

# Household Employment Under OASDHI, 1951-66

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*Selected information on domestic workers, obtained as a byproduct of the social security program's employer reporting system, has been published by the Social Security Administration in a separate publication issued periodically. Annual reports on household employment are now to be published in the Bulletin, and this article is the first in the series.*

THE COOK, THE CHAUFFEUR, the housekeeper, the maid, the babysitter—anyone whose work is defined as household employment under the social security program—has his taxable wages reported by his employer quarterly, when the employer sends his own and his employee's social security contributions to the Internal Revenue Service.

In 1965, about 1¼ million employers reported taxable household wages of \$1.2 billion to 1.4 million different workers. In 1966, according to preliminary estimates for this type of employment, the number of employers and the number of workers each declined about 20,000 as the total amount of taxable household wages rose by about \$8 million.

Study of household workers in 1965 reveals that—

the median age was 52, though it was only 37 for all wage and salary workers

about 1 in 10 were men

slightly more than half were Negroes

4 out of 5 had no other type of covered employment

the average annual household wage was \$800, but it was \$3,100 for all wage and salary workers

when household work was combined with other types of employment, the average wage for the year was

\$1,480 for workers with both household and other types of employment

about half of the workers earned fewer than 4 quarters of coverage in household work, but even with all covered work counted, only 6 in 10 had as many as 4 quarters.

## COVERAGE UNDER THE SOCIAL SECURITY ACT

The Social Security Act of 1935 did not provide coverage for household employment—or domestic service, as it is often called. At that time, it was felt that the problems of covering such work were greater than those for industrial workers and that the question needed further study.

Beginning January 1, 1951, under the 1950 amendments to the Social Security Act, household employment<sup>1</sup> was included in the definition of "covered employment." Persons employed in household work could be considered to be in covered employment in a calendar quarter only if (1) cash payment by the employer to the worker in that quarter amounted to \$50 or more and (2) the worker performed some domestic service for the same employer on 24 or more days in the quarter in which the cash wages were paid or in the preceding calendar quarter. The 1954 amendments to the Social Security Act eliminated the "24-day rule." No change has been made, however, in the requirement for cash payment of \$50 or more.

## HISTORICAL SUMMARY, 1951-66

From 1951 to 1954 the number of household workers reported each year was less than 1 mil-

\*Division of Statistics, Office of Research and Statistics. The author was assisted in the preparation of the data by Truman Wilson and Charles R. Helbing. See *Social Security: Household Worker Statistics, 1964*, Office of Research and Statistics, 1968, and earlier issues. Quarterly data on household employment and some other detailed unpublished information are available on request.

<sup>1</sup> For social security purposes, household employment is work ordinarily performed as an integral part of household duties that contributes to the maintenance of the employer's residence or administers to the personal wants and comforts of the employer and other members of the household and guests.

TABLE 1.—Household employers, workers, and taxable household wages under OASDHI, 1951–66

Year	Employers during year	Workers during year	Annual taxable household wages (millions)	Average annual taxable household wage per worker
1951.....	795,000	945,000	\$715	\$755
1952.....	745,000	890,000	695	785
1953.....	700,000	830,000	675	815
1954.....	710,000	850,000	695	820
1955.....	1,080,000	1,245,000	875	705
1956.....	1,110,000	1,275,000	910	715
1957.....	1,110,000	1,275,000	925	725
1958.....	1,105,000	1,225,000	940	770
1959.....	1,075,000	1,210,000	925	765
1960.....	1,140,000	1,300,000	991	760
1961.....	1,180,000	1,360,000	1,026	750
1962.....	1,210,000	1,400,000	1,054	750
1963.....	1,240,000	1,430,000	1,093	760
1964.....	1,260,000	1,450,000	1,131	780
1965.....	1,255,000	1,442,000	1,154	800
1966 <sup>1</sup> .....	1,230,000	1,420,000	1,162	820

<sup>1</sup> Preliminary.

labor force, for example, went from 6.2 percent in 1964 to 4.8 percent in 1966. Thus, because of a tighter labor market, some domestic workers may have been able to move into better-paying jobs.

For household employers, the number reporting followed the pattern for workers, with a peak of 1¼ million in 1964. The ratio of household workers to employers (1.15 to 1) has remained constant for several years.

The worker's average annual taxable wage has risen slowly from a low of \$705 in 1955 to an estimated \$820 in 1966. The 1955 average was \$115 lower than the average in the preceding year, reflecting the extension of coverage to a larger number of day workers with the dropping of the 24-day rule.

### DEMOGRAPHIC CHARACTERISTICS

Household workers have a larger proportion of women, Negroes, and older people among their ranks than does the working population as a whole. Of all household workers reported in 1965, nearly 9 out of 10 were women. Among all wage and salary workers, however, fewer than 4 out of 10 were women. Negroes accounted for somewhat more than half of all household workers, and nine-tenths of these Negro workers were women. But the proportion of Negro men among male household workers was also far greater than their representation in the general working population.

Among household workers whose wages were reported in 1965, the median age was 52, in con-

lion (table 1). In 1955, when the 24-day rule was dropped, the number reported was 46 percent higher than the total a year earlier. From 1955 to 1960 the number ranged around 1.2–1.3 million and rose gradually to reach almost 1.5 million in 1964. This rise may be attributable in part to (1) greater compliance as a result of a continuing educational program aimed at housewives and (2) increasing wage rates for day workers and a consequent growth in the number getting at least \$50 in wages paid by an individual employer in a quarter.

After reaching a peak in 1964, the number of household workers reported showed a slight decline in the next 2 years. The drop appeared to coincide with a downward trend in unemployment. The unemployment rate for women in the

TABLE 2.—Household workers by age, sex, race, and average taxable household wages, 1965

Age in 1965	All workers	Men				Women					
		Total	White <sup>1</sup>		Negro		Total	White <sup>1</sup>		Negro	
			Number of workers	Average taxable household wages	Number of workers	Average taxable household wages		Number of workers	Average taxable household wages	Number of workers	Average taxable household wages
Total.....	1,442,000	149,200	90,300	\$1,240	58,900	\$940	1,292,800	555,900	\$770	736,900	\$760
Under 20.....	34,200	10,000	8,600	390	1,400	220	24,200	16,400	280	7,800	306
20-29.....	123,900	13,700	9,900	780	3,800	830	110,200	42,100	630	68,100	550
30-39.....	180,300	17,600	9,100	1,290	8,500	930	162,700	39,700	670	123,000	710
40-49.....	311,100	23,900	11,200	1,350	12,700	850	287,200	81,800	750	205,400	790
50-59.....	407,100	33,400	19,100	1,520	14,300	1,170	373,700	160,600	850	213,100	850
60-64.....	204,400	23,000	14,600	1,660	8,400	1,040	181,400	109,300	870	72,100	790
65-69.....	82,700	10,700	7,100	1,310	3,600	1,090	72,000	45,800	760	26,200	630
70 and over.....	98,300	16,900	10,700	1,050	6,200	570	81,400	60,200	750	21,200	640
Median age.....	52	53	54	-----	52	-----	52	57	-----	48	-----

<sup>1</sup> Includes all races other than Negro.

TABLE 3.—Household workers by sex, race, and taxable household wages, 1965

Taxable household wages	All workers			Men			Women		
	Total	White <sup>1</sup>	Negro	Total	White <sup>1</sup>	Negro	Total	White <sup>1</sup>	Negro
Total.....	1,442,000	646,200	795,800	149,200	90,300	58,900	1,292,800	555,900	736,900
Less than \$100.....	82,200	42,900	39,300	12,900	7,400	5,500	69,300	35,500	33,800
100-199.....	143,700	73,400	70,300	16,400	10,200	6,200	127,300	63,200	64,100
200-299.....	129,300	59,500	69,800	12,400	6,400	6,000	116,900	53,100	63,800
300-399.....	120,300	56,100	64,200	11,700	7,300	4,400	108,600	48,800	59,800
400-999.....	493,900	205,500	288,400	37,200	23,100	14,100	456,700	182,400	274,300
1,000-1,999.....	323,400	126,600	196,800	23,100	11,200	11,900	300,300	115,400	184,900
2,000-2,999.....	97,600	44,500	53,100	14,500	7,800	6,700	83,100	36,700	46,400
3,000-3,999.....	34,900	23,200	11,700	10,500	7,400	3,100	24,400	15,800	8,600
4,000 or more.....	16,700	14,500	2,200	10,500	9,500	1,000	6,200	5,000	1,200
Annual average.....	\$800	\$840	\$770	\$1,120	\$1,240	\$940	\$760	\$770	\$760

<sup>1</sup> Includes all races other than Negro.

trast to 37 for all wage and salary workers. The median age for men was slightly higher than it was for women, and it was higher for white men than for Negro men. For white women, the median age was 57; for Negro women it was 48.

The proportion of Negro women among household workers is likely to increase with the passage of time, since they are younger, on the average, than either the men or the white women. Yet the distribution of household workers by age shows that white women outnumber Negro women in the age group under 20 (table 2). One reason for this difference may be the presence among the younger workers of white babysitters who will not remain in domestic employment. But for the "\$50 per employee" rule (and an unknown amount of noncompliance) this pattern might be even more pronounced.

A better picture of trends in the age distribu-

tion of household workers should be possible in the future. Data on the age of these workers are to be tabulated each year, and annual data beginning with 1964 will thus be available.

### WAGE PATTERNS

Only a little more than 1 percent of all household workers earned as much as \$4,000 from their domestic employment in 1965. Less than 4 percent had taxable wages of \$3,000 or more from that source. For more than two-thirds of those in domestic service, earnings from domestic employment were below \$1,000; for a third, wages did not even reach \$400.

Since women predominate among household workers, their earnings pattern was like that of

TABLE 4.—Household workers by type of employment, total taxable wages, and taxable wages in household employment, 1965

Taxable household wages	Number of workers				Taxable wages (in thousands)					
	Total	Household employment only		Household and other employment	Total	All taxable wages			Total in household employment	
		1 employer	2 or more employers			Total	Household employment only			Household and other employment
							1 employer	2 or more employers		
Total.....	1,442,000	889,000	245,000	308,000	\$1,440,500	\$729,200	\$256,800	\$454,500	\$1,154,000	
Less than \$100.....	82,200	49,600	( <sup>1</sup> )	32,600	36,990	3,100	( <sup>2</sup> )	33,890	5,080	
100-199.....	143,700	89,000	4,700	50,000	66,670	11,770	500	54,400	18,900	
200-299.....	129,300	80,300	8,900	40,100	63,970	17,580	2,040	44,350	28,400	
300-399.....	120,300	77,700	9,500	33,100	69,410	23,760	2,990	42,660	36,890	
400-999.....	493,900	296,000	102,200	95,700	378,690	172,390	63,390	142,910	289,900	
1,000-1,999.....	323,400	193,600	88,900	40,900	426,930	234,560	110,720	81,650	392,820	
2,000-2,999.....	97,600	64,900	21,500	11,200	218,090	138,600	45,200	34,290	207,540	
3,000-3,999.....	34,900	26,000	6,000	2,900	107,850	78,490	18,100	11,260	105,330	
4,000-4,799.....	9,000	5,900	2,600	500	35,480	22,760	10,200	2,520	34,710	
4,800 or more.....	7,700	6,000	700	1,000	36,420	26,190	3,660	6,570	34,430	

<sup>1</sup> Fewer than 50 workers.

<sup>2</sup> Less than \$5,000.

all household workers, except that the proportion of women with household wages as high as \$4,000 was only 1/2 of 1 percent. In contrast, 14 percent of the men earned household wages of \$3,000 or more and half of the men in this group earned \$4,000 or more.

The distribution of household-worker wages by race shows pronounced differences only in the group earning \$3,000 or more, where the proportion for white workers was three times as large as that for Negroes. About the same relationship exists between the earnings of white and Negro men and the earnings of white and Negro women in the earnings interval of \$3,000 or more.

As would be expected from the wage distributions, men have higher average household earnings than women and white workers have a higher average than Negro workers (table 3). Overall differences between men and women in average earnings are greater than the differences between white workers and Negro workers. Yet white workers—both men and women—had the higher averages. For white men, this advantage is considerable (\$310); for white women it is not significant (\$10).

When household workers' earnings are compared with those of all wage and salary workers, they show up poorly indeed. In 1965, somewhat more than half of the latter earned \$3,000 or more: about two-thirds of the men and about one-third of the women. Among household workers, only 1 in 7 of the men and only about 1 in 40 of the women earned as much as \$3,000.

Undoubtedly, an important factor in the earnings pattern of household workers—one it is not possible to measure—is the extent of part-time employment. It is unlikely that those with earnings below \$1,000 were full-time workers, and many of those with earnings between \$1,000 and \$3,000 must also have been part-time workers. Another factor reflected in the pattern of low earnings—even for full-time workers—is the absence of minimum wage laws applicable to domestic employment.

## TYPES OF EMPLOYMENT

For 1,132,000 household workers, or 8 out of 10 of all those with household earnings reported

in 1965, covered employment meant domestic service only (table 4). The average annual taxable wage for these workers was \$870, or \$70 more than the average for all workers with earnings from domestic employment.

Among those with household work as their only

TABLE 5.—Household employers, workers, and taxable household wages, by region and State, 1965

Area and State	Employers during year	Workers during year	Annual taxable household wages (in thousands)	Average annual taxable household wage per worker
All areas.....	1,255,000	1,442,000	\$1,154,000	\$800
Northeast.....	289,600	342,200	363,600	1,060
New England.....	52,400	67,700	75,100	1,110
Maine.....	4,500	5,500	4,800	820
New Hampshire.....	3,000	3,800	3,000	790
Vermont.....	2,900	4,000	2,700	680
Massachusetts.....	21,400	27,500	32,200	1,170
Rhode Island.....	2,900	3,900	4,600	1,180
Connecticut.....	17,700	23,000	28,100	1,220
Middle Atlantic.....	237,200	274,500	288,500	1,050
Pennsylvania.....	62,600	68,800	65,100	950
New Jersey.....	39,400	39,000	41,100	1,050
New York.....	135,200	166,700	182,300	1,090
North Central.....	246,200	273,000	212,700	780
East North Central.....	178,700	198,200	158,800	800
Ohio.....	55,200	62,900	49,500	790
Indiana.....	22,200	24,400	17,100	700
Illinois.....	48,500	52,400	47,300	900
Michigan.....	38,500	42,600	33,300	780
Wisconsin.....	14,300	15,900	11,400	720
West North Central.....	67,500	74,800	54,100	720
Minnesota.....	11,200	13,600	9,800	720
Iowa.....	11,200	12,000	7,600	630
Missouri.....	25,700	27,000	23,100	860
North Dakota.....	1,700	1,900	900	470
South Dakota.....	2,100	2,900	1,200	410
Nebraska.....	5,200	5,500	3,800	690
Kansas.....	10,400	11,900	7,800	660
South.....	555,800	630,900	419,300	660
South Atlantic.....	305,800	341,600	233,400	680
Delaware.....	5,300	6,500	6,100	940
Maryland and D. C. <sup>1</sup> .....	54,800	63,700	49,000	770
Virginia.....	45,000	48,000	31,600	660
West Virginia.....	10,100	10,000	6,800	680
North Carolina.....	48,900	55,200	35,200	640
South Carolina.....	27,800	32,600	18,100	560
Georgia.....	54,200	60,900	36,500	600
Florida.....	59,700	64,700	50,100	770
East South Central.....	115,200	130,000	75,800	580
Kentucky.....	19,700	22,500	14,500	640
Tennessee.....	38,500	42,000	25,600	610
Alabama.....	35,700	40,000	22,500	560
Mississippi.....	21,300	25,500	13,200	520
West South Central.....	134,800	165,300	110,100	670
Arkansas.....	12,100	15,000	8,000	530
Louisiana.....	28,900	37,000	24,000	650
Oklahoma.....	11,800	13,800	9,800	710
Texas.....	82,000	99,500	68,300	690
West.....	158,000	182,500	154,900	850
Mountain.....	25,900	30,700	21,400	700
Montana.....	1,700	1,800	1,100	610
Idaho.....	1,600	1,900	1,100	580
Wyoming.....	1,200	1,200	900	750
Colorado.....	6,900	7,600	6,300	820
New Mexico.....	4,100	5,100	3,200	630
Arizona.....	7,500	9,700	6,300	650
Utah.....	1,700	1,900	1,300	680
Nevada.....	1,200	1,500	1,200	800
Pacific.....	132,100	151,800	133,500	880
Washington.....	13,700	14,200	9,600	670
Oregon.....	7,500	9,000	5,300	590
California.....	107,100	124,200	114,400	920
Alaska.....	300	200	200	1,000
Hawaii.....	3,500	4,200	4,100	980
Other outlying areas <sup>2</sup> .....	5,400	7,400	3,500	480

<sup>1</sup> Combined because of consolidation of Internal Revenue Districts.

<sup>2</sup> Puerto Rico, Virgin Islands, American Samoa, and Guam.

TABLE 6.—Household workers by sex, race, and region, 1965

Region and geographic division	All workers	Men			Women		
		Total	White <sup>1</sup>	Negro	Total	White <sup>1</sup>	Negro
All areas.....	1,442,000	149,200	90,300	58,900	1,292,800	555,900	736,900
Northeast.....	342,200	41,400	32,000	9,400	300,800	166,100	134,700
New England.....	87,700	10,900	10,000	900	56,800	46,100	10,700
Middle Atlantic.....	274,500	30,500	22,000	8,500	244,000	120,000	124,000
North Central.....	273,000	27,400	19,300	8,100	245,600	152,000	93,600
East North Central.....	198,200	21,400	15,300	6,100	176,800	102,300	74,500
West North Central.....	74,800	6,000	4,000	2,000	68,800	49,700	19,100
South.....	636,900	54,600	16,500	38,100	582,300	120,900	461,400
South Atlantic.....	341,600	27,400	8,700	18,700	314,200	55,000	259,200
East South Central.....	130,000	11,800	1,800	10,000	118,200	23,400	94,800
West South Central.....	165,300	15,400	6,000	9,400	149,900	42,500	107,400
West.....	182,500	24,400	21,400	3,000	158,100	112,500	45,600
Mountain.....	30,700 <sup>2</sup>	3,300	2,700	600	27,400	20,900	6,500
Pacific.....	151,800	21,100	18,700	2,400	130,700	91,600	39,100
Other outlying areas <sup>2</sup> .....	7,400	1,400	1,100	300	6,000	4,400	1,600

<sup>1</sup> Includes all races other than Negro.

<sup>2</sup> Puerto Rico, Virgin Islands, American Samoa, and Guam.

covered employment, 889,000 worked for a single employer during the year, and their average taxable wages amounted to \$820. For the other workers in domestic service only—those with two or more employers—the average was \$1,050. About one-half of this group earned less than \$1,000 in the year, but two-thirds of the single-employer workers were in that bracket. It is likely that there were more part-time or part-year workers among the single-employer group than among those who had more than one employer.

Household workers who had other covered employment numbered 308,000 in 1965 (table 4). Their average earnings of \$550 from domestic service together with their earnings from non-household employment brought their average taxable wages from all covered employment to \$1,480—\$610 higher than the \$870 for those employed in domestic service alone.

## REGIONAL AND STATE COMPARISONS

More than 2 out of every 5 domestic employers and their employees reported in 1965 were in the 16 States and the District of Columbia that make up the Southern region of the United States, as defined by the Bureau of the Census (table 5). Nearly one-fourth were in the Northeast, one-fifth in the North Central States, and about one-eighth in the West. About 1/2 of 1 percent of all household workers and their employers were in Puerto Rico, the Virgin Islands, and other outlying areas.

Among the nine geographical divisions of the country, the South Atlantic States had the largest number of domestic workers and employers reported in 1965 (table 6). The sparsely populated Mountain States had the smallest number, both of employers and of workers. Average annual taxable household wages were highest in New England (\$1,110) and in the Middle Atlantic States (\$1,050). At the other end of the scale, the average wage per household worker was lowest in the East South Central States (\$580) and in the West South Central States (\$670).

Employers in 10 States—New York, California, Texas, Pennsylvania, Florida, Maryland (with the District of Columbia), Ohio, Georgia, North Carolina, and Illinois—each reported more than 50,000 household workers in 1965. These States accounted for 56 percent of all household employers, 57 percent of all household workers, and 60 percent of all taxable household wages reported. Average annual taxable household wages were highest in Connecticut and Rhode Island and lowest in the Dakotas.

## QUARTERS OF COVERAGE AND INSURANCE STATUS

Only a little more than half the household workers reported in 1965 were credited with 4 quarters of coverage under the social security program through household employment (table 7). Even when their nonhousehold employment is

TABLE 7.—Household workers, by age and quarters of coverage earned in 1965

Age in 1965	All workers	Quarters of coverage earned							
		In household employment only				In all employment			
		One	Two	Three	Four	One	Two	Three	Four
Total.....	1,442,000	267,800	222,900	208,100	743,200	174,500	187,900	217,900	861,700
Under 20.....	84,200	18,700	9,700	3,100	2,700	12,100	9,700	5,300	7,100
20-29.....	123,900	40,800	27,900	20,100	35,100	20,700	24,100	25,300	53,800
30-39.....	180,300	40,400	30,100	29,100	80,700	25,900	23,400	30,000	101,000
40-49.....	311,100	50,500	43,600	42,800	174,200	30,000	34,700	44,400	202,000
50-59.....	407,100	55,600	57,200	53,700	240,600	37,100	44,600	51,600	273,800
60-64.....	204,400	32,000	25,100	30,800	116,500	23,200	23,000	31,900	126,300
65-69.....	82,700	13,900	12,600	12,900	43,300	11,600	12,200	13,000	45,900
70 and over.....	98,300	15,900	16,700	15,600	50,100	13,900	16,200	16,400	51,800

counted, only 3 out of 5 household workers had 4 covered quarters. One-third of the workers had only 1 or 2 quarters of coverage in domestic employment, and one-fourth had fewer than 3 quarters in all their covered employment during the year.

The age distribution of household workers shows a rising proportion of 4-quarter workers (full-year but not necessarily full-time) for each age group through 50-59 (table 7). The proportion declines for successively older groups. This pattern holds true both for household employment and for all employment of household workers.

Despite the large number who were not employed full time, most household workers had earned enough quarters of coverage to have acquired insured status—that is, enough to meet the requirement for retired-worker benefits and/or to permit their families to qualify for dependents' or survivor benefits. Overall, fewer than 1 in 8 were uninsured as of the beginning of 1966 (table 8). As one would expect, the proportion not insured declined with increasing age. Among

those aged 65 or older, only 1 in 25 was not insured.

About four-fifths of the household workers were fully insured, and almost three-fourths of these workers were permanently insured—that is, insured for life. About 1,400 of the workers (aged 69 or older in 1965) were transitionally insured under the special provisions of the 1965 amendments that provided benefit payments for those aged 72 or over with as few as 3 quarters of coverage, in specific circumstances.

### Technical Note

#### ESTIMATING METHODS

All the data in this report are estimated. Three kinds of estimations were used: (1) Projection, to include estimates for late reports based on the flow of receipts; (2) multiple linear regression, to derive worker estimates for the United States and for the States; and (3) estimation from

TABLE 8.—Household workers in 1965 by age and insurance status for retirement and survivors benefits as of January 1, 1966

Age in 1965	All workers	Fully insured			Currently insured only	Transitionally insured	Not insured	Deceased, benefit awarded <sup>1</sup>
		Total	Permanently insured	Not permanently insured				
Total.....	1,442,000	1,159,400	853,600	305,800	91,400	1,400	185,300	4,500
Under 30.....	158,100	93,100	2,500	90,600	800	-----	64,200	( <sup>2</sup> )
30-39.....	180,300	132,400	41,500	90,900	16,800	-----	30,900	200
40-49.....	311,100	250,800	169,200	81,600	27,700	-----	32,100	500
50-59.....	407,100	337,100	295,000	42,100	32,600	-----	36,600	800
60-61.....	76,000	63,200	62,600	600	7,000	-----	5,700	100
62-64.....	128,400	114,100	114,100	( <sup>2</sup> )	5,400	-----	8,200	700
65 and over.....	181,000	168,700	168,700	( <sup>2</sup> )	1,100	1,400	7,600	2,200

<sup>1</sup> Workers who died during the year leaving survivors to whom benefits were awarded.

<sup>2</sup> Fewer than 50 workers.

samples, to obtain selected data economically. Each estimate represents a projection to the level expected to be reached when all late returns have been received.

For the major total, about 97 percent of the estimated amounts had been tabulated from earnings reports received before the estimates were prepared. The amount of possible errors from projection is therefore small. The estimates for the total numbers of employers and of taxable wages do not involve a sample and are therefore not subject to sampling error. Worker estimates, by demographic characteristics, are derived by ratio-estimates based on a sample and are subject to sampling error. All ratio-estimates are based on the 1-percent Continuous Work-History Sample of employee earnings records maintained by the Social Security Administration.

#### COUNTING OF MULTISTATE WORKERS

Worker data by State represent the number reported in the State. Multistate workers are counted separately in each of the States where they were reported but are counted only once in the United States total. Divisional and regional totals, on the other hand, are not unduplicated counts but the sum of State totals. The amount of distortion in these figures is small, however, as the number of multistate workers is small.

#### COMPLETENESS OF DATA

Some of the household workers are reported by their employers on IRS Form 941, "Employer's Quarterly Tax Return," along with industrial and commercial employees. The employer who reports in this manner is asked to identify his household workers. To the extent that employers fail to do so, the data presented here understate the numbers of employers, workers, worker items, and taxable wages.

In addition, it is believed that, though compliance has improved, the wages of some domestic workers are not being reported because of either a lack of understanding or a disregard of the law on the part of the employer or the worker, or

of both. To the extent that such underreporting exists, these data understate coverage of household workers.

#### DEFINITIONS OF TERMS

A *household employer* is any person reporting the payment of taxable wages for domestic service in his private household. He may report his household employees on Internal Revenue Service Form 942, "Employer's Quarterly Tax Return for Household Employees," or, if he operates a business as a sole proprietor, he may include his household employees on IRS Form 941, "Employer's Quarterly Federal Tax Return," along with his other employees. In the latter case, he is asked to identify each household worker.

A worker's *taxable wages* for domestic service include all cash wages received from his employer(s) during a calendar year as follows:

- (a) From 1951 to 1954—\$50 or more for work on 24 or more days during the calendar quarter or in the preceding quarter, up to a maximum of \$3,600 for the year.
- (b) From 1955 to 1958—\$50 or more during the calendar quarter, up to a maximum of \$4,200 for the year.
- (c) From 1959 to 1966—Same as (b) above except that the maximum taxable was increased to \$4,800 starting 1959 and \$6,600 starting 1966.

The amounts shown as taxable maximums are also the maximum amounts of earnings that could be credited in the periods indicated to an individual's earnings record, even where the total wages from two or more employers may have exceeded the creditable earnings for those years.

A *quarter of coverage* is a calendar quarter for which a worker is paid taxable wages. A worker whose reported earnings equal the prevailing maximum taxable amount in a calendar year is credited with 4 quarters of coverage for that year, regardless of the number of quarters in which his wages were actually reported.

Among the requirements a worker must meet before benefits can be paid to him or to his dependents is the appropriate *insured status*—that is, he must have enough quarters of coverage credited to his earnings record. The various types of insurance status, shown in table 8, that are needed for a retired-worker benefit and for bene-

fits for dependents of a retired or deceased worker are defined below:

*Fully insured*—credited with the required number of covered quarters (at least 1 quarter for each calendar year after 1950 or after the year age 21 is reached, if later) and before the year a woman reaches 62 or dies, a living man reaches 65, or a deceased man reached 65 or died

*Permanently insured*—fully insured for life, with at least 40 quarters of coverage or, if less, at least the

number needed for fully insured status at age 62 (women) or age 65 (men)

*Currently insured*—with at least 6 quarters in the 13-quarter period ending with December 31, 1965

*Transitionally insured*—with the same number of quarters as for fully insured status, except that the worker may be insured with fewer than 6 quarters (but a minimum of 3) if he reached age 72 before 1969

*Not insured*—with insufficient quarters of coverage to be fully, currently, or transitionally insured.

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## Notes and Brief Reports

### Railroad Retirement Supplemental Annuities Revised

On March 17, 1970, President Nixon signed Public Law 91-215, a measure that provides additional employer financing for the supplemental annuities under the Railroad Retirement Act. The annuities were established in 1966 to supplement the regular retirement benefits paid to long-service employees under the railroad retirement system. They are financed solely by employer contributions, unlike the regular benefits financed through taxes paid in equal amounts by employers and employees. A separate railroad retirement account handles the transactions of the program.

The supplemental annuities are payable at age 65 to railroad workers retiring with 25 or more years of railroad service and a current connection with the railroad industry. They range from \$45 a month for a 25-year annuitant to \$70 for one with 30 or more years of service.

Under the old law, the annuities—which are now payable to more than 60,000 retired railroad employees—were scheduled to end in October 1971. Employers were paying a tax of 2 cents per manhour of work performed. Because the supplemental account in the railroad retirement trust fund was depleted, legislative action was needed at this time.

Under the new law, the supplemental annuity program is made permanent and the employers are to pay whatever tax per manhour is needed to finance the annuities. The tax may eventually

rise to 11½ cents an hour, according to estimates.

After 1973, the railroad employee will forfeit his entire supplemental annuity unless he retires by the end of the month following the month in which he reaches age 65. During a transitional period lasting until the end of 1973, the age limit will gradually be reduced from age 68 to age 65. Thus employees who are age 68 before the end of 1970 must retire on or before January 1, 1971; those who reach age 67 in 1971 must retire by January 1, 1972, and so forth. If an employee has at least 23 years of railroad service but less than 25 when he reaches the age at which he must otherwise retire or forfeit his supplemental annuity, he may continue to work until he qualifies for the annuity, unless he is or becomes eligible for social security benefits.

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### Effect of OASDI Benefit Increases

March 1970 checks for those receiving monthly cash benefits under the old-age, survivors, disability, and health insurance program included for the first time the increases provided by the 1969 amendments to the Social Security Act.<sup>1</sup> The checks, delivered in the first week of April, were at least 15 percent higher than the amount payable under the old rates.

The total amount payable to the 25.7 million persons receiving benefits at the end of March was \$2.5 billion. It was about \$343 million more

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<sup>1</sup> The new rates were effective beginning with benefits for January 1970, and a separate check for the amount of the January and February increases was mailed to beneficiaries in the third week of April.