Social Security Student and Former Child Beneficiaries Aged 18-21

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For the first time since benefits under the Social Security Act were established in 1965 for certain young persons aged 18–21, the role of these benefits in relation to family resources and to scholarship and loan assistance is being studied. These monthly child's benefits are payable to young men and young women—the children of disabled, retired, and deceased workers—who are unmarried and attending school full time As a preliminary to a 1973 survey of student beneficiaries and their families, the Social Security Administration gathered information in 1972 on the main activities of young people aged 18–22 who were then entitled to student benefits or who had been receiving benefits up to a year before the survey (including former child beneficiaries aged 18–19 who had not received student benefits). The findings of the mail survey reported here showed a positive correlation between monthly benefit amount and continued schooling.

The demographic, economic, and educational data on student beneficiaries and their families, gathered from direct interviews in 1973, will be discussed in later reports.

SOME YOUNG PERSONS are completing high school or pursuing further education at a time when the traditional major source of needed funds—family resources—has been sharply reduced by the death, disability, or retirement of the family's chief earner. Under the social security program, these youths, if they are children of retired, disabled, or deceased insured workers, are eligible to receive monthly benefits as long as they are unmarried full-time students attending approved schools and have not passed their 22d birthday.[1] This student beneficiary group is small in relation to the other groups drawing old-age, survivors, and disability insurance benefits, but it now numbers well above 600,000.

The question of program adequacy for this young group is one of interest and complexity. The Office of Research and Statistics of the Social Security Administration has therefore undertaken a nationwide survey of current student beneficiaries to provide a basis for evaluating the role of the social security benefits during the critical years when educational achievement, career choices, and future earnings are being determined. Demographic, economic, and educational data on 3,600 student beneficiaries and their families were gathered by direct interviews during the spring of 1973 and are now being processed. The findings will be reported in subsequent articles.

In preparation for the full-scale survey an extensive pretest was held early in 1972. Besides testing questionnaires for the full-scale survey, the pretest included a nationwide mail survey that covered about 6,000 cases. The one-page mail questionnaire was designed primarily to yield information on the living arrangements, residence, and main activity of young people aged 18–22 who were then entitled to students' benefits or who had been receiving benefits up to a year before the survey.

This article reports the findings of the mail survey, combined with information from the social security benefit record. The survey provides the only information on former child beneficiaries aged 18–19 who never received student benefits and on former student beneficiaries aged 18–22 to compare with data for current student beneficiaries. The full-scale survey was originally to encompass the same groups, but fund limitations required a cutback to include only current student beneficiaries. For that reason, much of the emphasis in this article will be on the nonbeneficiary groups.

The questionnaires were sent to the individual to whom the young person's benefit check was addressed—in about 90 percent of the cases, a parent or guardian (known as the representative payee).[2] As might be expected, the response rate was better for current than for former beneficiaries, with the lowest rate for children whose

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[1] Under a 1972 change, if the student is an undergraduate his benefits are payable until the quarter or semester in which he reaches age 22.

[2] The survey data were collected by the Opinion Research Corporation of Princeton, New Jersey, under the direction of the Office of Research and Statistics.

benefits were terminated at age 18, as shown in the Technical Note, pages 33–35.

The sample was drawn as of December 1971, and questionnaires were not sent until the following spring. In consequence, the beneficiary status of some of the young people had changed from that shown on the beneficiary records. That is, some of those classified as beneficiaries were in fact no longer eligible for student benefits, and some of the former beneficiaries who were not on the benefit rolls in December 1971 had become eligible again.

GROUPS SURVEYED

The individuals selected for the survey sample were divided into four groups, according to beneficiary status and age.

Current student beneficiaries aged 18–21.—The first of the groups selected for the nationwide survey consisted of those aged 18–21 who were receiving child's benefits as of December 1971 because of their status as students. Two-thirds of this group were entitled because of a parent's death; the others were dependents of retired-worker and disabled-worker beneficiaries.

Former nonstudent child beneficiaries.—Included in the survey were young persons who had reached age 18 in the year preceding the time of selection for the survey and so had their benefits terminated; these individuals had never received students' benefits. Most of them would have been eligible for such benefits, however, if they had gone on to school full time and/or had not married. At the time of the survey, only one-fifth of this group reported any school attendance and even fewer considered school their main activity.

Ex-student beneficiaries under age 22.—Those who had been receiving students' benefits but whose benefits were terminated within the previous year constituted a third group. Approximately two-fifths of them were aged 19—about the same proportion as the 18-year-olds among the current beneficiaries. About one-fifth were aged 18.

This group includes, in addition to the students who had some postsecondary education and then dropped out, some students who reached age 18 while they were still in high school and thus received benefits for only a short time before they graduated. These individuals should closely resemble some of the former child beneficiaries in the preceding group, with the occurrence of the 18th birthday after high school graduation instead of before.

Only 14 percent of the young people in the third classification had reached age 21, so the number of 21-year-olds graduating and thus falling into the category cannot be large. Unfortunately, no data were collected on the number of years of schooling completed by former student beneficiaries.

Ex-student beneficiaries aged 22.—Former student beneficiaries whose benefits had been terminated within the preceding year because they had reached age 22 were classified separately. Some of these students may have graduated from college before their 22d birthday but continued to receive benefits for their postgraduate work. It seems probable, however, that most of these students were still in college when their benefits were cut off. Data are not available on the students' school status on their attainment of age 22. Among those still in school at the time of the survey, almost two-thirds were attending a 4- or 5-year college.

DEMOGRAPHIC CHARACTERISTICS

The first three groups divide more or less evenly according to sex, but 62 percent of the group of former student beneficiaries who remained on the benefit rolls until they reached age 22 were young men (table 1). The relatively low proportion of women among the 22-year-olds reflects the fact that women tend both to graduate at a younger age than men and to be less likely to go on to graduate study.[3]

The proportion of black youths among the groups ranged from 21 percent for the former child beneficiaries who never became student beneficiaries to 9 percent for the ex-student beneficiaries whose benefits were terminated at age 22. The former student beneficiaries under age 22

[3] See Bureau of the Census, "Educational Attainment: March 1972," *Current Population Reports* (Series P–20, No. 243), table 1, pages 13–14.

TABLE 1.—Sex, race, age, and basis of entitlement for current and former beneficiaries aged 18–22, December 1971

Characteristic	Current student beneficiaries	Former beneficiaries with —		
		Child's benefit terminated at age 18	Student benefit terminated at age—	
			18–21	22
Total number	564,156	163,429	203,856	67,768
Total percent	100	100	100	100
Sex				
Men	53	50	52	62
Women	46	48	47	37
Race				
White	85	78	86	90
Black	14	21	14	9
Age				
18	37	100	22	----
19	28	----	40	----
20	20	----	24	----
21	15	----	14	----
22	----	----	----	100
Entitlement based on—				
Parent's death	67	60	64	66
Parent's disability or retirement	33	40	36	34

were about as likely as the current student beneficiaries to be black (14 percent).

Almost two-fifths of the current student beneficiaries are 18 years old. Among the former students under age 22 only 1 in 5 was as young as 18 and 2 in 5 were aged 19. This difference may result in part from the fact that, in order to be classified in the latter group one must have received, after reaching age 18, students' benefits that were subsequently terminated.

As table 2 shows, the age distribution of the current beneficiaries aged 18–21 is similar to that found in the student population as a whole. One possible exception is the proportion of 19-year-old women student beneficiaries, who appear to be somewhat more numerous than the 19-year-olds in the overall population. Since past research indicates that most young beneficiary families have incomes lower than those of the population as a whole and since there is an observed positive correlation between income and postsecondary education, the fact that these figures are so close suggests that students' benefits may play some part in encouraging students to stay in school.

TABLE 2.—Sex and age of student population, October 1971, and of student beneficiaries, December 1971

Sex and age	Students in population [1]		Student beneficiaries	
	Number	Percentage distribution	Number	Percentage distribution
Men, total	3,061,000	100	261,760	100
18	1,125,000	37	95,940	37
19	814,000	27	69,980	27
20	593,000	19	52,630	20
21	529,000	17	42,210	16
Women, total	2,562,000	100	231,160	100
18	965,000	37	87,210	37
19	653,000	25	66,070	29
20	533,000	21	44,860	19
21	411,000	16	33,020	14

[1] Bureau of the Census, *Current Population Reports* (P-20, No 241), "Social and Economic Characteristics of Students, October 1971," table 16.

BENEFIT AMOUNTS AND RELATED PROGRAM ASPECTS

The monthly benefit amounts varied considerably from group to group, as table 3 shows. Half the members of the group that never drew students' benefits received less than $60 a month as a child beneficiary; among the 22-year-olds fewer than one-fifth had been paid less than $60 a month and almost one-third received more than $120. Current student beneficiaries and the 22-year-olds had about the same distribution by benefit amount. Median benefits for both these groups were considerably higher than those for the nonstudent beneficiaries and for the former beneficiaries under age 22:

Group	*Median*
Current student beneficiaries	$94
Former child (nonstudent) beneficiaries	59
Ex-student beneficiaries aged 18–21	82
Ex-student beneficiaries aged 22	97

The relatively low amount of the benefit may have deterred some young people from becoming or remaining full-time students.

In every group, benefit levels for survivors are substantially higher than those for dependent children of retired or disabled-worker beneficiaries (table 3). This difference is not surprising since child survivors are entitled to 75 percent of the wage earner's primary insurance amount (PIA), subject to the family maximum, and beneficiary children whose parent (or parents) are still living receive only 50 percent of the PIA.[4]

[4] The PIA is related to the worker's average monthly earnings and is the amount payable to a retired worker who begins to get benefits at age 65; it is also the amount used as a base for computing all benefits payable on the basis of one person's earnings record. The family maximum—the highest amount payable on one earnings record—generally acts to reduce the total amount of benfits payable when a primary beneficiary has more than two survivors or dependents.

TABLE 3.—Monthly benefit amount for current and former beneficiaries aged 18–22, by basis of entitlement, December 1971

Monthly benefit amount	Current student beneficiaries	Former beneficiaries with—		
		Child's benefit terminated at age 18	Student benefit terminated at age—	
			18–21	22
	Total			
Total number	564,156	163,429	203,856	67,768
Total percent	100	100	100	100
$1–30	7	24	9	4
31–60	15	27	18	15
61–90	25	22	31	25
91–120	24	13	21	25
121 or more	29	14	21	31
	Entitlement based on parent's death			
Total number	379,295	98,694	129,481	44,821
Total percent	100	100	100	100
$1–30	2	13	4	2
31–60	10	25	12	7
61–90	22	22	27	21
91–120	23	18	25	22
121 or more	43	22	32	48
	Entitlement based on parent's disability or retirement			
Total number	184,861	64,735	74,375	22,947
Total percent	100	100	100	100
$1–30	17	42	19	9
31–60	26	29	29	28
61–90	32	23	37	32
91–120	25	6	15	31
121 or more	----	----	----	----

TABLE 4.—Monthly benefit amount for current and former beneficiaries aged 18–22, December 1971, by main activity, spring 1972

Monthly benefit amount and main activity	Current student beneficiaries	Former beneficiaries with—		
		Child's benefit terminated at age 18	Student benefit terminated at age—	
			18–21	22
	Total			
Total number	564,156	163,429	203,856	67,768
Total percent	100	100	100	100
School main activity	86	19	20	47
School not main activity	14	81	80	53
	School main activity			
Total number	485,174	31,052	40,771	31,851
Total percent	100	100	100	100
$1–60	21	48	28	18
61–120	49	39	49	48
121 or more	30	13	23	34
	School not main activity			
Total number	78,982	132,377	163,084	35,917
Total percent	100	100	100	100
$1–60	30	52	28	19
61–120	49	35	52	52
121 or more	21	13	20	29

The proportion of children with low benefits is highest for those with benefits terminated at age 18, even when the basis of entitlement is held constant: 13 percent of the survivors and 42 percent of the dependents received monthly benefits lower than $30.

Some differences among the four groups in size of benefits are evident, even when the groups are subclassified by whether or not school attendance was considered the main activity. Among the young people classified as current beneficiaries, the benefit levels were somewhat higher for those who considered school their main activity: 30 percent of these beneficiaries received more than $120 per month but only 21 percent of the others (table 4). Most of those who said that school was not their main activity were probably no longer beneficiaries, having left school or shifted to part-time attendance between December 1971 and the return of the questionnaire in the spring of 1972. They may have been working substantial numbers of hours a week, perhaps to compensate for their lower benefits.

For former nonstudent child beneficiaries and for ex-student beneficiaries aged 18–21, the differences between those who viewed school as their major activity and those who did not were negligible. Members of these groups who considered school their main activity presumably ceased to receive benefits for a reason other than nonattendance at school—perhaps part-time attendance, attendance at a school not accredited by the Social Security Administration, or marriage.

Some of these young persons could also have changed their beneficiary status since their selection for the survey. Students whose benefits were high enough might be more willing to postpone marriage so that they could continue to receive benefits, and they would probably also be better able to continue in school full time. Thus it is not surprising that the benefits that had been payable to the former beneficiaries under age 22 were lower than the amounts being received by the current student beneficiaries.

TABLE 5.—School attendance [1] of current and former student beneficiaries aged 18–22, by race and sex, spring 1972

Race and sex [2]	Current student beneficiaries		Former beneficiaries with—					
			Child's benefit terminated at age 18		Student benefit terminated at age—			
					18–21		22	
	Number reporting on attendance	Percent attending school	Number reporting on attendance	Percent attending school	Number reporting on attendance	Percent attending school	Number reporting on attendance	Percent attending school
Total	553,990	88	159,840	21	199,750	23	66,260	51
White, total	476,820	88	123,990	18	170,770	20	59,970	50
Black, total	76,600	88	34,170	32	28,980	38	6,200	57
Men	297,010	87	80,140	22	104,610	23	41,700	53
White	257,790	87	64,950	20	88,710	26	38,520	53
Black	39,220	86	15,190	29	15,900	37	(3)	(3)
Women	256,410	90	78,020	20	95,140	22	24,470	47
White	219,030	89	59,040	16	82,060	20	21,450	46
Black	37,380	91	18,980	33	13,080	39	(3)	(3)

[1] Excludes those not reporting on school attendance.
[2] Excludes those whose sex and race are unknown
[3] Based on fewer than 50 cases

SCHOOL ATTENDANCE

School attendance varies not only from group to group but also with sex and race, as table 5 shows.[5] One-fifth to one-fourth of the former beneficiaries with benefits terminated before age 22 were still attending school. More than twice as high a proportion of those whose benefits terminated at age 22 were still in school, slightly more of them men than women. Among the three nonbeneficiary groups the proportion still attending school is much higher for blacks than for whites, and the difference is much more striking for women than for men. This racial difference may reflect more frequent part-time attendance by black young people. Among those in the two groups of former beneficiaries aged 18–21 who reported attending school, school was considered to be the main activity, regardless of group or race: In the nonstudent group, 90 percent of both the black and the white youths reported school as their main activity; in the former student beneficiary group under age 22, school attendance was reported as the main activity by 86 percent of the white individuals and by 81 percent of the black.

As previously noted, some of these young people may have returned to the benefit rolls by the time of the survey. Why do other young persons attend school but do not draw benefits? The explanation may lie in the qualifying provisions for social security student benefits: the requirement for accreditation of schools means that attendance at some schools does not qualify the student to receive benefits; marriage disqualifies a student from eligibility; and the application of the family maximum may mean that the student's family has nothing to gain by filing for benefits for the student.

Comparison of former beneficiaries who list school as their main activity with similar current student beneficiaries reveals substantial differences in the type of school attended (table 6). Former child beneficiaries who have never received students' benefits are the most likely to be in high school, as might be expected, because they are younger than members of the other groups. Moreover, the small proportion of this group who report school as their main activity are more likely to be in high school than the 18-year-olds among the current student beneficiaries.

Few of the ex-student beneficiaries aged 18–21 are in high school, and, even among the 18-year-olds, only 7 percent of those who considered school their main activity were in secondary schools. Most high school students attend schools full time, and all public high schools are accredited under the social security program. A high school student who had been a student beneficiary would therefore lose benefits only if he or

[5] Students may receive benefits if they are attending (1) a school or college operated or supported by a State or local government or by the Federal Government or (2) a private school or college that has been approved by a State or accredited by a State-recognized or nationally recognized accrediting agency or whose credits are accepted on transfer by not less than three institutions that have been so accredited.

TABLE 6 —Type of school for current and former beneficiaries aged 18–22, with school their main activity, by age, sex, and race, spring 1972 [1]

Age, sex, and race [2]	Number reporting	Percentage distribution by type of school [3]					
		Total	High school and preparatory	Business, secretarial, trade, and vocational	2-year and junior college	4- or 5-year college	Graduate and professional
Current student beneficiaries							
Total	477,560	100	19	6	16	57	3
Age							
18	177,950	100	40	8	17	34	2
19	131,120	100	11	6	23	56	3
20	95,240	100	4	4	11	79	3
21	73,260	100	1	2	6	84	7
Sex							
Men	252,160	100	22	6	16	55	2
Women	221,270	100	16	6	16	58	5
Race							
White	405,860	100	16	6	16	59	3
Black	63,750	100	35	6	16	40	2
Former beneficiaries with child's benefit terminated at age 18							
Total	28,670	100	49	13	16	19	2
Sex							
Men	13,920	100	52	14	14	21	(4)
Women	14,130	100	48	13	18	18	3
Race							
White	18,550	100	44	10	21	24	1
Black	9,260	100	61	18	7	11	2
Former beneficiaries with student benefit terminated at ages 18–21							
Total	37,710	100	5	12	23	54	6
Age							
18	7,690	100	7	17	30	40	7
19	12,580	100	8	16	33	35	8
20	10,010	100	3	3	23	72	(4)
21	7,450	100	0	14	(4)	79	7
Sex							
Men	19,750	100	4	10	20	62	4
Women	17,970	100	6	14	27	46	7
Race							
White	27,960	100	3	10	23	58	6
Black	8,740	100	12	18	21	47	3
Former beneficiaries with student benefit terminated at age 22							
Total	30,490	100	2	2	4	68	24
Sex							
Men	20,190	100	2	2	4	70	22
Women	9,880	100	2	1	4	65	29
Race							
White	26,550	100	2	2	4	67	26
Black	3,010	100	3	0	5	86	6

[1] Excludes those not reporting main activity and type of school
[2] Excludes those whose sex and race are unknown
[3] Excludes those attending correspondence and "other" types of schools
[4] Less than 0 5 percent.

she married or stopped attending high school full time. The fact that a comparatively high proportion of the ex-student beneficiaries in this age group are in trade or business schools—or, among the women, in junior colleges—suggests that these students were more likely to attend school part time or go to schools not accredited by the Social Security Administration. An unexpectedly large proportion of this group of former beneficiaries are in graduate school. It may be that they are not aware they can continue to draw benefits as graduate students if they haven't reached age 22; they may, of course, be attending school part time or be married.

Almost three-fourths of the ex-student beneficiaries aged 22 who considered school their main activity at the time of the survey (more than half the entire group) had not yet completed college. A large proportion of them had apparently not completed their college education when their benefits were terminated because of age. The 1972 changes in social security regulations allow students to continue to receive benefits until the end of the semester in which they reach age 22. Thus, those students whose birthday falls in the early part of the year may be able to graduate before benefits are terminated.

OTHER ACTIVITIES

The individuals in the two groups of former beneficiaries under age 22 seem to have very different patterns of school attendance, but in each of the groups about one-fifth attended school. Thus, overall differences and similarities between the groups cannot be identified until the activities of those not in school are also compared. Table 7 shows that these activities are remarkably similar. In both of these former beneficiary groups, young men are more likely than young women to be in the labor force. Seventy-three percent of the young men in the nonstudent beneficiary group and 78 percent of the ex-student group aged 18–21 were in the labor force. In contrast, 63 percent of the young women who had never received benefits and 70 percent of the ex-student beneficiaries under age 22 were either working or looking for work. In general, the former are more likely than the latter to be looking for work—a reflection perhaps of the fact that the young people in the nonstudent beneficiary group are generally younger and probably have less education. In both groups, about 19 percent of the young men are in the Armed Forces and 22–29 percent of the young women report they are keeping house. The percentage of black youths looking for work is two to three times as high as the percentage of white youths.

TABLE 7.—Main activity for former beneficiaries aged 18–21, spring 1972, by race and sex, December 1971

Race and sex [1]	Number reporting	Percentage distribution by main activity						
		Total	In labor force			Keeping house	Military	Other
			Total	Working	Looking for work			
With child's benefit terminated at age 18								
Total	132,215	100	68	48	20	15	10	8
Race								
White	105,221	100	70	52	18	14	10	6
Black	25,307	100	61	29	32	17	8	14
Sex								
Men	64,953	100	73	51	22	1	19	8
Women	63,254	100	63	45	18	29	-------	8
With student benefit terminated at ages 18–21								
Total	163,592	100	74	61	13	11	11	4
Race								
White	143,076	100	74	64	10	11	11	4
Black	20,516	100	75	40	35	10	14	1
Sex								
Men	84,356	100	78	65	13	1	19	2
Women	76,670	100	70	57	13	22	2	6
With student benefit terminated at age 22								
Total	35,517	100	87	75	13	1	7	5
Race								
White	32,331	100	88	77	11	1	7	4
Black	2,096	100	87	54	33	3	5	5
Sex:								
Men	20,685	100	85	72	13	-------	11	4
Women	14,413	100	91	79	12	3	-------	5

[1] Excludes those whose race and sex are unknown.

TABLE 8.—Monthly benefit amount for former beneficiaries aged 18–22, December 1971, by main activity, spring 1972

Monthly benefit amount	Main activity					
	In school	Working	Looking for work	Keeping house	Military	Other
With child's benefit terminated at age 18						
Number reporting	30,582	62,845	26,566	19,186	13,284	10,334
Total percent	100	100	100	100	100	100
$1–60	48	47	55	62	44	57
61–120	39	40	30	24	38	31
121 or more	12	12	15	14	18	12
With student benefit terminated at ages 18–21						
Number reporting	39,752	99,743	21,278	18,212	17,948	6,411
Total percent	100	100	100	100	100	100
$1–60	28	25	35	28	31	24
61–120	50	52	46	61	51	48
121 or more	23	22	18	11	17	28
With student benefit terminated at age 22						
Number reporting	31,999	26,554	4,441	(1)	(1)	(1)
Total percent	100	100	100	(1)	(1)	(1)
$1–60	18	19	19	(1)	(1)	(1)
61–120	48	51	47	(1)	(1)	(1)
121 or more	34	30	34	(1)	(1)	(1)

[1] Based on fewer than 50 cases.

Among the 22-year-olds, 87 percent were in the labor force. This proportion is 68 percent for the former child beneficiaries (nonstudents) and 74 percent for the former student beneficiaries under age 22. Relatively more of those who had their benefits terminated at age 22 were working than were looking for work. Keeping house as a major activity also appeared with much less frequency in this group, as did military service.

Table 8 shows the major activities of those in the nonbeneficiary groups by the monthly benefit amounts they received before their benefits were terminated. For the two groups aged 18–21, the benefit levels of those who were attending school and of those who were working had been similar. In both groups, those who were looking for work but had not yet found it tended to have had lower benefits than the young people who had found work. This difference may reflect the fact that those who received lower benefits were more likely to come from lower income families and so were more likely to have a higher unemployment rate. The only other activity that seems to be inversely correlated with the benefit amount was housekeeping, particularly for the former child beneficiaries who had not received students' benefits, perhaps because the young women with lower benefits might be more likely to get married.

CONCLUSION

The former student beneficiaries under age 22 tend, after leaving school, to have very much the same pattern of activities as former nonstudent child beneficiaries, though the monthly benefit amounts of the former were higher and they had more schooling, on the average. The fact that the benefits of the former student beneficiaries under age 22 are somewhat lower than those received by the current beneficiaries and even lower than those received by the 22-year-old former students seems to indicate that students with the lowest benefits are more likely to drop out and become part of the younger ex-student group and those

with higher benefits will tend to stay in school until reaching age 22. It should be noted, however, that as table 9 indicates, two-thirds of all terminations of student benefits during 1971 were because full-time school attendance had ended and only one-fifth because age 22 had been reached.

TABLE 9.—Reason for termination of student benefits, by basis of entitlement, 1971

Reason for termination	Total	Parent deceased	Parent retired or disabled		
			Total	Retired	Disabled
Total number	392,622	249,642	142,980	83,229	59,751
Total percent	100	100	100	100	100
Not in school full time	66	69	63	66	59
Attainment of age 22	20	21	19	23	13
Marriage of student	9	9	8	8	8
End of disability status for primary beneficiary [1]	3	--	8	--	18
Other (including death of student)	2	1	2	3	2

[1] Through death, attainment of age 65, or recovery.

The group of former student beneficiaries under age 22 contains those who dropped out of school without graduating, those who graduated from high school after their 18th birthday without continuing their schooling, and those who graduated from college before their 22d birthday. Conclusions as to the effect of the benefit amount on students in this group are therefore difficult to draw. Nevertheless, there appears to be a positive correlation between monthly benefit amounts and continued schooling. Since low monthly benefit amounts tend to be linked to low family incomes, however, it is not clear whether it is the monthly benefit amount or the underlying socioeconomic factors that determine school attendance. Information from the full-scale survey of current student beneficiaries now underway may throw some light on this question.

TECHNICAL NOTE

The estimates presented here are based on data from the "special purpose" mail survey portion of the pretest for the Student Beneficiary Survey that have been merged with social security record data. The mail survey was undertaken by the Social Security Administration in the spring of 1972 to determine the residence of students and former beneficiaries in the target population aged 18–22 in order to assess their availability for direct interview during the survey. The self-administered questionnaire also asked for the young person's sex, main activity (whether or not in school), and the type of school attended. The questionnaire was sent to the student if a benefit was being paid directly; otherwise it went to the representative payee, usually the parent. Data collection was administered by the Opinion Research Corporation of Princeton, New Jersey.

Survey Design

Four target populations were identified and samples were selected from each:

Current student beneficiaries—All student beneficiaries on the social security rolls who were aged at least 18 but younger than 22 when the population was identified. Approximately half (1,536) of the students selected for the sample were survivors of deceased insured parents; the other half (1,442) were dependents of retired or disabled insured parents.

Former child beneficiaries—All former child beneficiaries who had never been entitled as student beneficiaries and whose child benefits were terminated within the year just before identification for the study: 1,029 of these beneficiaries were in the sample.

Ex-student beneficiaries aged 18–21—All previously entitled student beneficiaries whose benefits had been terminated because they were no longer attending school on a full-time basis or they had married. This group contained 978 ex-beneficiaries.

Ex-student beneficiaries aged 22—All previously entitled student beneficiaries whose benefits had been terminated because they had reached age 22, the maximum age for which the program provides benefits. To be selected one must have been on the rolls continuously through the 21st year, with the benefit terminated no more than 12 months before identification for the survey. From this group, 999 were selected.

Sample Design

The sample for the mail survey was selected by means of a two-stage design. The first stage consisted of the selection of a single primary sampling unit (PSU) from each of 100 strata by appropriate probability procedures. The selection of the PSU's was made by the Bureau of the Census as one of several combinations of the

basic 357 PSU design of the Current Population Survey.[6] Each PSU is composed of a single county or a group of counties (towns or groups of towns in the New England States). Twenty-one of the strata used in the first stage consist of the counties comprising each of the 21 largest metropolitan areas, and each of these PSU's is thus identical with its stratum. The remaining metropolitan areas were grouped into 33 strata, and a PSU—a single metropolitan area—was selected from each one. The remaining counties not in the metropolitan areas were grouped into 46 strata, and one PSU was selected to represent each such stratum.

The second stage of the sampling process was the selection of the individuals to whom questionnaires would be mailed. The sample was selected systematically from the Social Security Administration master beneficiary records. Selection for each group was based on a separate random start for each PSU and for each population group.

Response Rates

Questionnaires were distributed by an initial mailing to the entire sample followed by two additional mailings for the nonrespondents and for respondents who returned a questionnaire with too little information to meet the minimal requirements for an acceptable response.

The overall response rate by target population is shown in table I. Individual records were weighted within each target group to allow for nonresponse and differing sampling rates.

Reliability of Estimates

Since the estimates are based on a sample they will differ somewhat from the figures that would have been obtained if every person of the population were included in the survey. In this survey, as in others, the results are subject to errors of response and nonreporting in addition to sampling variability.

[6] For details on the Current Population Survey sampling procedure, a description of PSU's, stratification, and selection of first-stage units see the Bureau of the Census, *The Current Population Survey—A Report on Methodology*, Technical Paper Number 7.

TABLE I.—Questionnaires sent and received, by type of beneficiary

Item	Total	Current student beneficiaries		Former beneficiaries with—		
		Survivors	Dependents of primary beneficiaries	Child's benefit terminated at age 18	Student benefit terminated at age—	
					18–21	22
Estimated total population	999,420	379,295	184,861	163,640	203,856	67,768
Questionnaires						
Number mailed	5,984	1,536	1,442	1,029	978	999
Number received	5,037	1,341	1,316	776	795	809
Percent received	84	87	91	75	81	81

The standard error is primarily a measure of sampling variability—that is, the variations that occur by chance simply because a sample of the population rather than the population as a whole is surveyed. The chances are about 68 out of 100 that an estimate from the sample will differ by less than one standard error from the result based on the same procedures for the entire population. The chances are about 95 out of 100 that the differences will be less than twice the standard error.

To derive standard errors that are applicable for all populations of interest, a number of assumptions and approximations were required. As a result the table of standard errors provides an indication of the order of magnitude rather than the precise standard error for any specific item.

The standard error of an estimated percentage depends on the size of the percentage and the size of its base. Table II presents approximations of standard errors of estimated percentages by level of percentage and size of base. Linear interpolation applied to the base or the percentage or

TABLE II.—Approximations of standard errors of estimated percentages of all population groups

Size of base	Estimated percentages					
	2 or 98	5 or 95	10 or 90	15 or 85	25 or 75	50
25,000	1.6	2.5	3.5	4.1	5.0	5.8
50,000	1.2	1.8	2.5	2.9	3.5	4.0
100,000	.8	1.3	1.7	2.1	2.5	2.9
150,000	.6	1.0	1.4	1.7	2.1	2.3
200,000	.5	.9	1.2	1.4	1.8	2.1
250,000	.5	.8	1.0	1.3	1.6	1.8
300,000	.5	.8	1.0	1.2	1.4	1.7
350,000	.4	.6	.9	1.0	1.3	1.6
400,000	.4	.6	.9	1.0	1.3	1.4
500,000	.4	.6	.8	.9	1.1	1.3

both may be used to estimate standard errors not specifically shown. Table 1 shows, for example, that 50 percent of the 163,429 former beneficiaries whose benefits terminated at age 18 were male. Table II indicates that one standard error is 2.3 percent. Thus, with 95 percent confidence the percentage of male beneficiaries in this group lies between 45.4 and 54.6.

The following procedure may be used to make a rough determination of the statistical significance of the difference between two independent percentages:

> Find estimates of the standard errors of the percents in question, using table I. Square these standard errors to get variances and add the variances. Take the square root of this sum to get the standard error of the difference If the absolute difference between the two percentages in question is greater than twice the standard error of the difference, they are said to be significantly different from one another at the 5-percent level.

Notes and Brief Reports

Health Maintenance Organization Act of 1973*

The Health Maintenance Organization Act of 1973 (P.L. 93–222), signed by President Nixon on December 29, 1973, is the first major health legislation enacted by the 93d Congress. The new measure commits the Federal Government to a limited, trial-period support of the development of health maintenance organizations (HMO's). Its major purpose is to stimulate interest by consumers and providers in the HMO concept and to make health care delivery under this form available and accessible in the health care market.

HMO's, an alternative to existing fee-for-service medical care, bring together a comprehensive range of medical or health care services in a single organization. They are responsible for providing such services, as needed, to their subscribers in return for a fixed monthly or annual payment periodically determined and paid in advance. The HMO's are rooted in well-established prototypes some of which have been in existence for as long as 40 years—the Kaiser Foundation health plan in Oakland, California (1942), the Roos-Loos Medical Clinic in Los Angeles (1929), Group Health Association in Washington, D.C. (1937), the Group Health Cooperative of Puget Sound (1947), and the Health Insurance Plan of Greater New York (1947). About 7 million persons or roughly 3 percent of the population were enrolled as of the end of 1972 in such plans.

REQUIREMENTS FOR HMO'S

Federal assistance under the new legislation will be granted to public or private entities only if the HMO's meet the definitional and organizational requirements of the act.

Definitional Requirements

Health maintenance organizations are defined as entities which provide basic health services to their enrollees, and, for an additional payment, supplemental health services. Prepaid enrollment fees for the basic and supplemental health services must be fixed uniformly under a community rating system—without regard for the medical history of any individual or family.

The basic health services that must be provided by the HMO to its enrollees are:

—physicians' services (including consultant and referral services by a physician)

—inpatient and outpatient hospital services

—medically necessary emergency health services

—short-term (not to exceed 20 visits) outpatient evaluative and crisis-intervention mental health services

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