after 1939 and before September 1, 1950, and who, though not fully insured under the act at the time of death, had at least 6 quarters of coverage. Both these provisions affect the public assistance caseloads and expenditures, but their full effects are not yet known.

Identification of persons newly eligible for old-age and survivors insurance is in some instances difficult, and the assistance payments cannot be adjusted until claims for benefits are filed and adjudicated. Assistance agencies are still reporting new beneficiaries among the persons who had been receiving old-age assistance or aid to dependent children payments in September 1954.

The increase in benefits provided by the amendments had an almost immediate effect, however, on public assistance caseloads and expenditures. This report relates only to the recipients of old-age assistance and to families receiving aid to dependent children in September 1954 who also received an old-age and survivors insurance benefit for August 1954.¹ A later report will summarize the effect on these programs of the group of persons who became newly eligible for benefits.

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¹ Because only a few recipients of aid to the blind and aid to the permanently and totally disabled are affected by the amendments, the States were not asked to report on these programs.

To help State agencies in adjusting the amount of the assistance payments made to persons who were receiving old-age and survivors insurance benefits before the amendments, a set of conversion tables was prepared by the Bureau of Old-Age and Survivors Insurance in cooperation with the Bureau of Public Assistance. These tables, which showed the benefit paid for August and the amount of the increase for September, were used for all single beneficiaries and for all family groups consisting of two beneficiaries except families consisting of two children only. All other beneficiary cases, estimated to be less than 10 percent of the total, had to be checked individually with the old-age and survivors insurance district office for the area in which the recipient lived.

The majority of the States started making the initial adjustment in assistance payments in October; a few States had started in September. With few exceptions, the reviews of the remaining cases were completed in November and December. Some agencies reinvestigated cases with old-age and survivors insurance income and rebudgeted them for changes in need; other agencies made desk reviews of the cases.

All the States submitted reports for the months of October through December showing the number of cases reviewed and the type of initial action taken by the assistance agencies and comparing the change from the preceding month in the assistance payments with the change in monthly old-age and survivors insurance benefits since August 1954. Most States reported on all recipients affected. A few States requested permission to report the effects of the 1954 amendments on a sample basis; in most instances, plans were made for them to report on the basis of a statistical sample those items relating to recipients who received an increase in benefits and continued to receive assistance and to report on a 100-percent basis for recipients whose assistance was terminated.

The accompanying tables show the

Table 1.—Old-age assistance and aid to dependent children: Aged persons and families with children receiving both assistance payments and OASI benefits, by State, September 1954¹

State	OAA recipients receiving OASI benefits		ADC families receiving OASI benefits	
	Number	Percent of OAA caseload, September 1954	Number	Percent of ADC families, September 1954
Total, 53 States ²	469,035	18.2	26,325	4.5
Alabama.....	1,925	3.0	644	3.9
Alaska.....	404	24.3	57	5.3
Arizona.....	2,838	20.3	207	4.8
Arkansas.....	2,949	5.6	262	3.5
California.....	98,697	36.3	2,375	4.5
Colorado.....	12,773	24.3	315	5.5
Connecticut.....	5,445	32.3	273	6.0
Delaware.....	245	14.4	41	4.4
District of Columbia.....	641	21.3	97	4.1
Florida.....	14,904	21.5	1,091	5.4
Georgia.....	9,187	9.4	971	7.3
Hawaii.....	292	15.4	68	2.2
Idaho.....	1,933	21.6	151	8.3
Illinois.....	17,241	17.3	834	4.1
Indiana.....	6,100	16.0	675	8.2
Iowa.....	7,117	16.6	555	8.5
Kansas.....	5,149	14.9	220	5.2
Kentucky.....	4,718	8.4	1,195	6.5
Louisiana.....	22,415	18.7	591	3.5
Maine.....	3,391	26.7	500	12.0
Maryland.....	1,594	14.9	138	2.3
Massachusetts.....	32,023	34.7	1,029	8.3
Michigan.....	18,237	23.6	1,400	7.3
Minnesota.....	8,890	17.0	610	8.2
Mississippi.....	3,044	4.5	402	2.6
Missouri.....	24,142	18.2	1,092	5.2
Montana.....	1,884	20.0	111	5.0
Nebraska.....	2,847	15.6	148	6.1
Nevada.....	1,070	40.4	.....	.....
New Hampshire.....	1,636	24.7	97	9.2
New Jersey.....	4,751	22.9	444	8.3
New Mexico.....	1,151	9.5	267	4.0
New York.....	22,302	21.2	1,089	2.2
North Carolina.....	3,204	6.2	739	4.2
North Dakota.....	875	10.6	92	6.4
Ohio.....	20,605	19.8	759	5.4
Oklahoma.....	13,957	14.7	772	5.1
Oregon.....	5,912	28.9	182	5.1
Pennsylvania.....	9,780	16.3	884	3.2
Rhode Island.....	2,485	28.9	107	3.2
South Carolina.....	1,976	4.6	238	3.1
South Dakota.....	1,379	12.5	152	5.4
Tennessee.....	5,673	8.3	1,238	5.6
Texas.....	26,987	12.1	895	4.4
Utah.....	1,653	16.3	178	5.7
Vermont.....	1,683	24.5	141	13.8
Virgin Islands.....	0	.....	1	.6
Virginia.....	943	5.4	317	3.7
Washington.....	18,152	29.6	573	6.7
West Virginia.....	1,307	5.0	342	1.9
Wisconsin.....	9,579	21.2	720	9.2
Wyoming.....	1,035	25.5	42	8.2

¹ Not entirely comparable with annual data reported on concurrent receipt of public assistance and insurance benefits because of difference in reporting methods. Excludes some cases that were subsequently closed or suspended for reasons other than the effect of the increase in benefit.

² Includes Puerto Rico; not shown in table because no cases were receiving both assistance payments and insurance benefits. Total for aid to dependent children is for 52 States; excludes Nevada, where program is administered without Federal participation.

³ Excludes a few cases in which there was no reduction in payment.

cumulative effect of the monthly changes that occurred during the 3-month period on cases receiving public assistance and old-age and survivors insurance benefits in September. Only one payment adjustment or other action for each case is included. The totals are the closest approximation that can be made of the effect the increased old-age and survivors insurance benefits have had on assistance payments. The data are not entirely comparable with annual data reported by State agencies on concurrent receipt of public assistance and old-age and survivors insurance benefits, because the methods of reporting used are different. The method used for reporting the effect of the old-age and survivors insurance benefit increase almost certainly resulted in some understatement, which—although not too serious for the present purpose—nevertheless makes the report unsuitable for use in projecting trends.

According to reports submitted by the States, cases were reviewed for 469,000 persons receiving old-age assistance and 26,300 families receiving aid to dependent children in September who had also received an old-age and survivors insurance benefit for August (table 1). The totals represent 18.2 percent and 4.5 percent of the September caseloads in the two programs—somewhat lower percentages than would be estimated from annual reports on the concurrent receipt of assistance payments and insurance benefits.

Of the 469,000 old-age assistance cases reviewed, 86 percent remained on the rolls but had their payments reduced. Increases in their old-age and survivors insurance benefits did not eliminate their need for assistance. Only 2 percent were closed; for these cases the increase in benefit wiped out the deficit between the requirements as recognized by the State agency and their income, or it reduced the deficit to less than the minimum payment made by the agency. For slightly less than 12 percent of the old-age assistance cases reviewed, the increase in benefit did not reduce the amount of the assistance payment. Many of these aged persons had received the maxi-

Table 2.—Old-age assistance and aid to dependent children: Type of action taken to adjust assistance payments for increase in OASI benefits, by State, September-December 1954

State	OAA recipients receiving OASI benefits				ADC families receiving OASI benefits					
	Total number, September 1954 ¹	Percentage distribution by type of action			Total number, September 1954 ¹	Percentage distribution by type of action				
		Closed	Suspended	Payment reduced		Payment not reduced	Closed	Suspended	Payment reduced	Payment not reduced
Total.....	469,035	2.0	0.4	85.9	11.7	26,325	3.1	0.5	72.9	23.5
Alabama.....	1,925	24.4	.....	68.3	7.3	644	5.6	.....	76.7	17.7
Alaska.....	404	.....	.....	83.4	15.8	57	(2)	(2)	(2)	(2)
Arizona.....	2,838	2.7	.....	88.5	10.5	207	1.4	.....	77.3	21.3
Arkansas.....	2,940	7.4	(3)	86.7	5.9	262	.....	.....	58.8	38.5
California.....	98,697	.....	1.1	83.6	15.9	2,375	2.7	.....	82.9	14.0
Colorado.....	12,773	.....	.....	97.7	2.1	315	3.2	.....	61.9	34.9
Connecticut.....	5,445	.....	(3)	94.9	3.7	273	1.1	.....	90.1	8.4
Delaware.....	245	3.3	.....	81.6	15.1	41	(2)	(2)	(2)	(2)
District of Columbia.....	641	.....	.....	97.3	2.0	97	(2)	(2)	(2)	(2)
Florida.....	14,904	2.0	.....	84.5	13.6	1,091	2.1	.....	36.3	61.6
Georgia.....	9,187	10.4	.....	84.5	5.1	971	4.8	.....	73.9	21.2
Hawaii.....	292	8.2	5.1	86.6	.....	68	(2)	(2)	(2)	(2)
Idaho.....	1,933	.....	.....	93.7	5.3	151	2.0	.....	82.1	15.9
Illinois.....	17,241	2.9	1.0	92.2	4.0	834	1.1	1.2	79.9	17.9
Indiana.....	6,100	2.6	2.0	82.5	12.9	679	2.4	.....	66.0	31.1
Iowa.....	7,117	2.6	.....	94.4	2.1	555	8.5	3.2	73.5	14.8
Kansas.....	5,149	.....	.....	93.1	6.3	220	.....	.....	81.8	17.7
Kentucky.....	4,718	2.9	(3)	94.0	3.1	1,195	.....	.....	84.4	14.7
Louisiana.....	22,415	.....	1.1	82.6	15.9	991	4.1	1.9	67.3	26.7
Maine.....	3,391	1.3	.....	83.4	15.3	500	2.2	.....	70.6	27.2
Maryland.....	1,594	1.9	.....	94.5	3.3	138	2.2	.....	92.0	5.1
Massachusetts.....	32,028	1.6	1.1	81.7	15.6	1,029	3.2	.....	79.9	16.4
Michigan.....	18,237	2.2	.....	83.9	13.9	1,400	4.0	.....	72.8	23.2
Minnesota.....	8,890	1.0	2.9	74.7	21.4	610	.....	2.5	66.9	30.0
Mississippi.....	3,044	3.4	.....	53.8	42.9	402	4.5	.....	59.0	36.6
Missouri.....	24,142	.....	(3)	77.7	21.7	1,092	1.6	.....	32.7	65.7
Montana.....	1,884	1.1	.....	93.3	5.6	111	1.8	.....	74.8	22.5
Nebraska.....	2,847	1.1	.....	73.7	24.7	148	2.0	.....	59.5	37.8
Nevada.....	1,070	.....	.....	68.4	30.8	(4)	(4)	(4)	(4)	(4)
New Hampshire.....	1,636	3.2	1.2	88.8	6.8	97	(2)	(2)	(2)	(2)
New Jersey.....	4,751	1.3	.....	85.2	13.3	444	1.6	.....	82.7	15.5
New Mexico.....	1,151	3.6	.....	92.0	3.6	267	3.0	.....	79.8	16.9
New York.....	22,302	.....	.....	83.9	14.5	1,089	.....	1.3	71.0	27.4
North Carolina.....	3,204	5.6	.....	85.5	8.9	739	4.1	.....	80.2	15.7
North Dakota.....	875	1.5	1.1	82.6	14.7	92	(2)	(2)	(2)	(2)
Ohio.....	20,605	.....	.....	90.3	9.5	759	3.8	1.1	68.6	26.5
Oklahoma.....	13,957	.....	.....	95.5	4.0	772	2.7	.....	73.3	24.0
Oregon.....	5,912	.....	(3)	97.5	2.4	182	.....	2.2	87.9	9.3
Pennsylvania.....	9,790	6.4	.....	93.1	.....	884	2.0	.....	96.9	1.0
Rhode Island.....	2,485	4.4	.....	94.6	1.0	107	2.8	.....	87.9	9.3
South Carolina.....	1,976	11.5	.....	82.2	6.3	238	18.1	.....	71.8	10.1
South Dakota.....	1,379	.....	.....	82.2	16.6	152	3.3	1.3	67.8	27.6
Tennessee.....	5,673	6.4	.....	86.6	7.1	1,238	5.2	.....	78.0	16.8
Texas.....	26,987	6.5	.....	85.4	8.1	895	4.6	.....	69.4	26.0
Utah.....	1,553	.....	.....	93.3	6.3	178	3.4	.....	86.0	10.1
Vermont.....	1,683	3.0	.....	79.2	17.8	141	5.7	.....	38.3	56.0
Virgin Islands.....	0	.....	.....	.....	.....	1	(2)	(2)	(2)	(2)
Virginia.....	943	8.4	1.0	83.2	7.4	317	4.4	.....	81.7	12.9
Washington.....	18,152	1.1	.....	98.6	.....	573	1.7	.....	77.1	21.1
West Virginia.....	1,307	17.8	.....	80.0	2.2	342	7.0	.....	87.1	5.8
Wisconsin.....	9,579	1.8	.....	83.1	14.6	720	4.0	.....	76.5	18.9
Wyoming.....	1,035	.....	.....	91.6	7.4	42	(2)	(2)	(2)	(2)

¹ Excludes some cases subsequently closed or suspended for reasons other than the effect of the increase in benefit.

² Not computed; base too small.

³ Less than 0.05 percent.

⁴ Program administered without Federal participation.

⁵ Excludes a few cases in which there was no reduction in payment.

mum paid by the State, but their recognized need in excess of this amount was equal to or greater than the increase in benefit. Other recipients had, simultaneously with the benefit increase, changes in circumstances that offset its financial effect. For the few remaining cases (less than one-half of 1 percent of the

total), payments were suspended. This was a temporary action; ultimately the payment would be reinstated in reduced amounts or the case would be closed.

In aid to dependent children, also, most of the cases reviewed—slightly more than 7 out of every 10—had their payments reduced. The propor-

tion of cases closed (3.1 percent) was larger than for old-age assistance. Payments were not reduced for al-

most a fourth of the cases, and, as in old-age assistance, a small number had their payments suspended.

The reduction in monthly payments of old-age assistance for the cases reviewed by the end of December totaled almost \$2.1 million (table 3). This amount was equal to a little more than 89 percent of the total increase in monthly old-age and survivors insurance benefits paid to these cases. The average reduction in the old-age assistance payment was \$4.44; the average increase in the old-age and survivors insurance benefit was \$4.98.

For aid to dependent children, the total reduction of \$197,000 in monthly assistance payments equaled 91 percent of the total increase in monthly benefits. The average reduction in their assistance payment was \$7.48 per family, compared with an increase of \$8.24 in the family insurance benefit.

The total reduction in the assistance payments was less than the increase in old-age and survivors insurance benefits for various reasons. Need previously unmet, particularly for medical care, absorbed part or all of the increase in benefits for some cases. These were usually cases in which State maximums had prevented larger payments. Some agencies recognized new items of individual need or raised the amount allowed in their standards for basic items, thus increasing the amount of need required. Michigan, for example, added a monthly medical allowance of \$2 to requirements at the same time the old-age and survivors insurance benefit was increased. In New York, the seasonal increase in the fuel and clothing allowance diverted some of the increase in benefits. Montana raised the allowance for shelter in October, but the effect on payments was not noticeable because the increase was made effective at the time of the periodic reinvestigation process. Other States have a policy permitting use of income for needs of dependents, which modified the effect of the increase in benefits. Louisiana, Michigan, and Minnesota have such policies.

In States where payments are based on a percentage of the budget

deficit, the reduction in assistance payments represents only a percentage of the increase in benefits even though the entire increase was considered. In New Mexico, for example, the payments for aid to dependent children meet 80 percent of the budget deficit. When the budget was recalculated on the basis of the increased benefits and the percentage adjustment applied, the decrease in payments for many cases was 20 percent less than the increase in old-age and survivors insurance benefits.

In contrast, reductions in payments that were larger than the increase in benefits were reported by 15 States for old-age assistance and 18 States for aid to dependent children. Tennessee, for example, put into effect restrictive policy measures that accounted, in a number of cases, for a decrease in payments in addition to that produced by the higher old-age and survivors insurance benefits.

In five States—Alaska, Florida, Mississippi, Missouri, and South Dakota—reductions in monthly assistance payments to beneficiary families receiving aid to dependent children amounted to less than half the total increase in their insurance benefits. In Mississippi the reduction both for that program and for old-age assistance represented less than one-third the increase in the monthly insurance benefits.

Federal Grants to State and Local Governments, 1953-54

Federal grants to State and local governments continued their general upward trend during the fiscal year 1953-54. Although grants for the several health services and for education declined, grants for public assistance payments and administration, for employment security administration, for welfare services other than public assistance, and for all other purposes increased somewhat. On balance, total grants, including those of a temporary and emergency nature, were more than 7 percent greater than those of the preceding

Table 3.—Old-age assistance and aid to dependent children: Effect of increase in OASI benefits on monthly expenditures for assistance payments for cases reported through December 1954, by State ¹

State	Effect of increased OASI benefits on—			
	Old-age assistance		Aid to dependent children	
	Increase in OASI benefits	Reduction in assistance payments	Increase in OASI benefits	Reduction in assistance payments
Total.....	\$2,334,656	\$2,080,448	\$216,991	\$196,814
Ala.....	8,890	12,860	5,145	2,764
Alaska.....	1,992	1,937	631	118
Ariz.....	16,419	29,878	2,014	1,262
Ark.....	14,812	14,736	1,825	1,158
Calif.....	476,145	418,077	15,309	15,304
Colo.....	63,622	62,207	2,355	2,228
Conn.....	30,817	26,001	2,523	2,053
Del.....	1,230	953	361	312
D. C.....	3,217	2,729	818	635
Fla.....	76,838	56,886	9,287	3,748
Ga.....	46,111	49,693	7,237	7,605
Hawaii.....	1,485	1,891	525	1,226
Idaho.....	9,494	8,803	1,159	1,223
Ill.....	85,378	85,910	6,796	6,941
Ind.....	30,888	27,359	6,881	4,953
Iowa.....	34,904	² 34,061	² 5,115	² 4,007
Kans.....	25,265	24,496	1,678	1,294
Ky.....	22,887	19,305	10,136	5,649
La.....	110,343	93,343	4,400	3,584
Maine.....	16,561	14,055	4,306	3,053
Md.....	8,099	7,911	996	1,137
Mass.....	160,134	127,332	9,350	10,397
Mich.....	92,692	73,293	12,316	11,702
Minn.....	43,509	18,738	5,474	3,016
Miss.....	15,746	4,640	3,536	876
Mo.....	120,577	93,316	8,689	3,857
Mont.....	9,528	9,504	872	879
Nebr.....	14,600	11,690	1,437	742
Nev.....	5,580	3,880	(³)	(³)
N. H.....	8,144	7,671	752	878
N. J.....	23,653	23,350	3,965	3,413
N. Mex.....	5,909	6,148	1,950	1,671
N. Y.....	111,795	85,874	8,894	6,450
N. C.....	16,820	14,542	6,024	5,017
N. Dak.....	4,283	5,678	756	851
Ohio.....	100,840	90,710	8,936	7,093
Okla.....	68,066	72,092	5,831	4,538
Oreg.....	28,912	31,954	1,574	1,416
Pa.....	49,352	50,228	7,446	7,622
R. I.....	12,349	12,809	743	1,127
S. C.....	10,632	11,305	1,908	2,029
S. Dak.....	5,358	5,559	1,515	741
Tenn.....	28,554	29,534	9,244	29,201
Tex.....	136,859	136,464	7,448	5,688
Utah.....	7,941	7,519	1,499	1,504
Vt.....	9,963	7,021	1,512	766
V. I.....	0	0	9	9
Va.....	4,834	4,635	2,519	2,693
Wash.....	492,061	486,952	3,937	2,876
W. Va.....	6,786	7,313	2,925	3,504
Wis.....	48,522	42,901	6,202	5,751
Wyo.....	5,260	4,705	237	273

¹ The exact effect of increase in insurance benefits on assistance payments cannot be determined because of other factors influencing assistance payments during this period.

² Partly estimated.

³ Program administered without Federal participation.

⁴ Excludes amounts for a few cases in which there was no reduction in payments.