

Technical Note

The estimates of coverage, contributions, and benefits in this series are based for the most part on reports by private insurance companies and other nongovernment agencies. Many of the reports include data for persons who are no longer employed as wage and salary workers because of retirement, temporary lay-off, sickness, or shifts in jobs. No attempt has been made to adjust the data for any overstatement that might result from their inclusion, except that the coverage estimates for pension plans have been adjusted to exclude annuitants.

Contributions under insured pension plans are on a net basis, with dividends and refunds deducted. Those under noninsured plans are, for the most part, on a gross basis, and refunds appear as benefit payments. For pay-as-you-go (unfunded) plans, contributions have been assumed to equal benefit payments. Estimates of per capita contributions are derived by dividing total annual

contributions by the average number of employees covered during the year.

The number of beneficiaries under pension plans relates to those receiving periodic payments at the end of the year and thus excludes those who received lump sums during the year. The amounts shown for retirement benefits under noninsured plans does include (1) refunds of employee contributions to individuals who withdraw from the plans before retirement and before accumulating vested deferred rights, (2) payment of the unpaid amount of employee contributions to survivors of pensioners who die before they receive in retirement benefits an amount equal to their contributions, and (3) lump-sum payments made under deferred profit-sharing plans. Because the source of the data from which the estimates have been developed does not permit distinction between these lump-sum benefits and the amounts representing monthly retirement benefits, precise data on average monthly or annual retirement benefit amounts cannot be derived.

Notes and Brief Reports

State and Local Government Employment Covered Under OASDHI*

More than two-thirds of the 9.2 million employees of State and local governments in the United States, as of March 1968, were covered under the Federal social security program—old-age, survivors, disability, and health insurance (OASDHI).¹ Approximately 8.5 million workers—or roughly 9 out of 10 of all in this type of employment—had retirement protection either through OASDHI or a State-operated staff re-

tirement system or under both. (For a summary of the main provisions of the Social Security Act with respect to coverage of State and local government employment, see page 35.)

About 4.4 million workers were in the group with “dual” coverage, almost 2 million were covered under staff retirement systems, and 1.8 million had OASDHI coverage only. Most of the nearly 700,000 persons not covered by either system are believed to be part-time workers, the newly hired, or those not eligible for coverage under the staff retirement systems.

The majority of all State and local government employees work for local (other than county) governments, and they constitute the largest group with OASDHI coverage. Those working for States account for one-fourth of all State and local government employees and about the same proportion of the total with OASDHI coverage. County workers make up only about one-eighth of all those in State and local government employment but represent nearly one-sixth of those having OASDHI coverage.

Table 1 shows that OASDHI coverage is relatively highest among county government workers

* Prepared by Herbert R. Tacker, Division of Statistics, Earnings and Employment Statistics Branch. For fuller details on social security coverage of State and local government employees, see *Social Security State and Local Government Statistics, 1964-1968*, Office of Research and Statistics, 1970.

¹ Data discussed here are limited to the 50 States. In March 1968, 138,000 employees of the governments of Puerto Rico and the Virgin Islands were also covered by OASDHI.

TABLE 1.—Workers in State, county, and local governments: Number and percentage distribution, by type of coverage

[Numbers in thousands]

Type of coverage	Total		Type of government					
			State		County		Local	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total.....	9,185	100	2,428	100	1,158	100	5,599	100
With OASDHI.....	6,239	68	1,747	72	980	85	3,512	63
OASDHI only.....	1,807	20	268	11	348	30	1,191	21
OASDHI and staff retirement system.....	4,432	48	1,479	61	632	55	2,321	41
Without OASDHI.....	2,946	32	681	28	178	15	2,087	37
Staff retirement system only.....	2,261	25	477	20	69	6	1,715	31
No retirement coverage.....	685	7	204	8	109	9	372	7

and lowest among local government employees (with county employees excluded). In contrast, county workers are least likely to have coverage under staff retirement systems (including dual coverage) and State employees the most likely.

The States vary widely in the proportion of State and local government employees with OASDHI coverage—from close to 100 percent to less than 1 percent. The data in table 2 show that in 10 States—Alabama, Idaho, Iowa, Maryland, New Jersey, New York, North Carolina, Utah, Virginia, and Washington—95 percent or more of all those employed by State and local governments have the protection of OASDHI. At the other end of the range, Massachusetts and Ohio have elected coverage for less than 1 percent of those working for the State or a local government.

In the tabulation that follows, the 50 States are distributed according to the percentage of their State and local government employees with coverage under OASDHI. As the figures show, in one-third of the States that program covered 80–89 percent of all these government employees. Ninety percent or more of the county workers were protected by OASDHI in 7 out of 10 of the States.

GROWTH OF COVERED EMPLOYMENT, 1951–68

Beginning January 1, 1951, social security coverage was made available for those employees of State and local governments who were not members of a staff retirement system. By the end of 1954, about 1 million persons, or 20 percent of all State and local government employment, were covered under OASDHI. Amendments in that year made coverage possible, starting in 1955, for those working in positions covered by an existing retirement system. By 1958, more than half of all State and local government employees had OASDHI coverage, and the number covered was triple the 1954 figure. By 1963, the number had risen to 4.5 million; it represented almost two-thirds of all those working for State and local governments.

Since 1963, the number with OASDHI coverage has risen steadily. The proportion covered has grown very little, however, because the total number of employees also went up steadily. No appreciable growth in the proportion covered can be expected until some of those large States that have less than half of their employees covered by OASDHI extend their agreements to bring more of this type of employment into the program.

Percentage of employment under OASDHI	Total	Type of government		
		State	County	Local
Total number of States.....	50	50	1 47	50
None.....	0	1	2	0
Less than 20.....	3	6	2	4
20–39.....	5	0	1	6
40–59.....	4	1	1	3
60–79.....	3	10	5	7
80–89.....	16	15	4	11
90 or more.....	19	17	32	19

¹ Alaska, Connecticut, and Rhode Island have no county governments.

SOCIAL SECURITY COVERAGE PROVISIONS

Coverage of State and local government employees under OASDHI, which is voluntary on the part of the State, is effected through an agreement between the State and the Secretary of Health, Education, and Welfare. Employees of the State and its political subdivisions (county

TABLE 2.—Total number of State and local government employees and number covered under OASDHI, by State and type of government, March 1968

[Numbers in thousands]

State	All State and local employment	Employment covered under OASDHI				
		Total		State	County	Local
		Number	Percent of total			
United States.....	9,185	6,239	68	1,747	980	3,512
Alabama.....	151	146	97	36	19	91
Alaska.....	15	13	86	8	(1)	5
Arizona.....	85	80	94	22	9	49
Arkansas.....	78	73	94	22	8	43
California.....	990	360	36	91	99	170
Colorado.....	119	25	21	3	9	13
Connecticut.....	119	63	53	32	(1)	31
Delaware.....	26	23	90	9	1	13
Florida.....	289	169	59	47	34	88
Georgia.....	193	165	85	44	15	106
Hawaii.....	36	29	79	23	2	4
Idaho.....	36	36	99	11	5	20
Illinois.....	470	118	25	1	18	99
Indiana.....	235	193	82	44	29	120
Iowa.....	142	140	98	38	19	83
Kansas.....	127	111	87	28	15	68
Kentucky.....	126	93	74	44	9	40
Louisiana.....	175	60	34	11	11	38
Maine.....	48	13	26	3	1	9
Maryland.....	169	162	96	43	78	41
Massachusetts.....	233	1	(2)	1	0	(2)
Michigan.....	419	359	86	88	41	230
Minnesota.....	189	88	47	38	6	44
Mississippi.....	103	96	93	27	14	55
Missouri.....	203	163	80	61	15	87
Montana.....	39	33	84	11	5	17
Nebraska.....	80	73	92	19	10	44
Nevada.....	24	1	4	(2)	(2)	1
New Hampshire.....	35	29	82	8	1	20
New Jersey.....	277	266	96	55	29	182
New Mexico.....	55	45	81	17	3	25
New York.....	926	882	95	166	67	649
North Carolina.....	208	203	98	57	117	29
North Dakota.....	44	32	73	13	3	16
Ohio.....	438	1	(2)	0	0	1
Oklahoma.....	122	106	87	35	12	59
Oregon.....	108	100	93	31	11	58
Pennsylvania.....	468	427	91	133	29	265
Rhode Island.....	37	30	81	13	(1)	17
South Carolina.....	108	96	90	25	13	58
South Dakota.....	43	34	80	11	4	19
Tennessee.....	168	140	83	36	52	52
Texas.....	468	256	55	117	40	99
Utah.....	58	58	99	24	5	29
Vermont.....	21	17	84	6	(2)	11
Virginia.....	194	190	98	61	70	59
Washington.....	169	166	99	53	13	100
West Virginia.....	80	74	92	29	5	40
Wisconsin.....	216	180	83	46	30	104
Wyoming.....	23	21	88	6	4	11

¹ No county government.

² Less than 500 employees, or less than 0.5 percent.

and local governments) are brought under the agreement by means of "coverage groups." The State makes the decision as to which groups to cover and the effective date of coverage.

Coverage groups are of two types:

Absolute—with employees who are in positions not under a State staff retirement system. When such a group is brought under the State's agreement, coverage is extended to all eligible employees in the group, without regard to the desires of the employees, either individually or as a group.

Retirement system—with employees whose positions are under a State staff retirement system. Employees in these groups vote to determine whether or not they will be covered under OASDHI. The regular referendum procedure extends coverage to the entire group if a majority of the eligible members so vote. At the present time, however, 20 States are authorized to provide coverage for only those who desire it, plus all new members of the group.

All State and local government employees are eligible for coverage under OASDHI, with the following exceptions: (1) Employees hired to give them relief from unemployment; (2) patients or inmates of a hospital, home, or other institution; (3) employees whose work would be excluded from OASDHI coverage if it were performed for a private employer (except for certain agricultural labor and work by students).

The State may also, at its option, exclude from coverage certain services (part-time, fee-basis, elective positions, etc.) performed by employees of any coverage group.

When State and local government employees are covered by an agreement, they have the same rights and obligations as any other worker covered under OASDHI. A State may terminate an agreement after 7 years of coverage have been provided. An agreement may be modified to increase (but not reduce) the extent of coverage.