Notes and Brief Reports

Initial Effects of the 1958 PA Amendments on Assistance Payments*

Effective October 1, 1958, the four public assistance titles of the Social Security Act were amended to change the basis of Federal financial participation in assistance payments under State programs for old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children. The amendments had a threefold effect: (1) They made available some additional Federal funds to each State; (2) they simplified administrative procedures for the States by providing for Federal matching on an average maximum basis, covering combined money payments to recipients and vendor payments in their behalf for medical care; and (3) they brought about greater equity in the financing of public assistance by relating in part the Federal share of assistance payments to State fiscal capacity as measured by State per capita income.[1]

Provisions for Federal Participation

Immediately before the effective date of the amendments, money payments to recipients and payments made to physicians, hospitals, and other suppliers of medical or remedial care — vendor payments — were matched separately by the Federal Government.[2] Under the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled, the Federal share of money payments was four-fifths of the first $30 of the average payment per recipient, multiplied by the number of recipients, and half the remaining expenditures within an individual maximum of $60 for each recipient. The amendments left unchanged the first part of the matching formula; the Federal Government still pays four-fifths of the first $30 per recipient. The second part of the matching formula was revised. The Federal Government now pays from 50 percent to 65 percent (depending on the fiscal capacity of the State as measured by per capita income) of that part of the State's average assistance payment that exceeds $30 (excluding any part of the average payment in excess of $65), multiplied by the number of recipients. The maximum subject to Federal participation under both parts of the formula is $65 times the number of recipients. This $65 limitation on the average payment applies to combined money payments to recipients and vendor payments for medical care.

For the program of aid to dependent children, the first part of the matching formula was also unchanged. The Federal Government pays $14 of the first $17 of the average payment per recipient times the number of recipients, as before. In the second part of the formula, as amended, the Federal share of that part of a State's average payment per recipient exceeding $17 (with any amount of the average payment in excess of $30 excluded) times the number of recipients, is related to the fiscal capacity of the State, with the Federal Government paying the same proportion as in the other programs. Formerly, in each State, the proportion was 50 percent of payments exceeding $17 but within the individual maximums; now the maximum amount subject to Federal participation is $30 times the number of recipients. This limitation of $30 on the average payment applies to combined money payments to recipients and vendor payments for medical care. It replaces the former maximums on individual money payments ($32 each for the first child and the person caring for the child, and $23 for each additional child) and separate average maximums for medical care.

Before the 1958 amendments, Federal funds for vendor payments for medical and remedial care were equal, for adult recipients, to half such payments not exceeding $6 ($3 in Federal funds) times the number of adult recipients and, for child recipients, to half such payments not exceeding $3 ($1.50 in Federal funds) times the number of child recipients. Under the 1958 amendments the combination for matching purposes of money payments and vendor payments within average maximums supersedes the separate matching provisions for both money payments and medical care.

The additional Federal funds available to the States resulted from two features of the amendments: (1) the averaging of assistance payments for matching purposes, and (2) the variable matching based on the States' per capita incomes. States making payments higher than the former Federal maximums on individual payments gained Federal funds from the averaging feature of the amendments; States with lower-than-average per capita incomes received more Federal funds from the variable matching feature of the formula; and States with lower-than-average per capita income and with payments higher than the former Federal maximums on individual payments gained Federal funds under both features of the amendments. For all States, however, the change in Federal maximums from an individual-payment basis to an average-payment basis simplified the administrative

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[1] The provision relating to matching on an average-payment basis was extended to all jurisdictions. For Puerto Rico and the Virgin Islands, however, the matchable average payment—$35 per recipient in old-age assistance, aid to the blind, and aid to the permanently and totally disabled and $18 in aid to dependent children—remains lower than for other States. For these States and for Alaska and Hawaii, the provision for relating part of the Federal share to the fiscal capacity of the States does not apply. Guam, for the first time, is covered by the public assistance titles of the Social Security Act—on the same matching basis as Puerto Rico and the Virgin Islands; as in Puerto Rico and the Virgin Islands, there is a limitation on the total amount of Federal funds that can be paid annually. (Guam has not yet made assistance payments under approved plans for any of the special types of public assistance.)

[2] Two States exercised the option provided by a 1957 amendment and continued to claim Federal matching on combined money payments and vendor payments for medical care within the maximums on individual payments under the provisions in effect before July 1, 1957.

Table 1.—*Changes in average money payments and average vendor payments for medical care, September–December 1958*

State	Old-age assistance		Aid to the blind		Aid to the permanently and totally disabled		Aid to dependent children (per recipient)	
	Money payments	Vendor payments	Money payments	Vendor payments	Money payments	Vendor payments	Money payments	Vendor payments
Total	+$0.97	+$1.56	+$0.93	+$0.42	+$0.80	+$0.43	+$0.72	+$0.11
Alabama	+5.94	−.01	+8.21	(1)	+5.09	+.01	+1.47	0
Alaska	−.30	----	+.63	----	----	----	+4.39	----
Arizona	+.20	----	+.84	----	----	----	−.82	----
Arkansas	−.27	+.38	−.32	−.09	−.10	+1.26	+.02	−.07
California	+1.41	0	−.01	0	+.66	----	+.97	−.01
Colorado	+4.56	+.12	+.19	−.57	−.10	−.04	−.03	0
Connecticut	−.26	+2.00	−.88	0	−.88	+4.00	+.83	+1.22
Delaware	+.04	----	+.03	−.01	+.47	----	+.30	----
District of Columbia	−.28	+.17	−.52	[2] +.13	+.27	+.11	−.09	+.03
Florida	−1.38	[2] +.97	−.75	[2] +.63	−.80	[2] +1.39	−.09	----
Georgia	+4.85	----	+4.71	----	+5.04	----	+1.78	----
Hawaii	+5.49	−.02	+6.13	+.03	+6.01	+.04	+3.70	−.01
Idaho	+4.60	----	+4.65	----	+4.49	----	+1.09	----
Illinois	+.10	+.20	−.09	−.83	+.21	0	+.12	0
Indiana	+.22	+1.51	+.53	+1.44	----	----	−.03	+.86
Iowa	+6.11	----	+5.60	----	----	----	−.38	----
Kansas	+3.13	+.90	+2.81	−.44	+1.88	+.19	+1.84	+.09
Kentucky	+5.24	----	+4.16	----	+5.57	----	+.46	----
Louisiana	+3.58	+.04	+2.24	+.04	+3.40	−.02	+1.40	+.01
Maine	−.11	+1.50	+.11	+4.00	+.16	0	+.02	+.01
Maryland	+.84	0	+.83	0	+.32	0	+.44	0
Massachusetts	−12.34	+11.19	+2.91	−7.23	−13.76	+10.93	−.22	−.11
Michigan	+.24	+.63	+.08	−1.35	+.77	+.13	+.19	−.02
Minnesota	−15.57	+18.84	−19.63	+13.23	+1.13	−.90	+.41	+.82
Mississippi	−.15	----	−.19	----	−.07	----	+.06	----
Missouri	+1.93	----	0	----	+2.00	----	+.09	----
Montana	+.12	−.13	+2.25	−1.16	+2.36	----	+.50	−.01
Nebraska	−7.46	+7.94	−12.44	+12.83	−4.66	+3.80	+.01	+.14
Nevada	+.12	−.07	−.44	0	----	----	−.57	----
New Hampshire	+2.93	+.09	+1.71	+.08	+1.34	+.71	+2.84	−.03
New Jersey	−11.73	+18.19	+2.48	−2.71	−9.35	+11.37	+.57	−.33
New Mexico	+6.00	+3.21	+6.45	+1.75	+6.63	+3.36	+5.69	+1.54
New York	−.38	+4.17	+1.24	+3.93	+1.51	+3.70	+.46	+.01
North Carolina	+1.21	+.60	+4.93	+.93	+2.04	+.58	+.32	+.06
North Dakota	−10.57	+10.70	+3.00	−5.38	−16.16	+7.59	+2.17	−.34
Ohio	+.04	+2.65	+.06	+.69	+5.92	−.83	+2.24	+1.89
Oklahoma	−.18	−.02	+.22	+.24	−.03	−.03	+.17	+.01
Oregon	+2.31	−5.43	+1.04	−1.87	+2.51	−6.62	+1.31	−1.37
Pennsylvania	+16.21	−.02	+.10	−.03	−.34	−.51	+1.29	−.02
Puerto Rico	+.01	----	−.04	----	−.05	----	−.03	----
Rhode Island	+.21	0	+.18	0	+.49	0	+.47	+.01
South Carolina	+.14	----	+.27	----	+.02	----	−.03	----
South Dakota	+.14	----	−.25	----	+.18	----	−.60	----
Tennessee	+3.26	+.80	+3.54	+.20	+.66	+.70	+.50	+.02
Texas	+4.74	----	+5.05	----	+4.85	----	−.09	----
Utah	+2.78	−2.00	+1.13	−2.02	+2.07	−1.98	+.53	0
Vermont	+.11	----	−.12	----	+.34	----	+.26	----
Virgin Islands	+3.15	−.01	[3] +4.27	[3] −.02	+3.54	−.01	+2.62	0
Virginia	+.48	+.22	+.29	+.35	+.26	+.04	+.14	----
Washington	+.83	−.03	+.99	+.03	+3.14	+.07	+1.72	−.02
West Virginia	+.09	+.02	+.32	+.60	+.09	+.33	+.02	+.05
Wisconsin	−17.34	+14.29	−14.11	+12.02	−46.42	+30.42	+2.80	+.47
Wyoming	+1.24	+.25	+1.58	+.33	+2.03	+.34	+.64	+.57

[1] Decrease of less than 1 cent.
[2] No vendor payments in September 1958.
[3] Less than 50 recipients.

processes involved in claiming Federal funds because the relationship of each individual payment to the appropriate Federal maximum no longer needs to be determined.

For the second part of the matchable average payment—that is, the portion from $30 to $65 for the adult programs and from $17 to $30 for aid to dependent children — variable matching gives relatively more Federal funds to States with per capita incomes below the national average.[3]

[3] The figure for per capita income used in determining the Federal share is the average of the latest 3 years for which data are available from the Department of Commerce. Current Federal percentages for States are based on data for 1955–57 and are effective for the 33-month period October 1958–June 1961; future percentages will be determined in even-numbered years, commencing in 1960, and will be effective for the biennium beginning July 1 of the following odd-numbered year.

Specifically, the Federal share of the second portion of the matchable average payment ranges from 50 percent to 65 percent. For all States at or above the national average in per capita income the Federal share is 50 percent; for States with per capita income in the range from about 84 percent through 99 percent of the national per capita income, the Federal share varies between 50 percent and 65 percent; and for all States with per capita income of less than approximately 84 percent of the national per capita income, the Federal share is 65 percent.

When the States are arranged according to these broad income classifications, as shown below, 16 fall in the highest-income group and receive 50-percent Federal sharing; 14 are in the middle-income group, receiving between 50 percent and 65 percent; and 19 are in the lowest-income group, receiving 65 percent. (Alaska, Hawaii, Puerto Rico, and the Virgin Islands, to which the variable matching provision does not apply, are excluded.)

Highest-income States:

California	Michigan
Connecticut	Nevada
Delaware	New Jersey
District of Columbia	New York
Illinois	Ohio
Indiana	Pennsylvania
Maryland	Rhode Island
Massachusetts	Washington

Middle-income States:

Arizona	Montana
Colorado	Nebraska
Florida	New Hampshire
Iowa	Oregon
Kansas	Texas
Minnesota	Wyoming
Missouri	Wisconsin

Lowest-income States:

Alabama	North Dakota
Arkansas	Oklahoma
Georgia	South Carolina
Idaho	South Dakota
Kentucky	Tennessee
Louisiana	Utah
Maine	Vermont
Mississippi	Virginia
New Mexico	West Virginia
North Carolina	

State Action To Increase Payments to Recipients

Although the amendments made available some additional Federal funds for each State, these funds did not mean automatic increases in payments to recipients. Some type of action by the State is always necessary before increases in individual payments can occur. To appraise the effects of the amendments, the Bureau of Public Assistance requested the States to submit reports reflecting actions taken to liberalize program provisions in the period July-December 1958. The States were also asked to identify changes in policies and procedures not attributable directly or indirectly to the amendments. The effective dates of most changes were concentrated in October and November, but July-December was used as a reporting period because a few States had made liberalizations before October. Some of these changes were made in anticipation of the availability of additional Federal funds, but others would have occurred in any event under the State's normal procedures for reflecting price changes in assistance cost standards or for other reasons.

All changes resulting from the amendments, however, were not initiated during the report period. Some States required legislative approval before changes could be made. A few States deferred making changes in individual assistance payments until February. They could then effect, concurrently, (1) liberalizations resulting from increased funds available under the public assistance amendments and (2) reductions in some assistance payments necessitated by the receipt of higher old-age, survivors, and disability insurance benefits—also authorized by the 1958 amendments to the Social Security Act.

Table 2.—*Number of States with specified amount of change in average payment per recipient, by program, September-December 1958*

Amount of change	Number of States			
	OAA	AB	APTD	ADC
Total	53	53	48	53
Increases	43	32	37	40
$5.00 or more	6	6	6	1
4.00-4.99	5	6	3	2
3.00-3.99	5	1	4	1
2.00-2.99	2	2	4	4
1.00-1.99	8	4	4	10
Less than 1.00	17	13	16	22
No change	0	1	0	0
Decreases	10	20	11	13
Less than $1.00	6	14	7	13
1.00 or more	4	6	4	0

During July-December 1958, more than two-thirds of the 53 States made one or more changes in policies that tended to increase average payments to recipients of old-age assistance, aid to dependent children, and aid to the blind; about three-fourths of the 48 States administering programs for permanently and totally disabled persons reported liberalizations that tended to raise the average payment. The types of changes made by the States are summarized below.

Type of change	Number of States			
	OAA	AB	APTD [1]	ADC
Total [2]	37	36	37	38
Usual maximum raised or method of reducing payments eliminated or made less stringent	17	14	17	14
Items added to assistance standards	7	7	6	7
Assistance cost standards raised	31	29	28	29
Other liberalizations	7	7	6	9

[1] 48 States administer programs of aid to the permanently and totally disabled.
[2] Number of States making changes; total is less than sum of items because some States made more than one type of change. Some changes were not directly related to the 1958 amendments.

The step most commonly taken by the States was that of raising cost standards for certain basic items (food and clothing, for example) included in the State standards for requirements of recipients. Raising cost standards for basic requirements tends to increase assistance payments to more recipients than any other single type of change. Increases in food allowances occurred with the greatest frequency. In addition to or instead of raising cost figures, a few States included new items in their assistance standards.

Maximums or other limitations on individual assistance payments were made less stringent or eliminated in 17 States for old-age assistance and aid to the permanently and totally disabled and in 14 States for aid to dependent children and aid to the blind. The raising of a State maximum generally results in higher payments to most persons receiving the maximum, since the needs of these persons are usually not being met in full. Payments less than the maximum are not affected, of course, when the maximum is raised. In a few States, maximums are high enough to have a limiting effect on relatively few payments, and in some States the payments may exceed maximums under specified circumstances—usually when medical care is needed. The number of States applying maximums or other limitations decreased slightly during the July-December period: from 38 to 37 in old-age assistance, from 36 to 34 in aid to the blind, from 34 to 33 in aid to the permanently and totally disabled, and from 37 to 35 in aid to dependent children. Other types of liberalizations were also initiated by practically all States that raised their maximums or made less stringent other limitations on payments to recipients.

Measures taken to raise individual payments were, in general, attributable to the availability of additional Federal funds, but there were exceptions. In old-age assistance, for example, the additional Federal funds were not responsible for the increase in the maximum or in the percentage of need met in three States, for the addition of items to assistance standards in three States, for increases in cost standards in 11 States, and for other liberalization in 4 States. Among the States taking no action during the reporting period were some that indicated they were already meeting need at what they considered adequate levels, as well as a few that, even with the increased Federal funds, were not able to make increases in payments because of shortages of State funds.

State Medical Care Provisions

Relatively few States added items of medical care to their plan provisions or raised fee schedules during the July-December period. On the other hand, the provisions in the 1958 amendments combining money and vendor payments for matching purposes were responsible in some States for sizable changes that tended to be counterbalancing in the average amounts of the two types of payments. Because of the separate matching provisions in effect before October, States providing medical care that entailed costs substantially higher than the average monthly amounts subject to Federal participation under the vendor payments formula generally shifted to the money-payment method to take care of the costs of certain types of medical care in order to receive the largest possible amount of Federal participation. Under the revised matching formula, no advantage with respect to Federal funds accrues from the use of one payment method or the other. Since, in general, States find it administratively advantageous to pay for medical care by means of payments to vendors, some States have shifted now to this payment method for some types of care for which provision was previously made in money payments to recipients. The effects of this type of change in payment method are illustrated by the following tabulation, which shows the September–December change in the average payment per old-age assistance recipient in the five States having the largest increase in the average vendor payment.

State	Change in average OAA payment		
	Total	Money payment	Vendor payment
Massachusetts	−$1.06	−$12.34	+$11.19
Minnesota	+3.03	−15.57	+18.84
New Jersey	+1.45	−11.73	+18.19
North Dakota	−2.21	−10.57	+10.70
Wisconsin	−5.63	−17.34	+14.29

State changes in average vendor medical payments and in average money payments to recipients from September to December 1958 are presented in table 1 for each program.

Average Payments to Recipients, September–December

The following comparison of the changes in average payments from September—the month immediately preceding the effective date of the amendments—to December 1958 reflects only the immediate effects the amendments had on payments to assistance recipients. The States are grouped in table 2 according to specified amounts of change from September to December in the average payment per recipient, including vendor payments for medical care. The average payment in December 1958 and the amount of change from September are given, by State, in table 3.

In the country as a whole, from September to December, the average payment per recipient increased $2.37 in old-age assistance, $1.28 in aid to the blind, $1.66 in aid to the permanently and totally disabled, and 82 cents in aid to dependent children.

These changes in the national averages were the net result of widely diverse changes among the States in average payments. The average payment per recipient rose more than $3.00 in 16 States for old-age assistance, in 13 States for aid to the blind, and in 13 States for aid to the permanently and totally disabled; for aid to dependent children, increases of

Table 3.—*Average payment per recipient, December 1958, and amount of change, September–December 1958*

[Based on data including vendor payments for medical care and recipients having only such payments made in their behalf]

State	Old-age assistance		Aid to the blind		Aid to the permanently and totally disabled		Aid to dependent children (per recipient)	
	December 1958	Change, September–December 1958	December 1958	Change, September–December 1958	December 1958	Change, September–December 1958	December 1958	Change, September–December 1958
Total	$64.16	+$2.37	$68.26	+$1.28	$62.51	+$1.66	$28.27	+$0.82
Alabama	43.75	+5.93	34.71	+8.22	32.57	+5.10	7.03	+1.47
Alaska	61.12	−.30	68.20	+.63	----	----	28.80	+4.39
Arizona	55.31	+.20	65.12	+.84	----	----	26.10	−.82
Arkansas	47.96	+.11	53.36	−.43	36.32	+1.17	15.64	−.04
California	84.84	+1.41	104.32	−.02	76.18	+.66	45.82	+.99
Colorado	96.83	+4.68	76.27	−.38	60.42	−.14	32.03	−.03
Connecticut	111.57	+1.74	99.28	−.88	128.82	+3.12	49.57	+2.06
Delaware	49.42	+.04	70.49	+.02	64.65	+.47	23.41	+.30
District of Columbia	60.36	−.11	68.41	−.39	71.47	+.39	33.45	−.05
Florida	52.99	−.49	58.01	−.14	57.71	+.40	16.26	−.09
Georgia	48.23	+4.85	52.98	+4.71	51.90	+5.04	23.94	+1.78
Hawaii	58.21	+5.47	70.10	+6.17	70.72	+6.05	34.98	+3.69
Idaho	65.25	+4.60	69.64	+4.65	70.10	+4.49	40.12	+1.09
Illinois	67.68	+.19	78.62	−.92	83.28	+.26	38.39	+.13
Indiana	58.96	+1.07	68.88	+.97	----	----	28.38	+.49
Iowa	73.62	+6.11	88.30	+5.60	----	----	34.62	−.38
Kansas	77.73	+3.75	85.10	+2.58	79.62	+1.69	35.53	+1.87
Kentucky	43.92	+5.24	44.11	+4.16	44.10	+5.57	20.13	+.46
Louisiana	66.71	+3.58	76.15	+2.28	53.82	+3.39	22.15	+1.40
Maine	58.25	+1.40	63.93	+4.11	65.35	+.16	26.54	+.01
Maryland	56.45	+.84	61.12	+.83	64.23	+.33	27.22	+.43
Massachusetts	95.96	−1.06	117.59	−4.27	112.40	−4.34	46.32	−.32
Michigan	70.43	+.87	75.38	−1.26	85.01	+.86	36.30	+.17
Minnesota	85.70	+3.03	93.24	−6.70	61.51	+.04	44.27	+1.22
Mississippi	29.56	−.15	38.58	−.19	29.58	−.07	10.61	+.06
Missouri	56.49	+1.93	60.00	0	58.19	+2.00	22.20	+.09
Montana	61.75	−.01	71.24	+1.09	70.78	+2.36	32.90	+.49
Nebraska	65.00	+.27	80.22	+.30	67.87	−.67	27.38	+.11
Nevada	68.57	+.04	99.41	−.44	----	----	26.87	−.57
New Hampshire	71.21	+3.05	74.45	+1.78	86.57	+1.31	41.04	+2.91
New Jersey	84.18	+1.45	78.60	−.47	91.70	−.29	43.50	+.15
New Mexico	62.72	+9.21	64.25	+8.19	66.76	+9.98	31.26	+7.25
New York	99.07	+2.84	105.60	+4.74	98.45	+4.33	42.28	+.44
North Carolina	39.25	+1.81	51.66	+5.78	45.57	+2.62	18.79	+.38
North Dakota	79.78	−2.21	69.60	−3.57	89.26	−11.52	38.64	+1.70
Ohio	67.57	+2.69	64.35	+.77	65.77	+5.14	28.51	+4.13
Oklahoma	72.99	−.19	89.40	+.45	81.20	−.05	29.75	+.18
Oregon	80.34	−4.46	84.81	−1.35	86.31	−7.44	39.61	−.15
Pennsylvania	67.45	+16.20	62.78	+.07	58.48	−.85	30.51	+1.27
Puerto Rico	8.15	+.01	8.03	−.04	8.69	−.05	3.70	−.03
Rhode Island	73.21	+.21	70.41	+.18	79.26	+.47	35.22	+.48
South Carolina	38.19	+.14	42.31	+.27	34.90	+.02	14.03	−.03
South Dakota	52.02	+.14	51.86	−.25	52.47	+.18	27.57	−.60
Tennessee	44.02	+4.06	47.70	+3.74	44.17	+1.36	19.19	+.52
Texas	51.82	+4.74	56.09	+5.05	51.79	+4.85	16.51	−.09
Utah	65.85	+.79	69.97	−.89	70.71	+.09	36.97	+.53
Vermont	51.18	+.11	51.73	−.12	53.53	+.34	26.76	+.26
Virgin Islands	23.46	+3.18	[1] 26.87	+4.26	25.82	+3.74	12.55	+2.62
Virginia	38.27	+.60	45.16	+.58	43.62	+.23	18.94	+.14
Washington	89.41	+.81	99.16	+1.24	100.53	+3.23	45.56	+1.70
West Virginia	35.75	+.11	40.67	+.91	38.87	+.42	23.53	+.07
Wisconsin	70.29	−5.63	75.68	−4.14	95.41	−19.02	45.09	+2.48
Wyoming	71.83	+1.50	70.99	+1.91	72.89	+2.37	37.36	+1.21

[1] Less than 50 recipients.

more than $1.00 per recipient occurred in 18 States. These increases were concentrated largely in the 33 States that receive additional Federal funds under the new matching provisions on the basis of their per capita incomes.

On the other hand, among the States that did not gain additional Federal funds under the variable matching provisions (the 16 highest-income States, Alaska, and Hawaii), there were increases of more than $3 in the average payment per recipient in only two States for old-age assistance, in two States for aid to the blind, and in five States for aid to the permanently and totally disabled. Five States in this group reported an increase of more than $1 per recipient in aid to dependent children.

For each program, increases or decreases of less than $1 occurred in an appreciable number of States. To a considerable degree, changes of this magnitude were attributable to normal fluctuations rather than to changes in policies or procedures. All the declines of more than $1 in the average payment per recipient were confined to the three adult categories and in most instances resulted from sizable decreases in vendor payments for medical care. The vendor-payment component of total assistance payments is subject to considerable variation because of uneven and fluctuating time lags between the month the service is provided and the month the payment is made.

For the four federally aided programs combined, the monthly rate of total assistance payments, including vendor payments for medical care, increased from $255 million in September to $266 million in December. Most of this increase represented the effect of the additional Federal funds made available by the 1958 amendments.

State Income-Tax Laws on OASDI Benefits and Contributions*

Almost all States with income-tax laws follow the Federal tax rule of exempting old-age, survivors, and disability insurance benefits from income tax, and a majority of these States also follow the Federal rule of not permitting the amount of the employee's social security contributions to be deducted from income subject to tax.

Among the 34[1] States with personal income-tax laws, only Massachusetts, Mississippi, and Indiana do not exclude from the State income tax all benefits received under the old-age, survivors, and disability insurance program. Massachusetts exempts the lump-sum payment and the monthly benefits payable to dependents and survivors but does not exempt old-age (primary) benefits payable to retired workers. Mississippi exempts the lump-sum payment and the monthly benefits payable to survivors but not the monthly benefits payable to retired workers and their dependents. Indiana exempts the first $3,000 received in a year from public and private pensions.

The social security contributions of workers are subject to somewhat greater variation in tax treatment by the States. Twenty-four States require the social security contributions to be included in the amount of income subject to tax. Eight States permit these contributions to be deducted from the amount of income that is subject to tax. Two States distinguish between the contributions of the self-employed and those made by employed persons: In Iowa the contributions of employees, but not those of the self-employed, are deductible; in Oregon the reverse is true. Of the 10 States in which some or all social security contributions are deductible from income for tax purposes, all but one (Massachusetts) also exempt all old-age, survivors, and disability insurance benefits from income tax.

The 34 States with personal income-tax laws are grouped below in four categories, according to their treatment of old-age, survivors, and disability insurance benefits and employee contributions.

Benefits not taxable—
- Contributions not deductible:
  - Alaska
  - Arizona
  - Arkansas
  - California
  - Colorado
  - District of Columbia
  - Georgia
  - Idaho
  - Indiana[1]
  - Kentucky
  - Maryland
  - Minnesota
  - Montana
  - New Mexico
  - New York
  - North Carolina
  - North Dakota
  - Oklahoma
  - Oregon[2]
  - Puerto Rico
  - South Carolina
  - Utah
  - Vermont
  - Virginia
- Contributions deductible:
  - Alabama
  - Delaware
  - Hawaii
  - Iowa[3]
  - Kansas
  - Louisiana
  - Missouri
  - Wisconsin

Benefits taxable—
- Contributions not deductible:
  - Mississippi[4]
- Contributions deductible:
  - Massachusetts[5]

[1] The first $3,000 received each year from all private and public pensions, including old-age, survivors, and disability insurance, is exempt from gross income tax. Railroad retirement benefits are wholly nontaxable.

[2] Employee contributions are not deductible; those made by the self-employed are deductible.

[3] Employee contributions are deductible; those made by the self-employed are not deductible.

[4] Benefits to retired workers and their dependents are taxable; lump-sum payments and survivor benefits are not taxable.

[5] Benefits to retired workers are taxable; neither benefits to dependents and survivors nor lump-sum payments are taxable.

* Prepared by Warren J. Baker, Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

[1] New Hampshire and Tennessee, which levy a personal income tax only on interest and dividend income, are excluded from this analysis. Sixteen States have no personal income-tax laws.

International Conference on Homemaker Services*

The first International Conference on Homemaker Services was held in Zeist, Holland, in May 1959. The representatives from 13 countries who took part in the conference included one from Canada; two from Norway; four each from Austria, Finland, and the United States; five from Italy; six each from Sweden and Switzerland; 17 from Germany; 18 from France; 23 from Great Britain; 25 from Belgium; and 36 from the Netherlands. Among those attending were two directors general of health, welfare, and education ministries who participated actively throughout the conference, as well as other officials from such agencies; members of voluntary and public organizations providing homemaker service or having a broader function; workers in health and welfare associations; representatives from schools of social work; directors of schools for the training

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