First Year Impact of SSI on Economic Status of 1973 Adult Assistance Populations

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During 1973, interviews were conducted with more than 11,000 adult assistance recipients in the Survey of the Low Income Aged and Disabled The sample members were reinterviewed during the last 3 months of 1974, approximately 1 year after the implementation of SSI This article analyzes the impact of SSI on the economic status of the 1973 adult assistance populations The analysis considers the United States sample as well as samples for five individual States Most of the 1973 adult assistance recipients were automatically transferred to SSI on January 1, 1974 The majority realized an improved economic situation during 1974, at least in part because of their transferral to SSI There was significant improvement for the residents of each of the separate States considered because of increased assistance payments, but SSI generally proved most beneficial to the poorest persons transferred from the State public assistance programs

ON JANUARY 1, 1974, the State-administered public assistance programs—old-age assistance (OAA), aid to the blind (AB), and aid to the permanently and totally disabled (APTD)—were replaced by the federally administered supplemental security income (SSI) program The new program established a national income-maintenance system for aged, blind, and disabled individuals who meet the criteria stated in the Social Security Act Eligibility is determined on the basis of income, resources, and categorical eligibility The categorical criteria are straightforward A person can qualify for aid under the program if he is aged 65 or older, blind or disabled as defined in the Act, and is a citizen or permanent resident of the United States In January 1974 the Federal guarantee for an individual without other income and living in his own household was $140, for an eligible couple without other income and living in their own home the guarantee was $210 at that time Those living in another's household were eligible for one-third less [1]

This article considers some of the generally stated goals of the SSI program, spelled out briefly below, and looks at the success of the program in meeting one of these goals

ADULT ASSISTANCE PROGRAMS

The thrust of the pre-SSI adult assistance system under the Social Security Act, from the Federal perspective, had been to enable individual States to give assistance to needy aged, blind, and disabled persons by offering the States grants-in-aid on a matching basis for these programs The Federal Government reimbursed States for expenditures under the programs on the basis of a matching formula that provided higher Federal matching to low-income States The programs themselves were administered either by the States through district or county offices, or by local agencies with State supervision Federal financing of these programs was provided through an open-ended appropriation from general revenues State financing was provided through either State or local funds Within the bounds of minimal Federal requirements the actual programs were designed, implemented, and administered at the discretion of the State

The SSI program completely altered the Federal-State administrative relationship in providing assistance to needy persons in the adult categories With the implementation of SSI, the regulations were established at the Federal level and the Social Security Administration was given administrative responsibility for the program, leaving the States with a supplementary role The objectives in transforming the adult assistance

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[1] For an earlier article on the implementation and progress of the program, see James Callison, "The Early Experience Under the SSI Program," *Social Security Bulletin*, June 1974

programs from a State to a federally administered system were several

The new program was designed to provide a nationally uniform income floor for the aged, blind, and disabled, provide increased income to those eligible individuals who resided in States where adult assistance had traditionally been low, provide coverage across a wider portion of the income spectrum by virtue of the higher guarantee levels in the new program, in conjunction with more uniform assets tests, lien laws, and relative responsibility regulations, provide the States with the opportunity to reduce their fiscal commitment to public aid for those covered, or at least guarantee that this fiscal burden on the States would not increase, provide uniform categorical eligibility conditions throughout all regions of the country, and provide uniform and efficient administration of the program

A look is taken here at the effectiveness of the SSI program in augmenting the income of the recipient populations transferred from the State adult assistance programs An analysis of five separate States permits comparison of the SSI impact on incomes of individuals receiving adult assistance payments in 1973 and residing in States making relatively low payments with persons residing in States generally considered generous The implementation of the SSI program and its effects on the adult populations formerly under the State-managed assistance programs is considered here from the perspective of a survey This evaluation focuses on the transition from the State adult assistance system to the federalized program, using data gathered by the Bureau of the Census for the Social Security Administration

THE SURVEY

The Survey of the Low-Income Aged and Disabled (SLIAD) included four national samples selected in 1973 and comprising approximately 18,000 noninstitutionalized adults [2] The individuals in these samples provided extensive information about themselves and their general state of being during the last 3 months of 1973—the period immediately before the implementation of SSI The intent of the survey was to establish a pre-SSI baseline on the eligible and potentially eligible population, measuring various social and economic indicators of levels of living During the last 3 months of 1974, approximately 1 year after SSI began, all the 1973 respondents who could be reached were reinterviewed and similar information to that gathered in the previous year was elicited Slightly more than 90 percent of the original respondents were reinterviewed in the second wave as death, institutionalization, refusals to respond, and the inability to locate some individuals reduced the ranks of the 1973 samples

The focus here is on two of these samples—the "welfare samples" The "aged welfare sample" represents the 1973 OAA recipient population, and the "disabled welfare sample" represents the 1973 combined AB and APTD recipient populations Each of these samples is made up of six subsamples that can stand alone Five State-level samples represent the 1973 adult assistance populations in the selected States, and the remaining cohort represents the rest of the United States This sampling configuration permits analysis of the transition to SSI for the 1973 national adult assistance caseload, as well as separate consideration for California, Georgia, Mississippi, New York, and Texas The other 45 States and the District of Columbia are represented by the sixth set of subsamples

The SSI legislation required that persons receiving adult assistance payments under the State systems at the end of 1973 were, in general, to be transferred automatically to the new Federal program To this end, the States provided the Social Security Administration with their welfare case records so the eligibility information could be used in calculating and disbursing payments to these individuals

The welfare samples described here were selected from the case records submitted by the States The samples were selected during the summer of 1973 and represent the adult assistance populations at that time To the extent that certain individuals were included in these samples who were no longer eligible for assistance at the end of 1973, or to the degree newly eligible individuals were not included, these samples do not represent precisely the automatically converted

[2] For a full discussion of the general purpose and design of SLIAD, see Thomas Tissue, "The Survey of the Low-Income Aged and Disabled An Introduction," *Social Security Bulletin*, February 1977

population The logistics of the survey did not allow these adjustments, but the impact is thought to be minimal [3]

The 1973 survey included interviews with more than 11,000 respondents representing 2 8 million adult assistance recipients Weights were calculated on the basis of sampling rates for the 1973 samples and adjusted to account for nonresponse for reasons other than death or institutionalization in 1974 The 1973 counts, then, should represent population counts for the 1973 noninstitutionalized groups sampled The 1974 weighted counts represent those in the respective 1973 noninstitutionalized populations that did not die or move to an institution during 1974 Differences in the 1973 and 1974 aggregate cross-sectional counts represent reductions in the 1973 populations because of death, institutionalization, and emigration from the United States

The five State samples in the survey provide the basic income data to understand more thoroughly the differential impact of SSI on the converted caseloads in those States California, Georgia, Mississippi, New York, and Texas were chosen because of the nature of their adult assistance programs and the size of their caseloads California and New York were chosen because the average payment levels in their programs ranked them among the top 10 States in the Nation by this measure Georgia, Mississippi, and Texas, on the other hand, ranked among the 10 lowest States in the levels of average payments to their adult assistance populations These five States together accounted for 40 percent of the total assistance population in 1973 High- and low-payment States were selected to provide maximum preconversion diversity If only low-paying States had been selected, then only absolute measures of the impact of SSI could have been considered Another important consideration was the relative income gain of the recipients in the low-payment States who were transferred to SSI, in comparison with those in the traditionally more generous States Much of the rhetoric surrounding welfare reform in general and SSI in particular advocated a program that would raise the relative benefit levels of those recipients in the low-payment States The State SLIAD samples provide the opportunity to measure the extent to which this happened for the caseloads transferred to SSI More State samples were not obtained because of budgetary limitations

The Texas samples have an added interesting dimension since that State is the only one making absolutely no supplemental payments to the transferred caseloads because of a constitutional provision forbidding it Thus, only in Texas was there a totally "pure" conversion from the State adult assistance system to SSI on January 1, 1974

The attempt is made here to measure changes in the economic position of these populations from 1973 to 1974 with special consideration given to the impact of SSI These measures of change are derived from reported data in the 2 years and reflect only actual changes to the extent that the original measures reflect the actual situation at each point in time The time spectrum for which change is considered is a 2-year period, generally stated as 1973 and 1974 though they are not calendar years The interviews were conducted from October to December in each of the years To reduce seasonality variation the 1974 interview was to have been conducted, and generally was, within 1 year (plus or minus 2 weeks) of the 1973 interview The annual income measures discussed cover a 12-month retrospective period from the date of interview

The data used for this analysis were gathered primarily by means of personal interviews and are thus subject to reporting error [4] At this time, only very preliminary work has been done to measure the extent of this problem and to resolve this issue for the SLIAD data Comparisons have been made between the interview reports of receipt of old-age, survivors, and disability insurance (OASDI) benefits under the social security programs in the two years and the Social Security Administration administrative record data for these benefits The comparison is generally quite favorable in an aggregate sense, indicating that on the basis of weighted counts only 2 percent more of the populations considered here would

[3] Less than 4 percent of the respondents to the 1973 survey reported receiving no public assistance payments during 1974, any APTD recipients newly eligible during the last half of 1973 had to have their eligibility redetermined before they were eligible for SSI In addition, the OAA population had been declining in size

[4] Roughly 6 percent of both populations considered had some portion of their income allocated The estimates presented are based on a sample of the populations with some resultant estimation error

be attributed with receiving OASDI benefits on the basis of administrative data than with the interview data The mean amount of nuclear-family OASDI benefits reported in the two separate data sources also correspond closely The differences are less than $4 on an average monthly basis

The analysis here describes, in a marginal sense, the impact of SSI on the economic status of the 1973 populations that were to be automatically converted from the State assistance programs The scope of this study does not allow an analysis of the complete dynamics of changes in economic status experienced in the first year of the program At the outset the reader is cautioned that many things could have happened to the individuals between the time they were interviewed in 1973 and again in 1974 that could account for changes in their economic status—changes in marital status or other household composition, for example, or changes in the amount of public assistance payments, as well as in income from nonassistance sources In fact, a few persons were no longer eligible for any assistance payments during 1974 This discussion is descriptive in nature and focuses primarily on the marginal impact of SSI benefits and does not always control for all the other factors that could have affected the economic well-being of those considered

Varying the choice of unit for analysis can potentially alter the resulting judgment of the success of SSI The SSI program is an income-support system for individuals who meet the categorical and other eligibility conditions specified in the legislation and administrative regulations Many SSI recipients, however, live in families and extended-family households It would be naive to assume that these additional persons did not contribute in either a positive or negative way to the economic well-being of the SSI recipient This fact is acknowledged by deeming income that accrues to these other individuals as being available to the SSI recipient and also by reducing the basic grant in some instances The primary focus here is on the nuclear family, including the SLIAD respondent, a spouse if present, and the respondent's minor children living in the household In many instances, therefore, the income measures considered include resources accruing to individuals not covered by SSI It also means that the contributions of extended-family members are not being considered at this time

TABLE 1.—Selected characteristics Percentage distribution of 1973 adult assistance population, by type of recipient

Characteristic	OAA recipients	AB/APTD recipients
Total number (in thousands)	1 665 2	1 157 9
Sex		
Men	30 2	42 7
Women	69 8	57 4
Race		
White	72 4	66 7
Black	26 3	32 0
Other	1 3	1 3
Age		
Mean	*76*	*51*
Median	74	54
Area and size of community		
Farm or open country	22 8	15 2
Urban		
Under 25,000	33 4	26 3
25,000–100 000	15 2	17 7
City, 100,000 or more	28 6	40 8
Marital status		
Married	27 2	22 1
Widowed	53 1	19 0
Separated/divorced	12 0	26 3
Never married	7 7	32 6
Number of persons in family		
1	73 6	75 3
2	25 2	16 8
3	6	2 7
4 or more	6	5 1
Household composition		
Alone	42 0	36 4
With spouse and/or minor children	19 6	16 7
With relatives only	27 0	31 2
With spouse, children, and relatives	6 4	7 3
Other	4 7	8 2
Source of income		
OASDI benefits	63 9	32 0
Wages or self-employment	3 8	11 5
Welfare as only source	30 5	53 3
Welfare and OASDI benefits only	53 4	25 9
Other	16 0	20 7

1973 NONINSTITUTIONALIZED ADULT ASSISTANCE POPULATIONS

Various characteristics of the aged and disabled adult assistance populations in 1973 as reported in SLIAD are presented in table 1 During 1973, 1 7 million noninstitutionalized aged persons were receiving OAA and 1 2 million individuals were receiving AB or APTD The disabled recipients were more likely to be men than were those receiving OAA, although women predominated in both groups Blacks were almost 6 percent more numerous among the disabled group than among the aged The median age for the OAA population was 74, and it was 54 for the AB/APTD group The disabled had a significantly higher probability of residing in large urban areas, with the elderly more likely to live in smaller towns or rural areas

Proportionately more of the aged than of the

disabled were married at the time of the 1973 interview even though the majority of the elderly were widowed The disabled group, on the other hand, were more likely to have been separated or divorced or never to have been married than the aged The aged lived in the strictly nuclear-family arrangement proportionately more often (62 percent) than the disabled (53 percent), but more than a third of both populations were residing in households with other relatives

The two most important sources of nuclear-family income for both populations in 1973 were assistance payments and OASDI benefits Because of the selection criteria, everyone in both samples had received welfare income during the 12 months before the 1973 interview In addition to their welfare payments, 64 percent of the aged population and 32 percent of the disabled population reported receiving OASDI income Earnings were not an income factor for the vast majority of either of these populations Less than 4 0 percent of the OAA group and only 11 5 percent of the AB/APTD population reported wages or self-employment income Welfare income was a more important resource for the disabled than for the aged, it was the singular income resource reported by 53 percent of the disabled but only by 31 percent of the aged The OASDI benefits in combination with welfare benefits were the sole sources of income for 53 percent of the 1973 OAA population and for 26 percent of the national AB/APTD caseload Only 16 percent of the aged and 21 percent of the disabled reported income from sources other than the welfare or OASDI programs

The 1973 OAA recipient population had a median nuclear-family income of $1,851 during 1973 The AB/APTD population reported a median income of $1,825 for that year The income distributions in table 2 indicate that nearly three-fourths of both populations reported annual nuclear-family incomes of less than $2,500 A substantial majority of these units thus were living on less than $200 a month during the year

Although total incomes were very low, the dependence on welfare benefits was considerable for both populations Table 3 shows a significantly higher median support level for the AB/APTD recipient population than for the OAA group in this regard The disabled were also more dependent on their assistance for basic subsistence

TABLE 2 —Income in 1973 Percentage distribution of adult assistance population, by type of recipient and amount of income

Amount of income	OAA recipients	AB/APTD recipients
Total number (in thousands)	1 665 2	1,157 9
Percent reporting	97 3	97 2
Total number reporting (in thousands)	1 619 7	1,125 0
Total percent	100 0	100 0
Less than $1 000	6 5	14 7
1,000–1,499	27 2	22 5
1 500–1,999	23 2	19 7
2,000–2,499	16 6	18 4
2,500–2 999	15 3	10 2
3,000–3 999	6 3	6 6
4,000 or more	4 9	7 9
Median income	*$1 851*	*$1,825*

Table 4 indicates that the proportion of the disabled relying on welfare as their sole source of income was nearly one-fourth higher than that of the aged Even among those who received income from some other source, only 19 percent of the aged relied on welfare for more than half their total income, compared with 36 percent of the disabled

Again the disabled appear to have been more reliant on assistance than the OAA population during 1973 The higher payment levels for the disabled may reflect, at least in part, the fact that the elderly were less likely to have had young children in their families Given the economic status of these populations, the presence of young children would have qualified most of these units for AFDC in addition to adult assistance benefits The cash measures of income and assistance benefits discussed here, however, cannot account for differential needs that correspond with varying family sizes

TABLE 3 —Welfare benefits in 1973 Percentage distribution of adult assistance population, by type of recipient and amount of benefit

Amount of benefit	OAA recipients	AB/APTD recipients
Total number (in thousands)	1,665 2	1 157 9
Percent reporting	97 3	97 2
Total number reporting (in thousands)	1,619 7	1,125 0
Total percent	100 0	100 0
0–$499	27 8	14 8
500–999	26 0	24 4
1 000–1,499	26 0	24 6
1 500–1,999	11 9	15 5
2,000–2 499	4 8	11 7
2,500–2,999	2 5	5 1
3,000 or more	1 1	3 8
Median benefits	*$927*	*$1,220*

TABLE 4.—Ratio of welfare benefits to income in 1973. Percentage distribution of adult assistance population, by type of recipient

Ratio of welfare benefits to income	OAA recipients	AB/APTD recipients
Total number (in thousands)	1,665.2	1,157.9
Percent reporting	97.3	97.2
Total number reporting (in thousands)	1,619.7	1,125.0
Total percent	100.0	100.0
0.01–.10	9.6	5.5
.11–.25	17.4	9.0
.26–.50	29.0	15.5
.51–.75	10.5	9.6
.76–.90	1.3	3.7
.91–.99	1.7	3.3
1.00	30.5	53.3

Cash income as an indicator of the family unit's ability to purchase consumer items represents only the unit's capacity to consume. At low-income levels, however, income is a limited measure of economic well-being because differential levels of economic need do result from variations in living arrangements. A more satisfactory indicator of well-being for low-income units is the "poverty ratio" because it reflects capacity to consume within the context of need. It allows for variations in need due to family size, farm or nonfarm residence, age, and sex structure of the unit considered. An added desirable characteristic is its adjustment for changes in the cost of living from one year to another. The poverty ratio for low-income individuals or units is a standardized measure of welfare over a period of time, defined as:

$$PR_i = \frac{Y_i}{N_i}$$

where PR_i is the poverty ratio for the family unit i, Y_i is cash income available to the unit; and N_i is the official poverty line for a unit with the same characteristics as the nuclear family of the individual interviewed in this study. The poverty line, which varies with size of unit, age of the head, sex of head, and farm or nonfarm residence, attempts to quantify the level of income necessary to meet minimal consumption needs.[5] If the computed ratio is less than 1, the unit is living in poverty. As the ratio increases from a minimum of zero, it indicates an increasing degree of economic well-being. It should be added that only low-income units are dealt with in this context. At higher levels of income, with the expanding consumption options available to the unit, the poverty ratio concept becomes meaningless.

Table 5 shows two sets of 1973 poverty ratio distributions. The first set was computed for income minus public assistance payments; the second set was based on total income. The pre-assistance ratios again exhibit the greater dependence of disabled persons receiving assistance, as about 75 percent of them fall into the two lowest poverty-ratio intervals compared with 57 percent of the elderly. The differences in the medians—.00 for the disabled and .47 for the aged—further accentuate this point.

Assistance payments during 1973 moved 47 percent of the aged and 51 percent of the disabled out of the lowest poverty interval (less than .50 percent of the poverty threshold). The AB/APTD recipients had a significantly higher probability of being in poverty even after receiving assistance than OAA recipients. More than 3 out of 4 of the former group had incomes below the

TABLE 5.—Poverty ratio in 1973. Percentage distribution of adult assistance population, by type of recipient and type of income

Poverty ratio	OAA recipients	AB/APTD recipients
Total number (in thousands)	1,665.2	1,157.9
Percent reporting	97.1	96.8
Total number reporting (in thousands)	1,619.7	1,125.0
Pre-assistance income		
Total percent	100.0	100.0
0.01–0.24	33.7	63.3
.25–.49	23.0	13.3
.50–.74	23.8	11.5
.75–.99	11.9	6.2
1.00–1.24	4.7	2.9
1.25–1.99	2.8	2.1
2.00 and above	.2	.7
Median ratio	*0.47*	[1] *.0*
Total income		
Total percent	100.0	100.0
0.01–0.24	.6	3.4
.25–.49	9.8	21.9
.50–.74	33.7	28.8
.75–.99	24.7	23.2
1.00–1.24	17.3	13.1
1.25–1.99	12.8	7.9
2.00 and above	1.1	1.8
Median ratio	*0.81*	*0.71*

[1] Data in tables 1 and 4 indicate that more than 53 percent of the disabled population had no other income than assistance payments in 1973.

[5] For the derivation of the poverty index as originally defined, see Mollie Orshansky, "Counting the Poor: Another Look at the Poverty Profile," *Social Security Bulletin*, January 1965.

poverty level for the year For the aged, slightly more than 2 out of 3 cases remained in poverty on a post-transfer cash income basis The differences in the pre- and post-assistance median poverty ratios suggest that welfare payments were more effective in meeting the needs for the disabled population On the whole, however, both populations can be characterized as being generally destitute during the period immediately before the implementation of SSI The elderly were less dependent than the disabled on assistance and fared slightly better in terms of having their economic needs met by their cash income

1973 ADULT ASSISTANCE CASELOAD IN 1974

Ten percent of the 1973 OAA caseload and 7 percent of the AB/APTD populations either died or were institutionalized before the 1974 survey At the beginning of 1974, the vast majority of the remaining cases were automatically converted from their status under the State assistance programs to SSI Tables 6 through 8 refer to those individuals who received adult assistance during 1973 and were still alive and not institutionalized at the end of 1974 A small group of these individuals who reported no SSI or other welfare payments during 1974 is included in these tabulations

The 1973 (table 2) and 1974 (table 6) cash income distributions for both the 1973 adult assistance recipient populations show significant movement up the cash income spectrum during 1974 In 1973, 34 percent of the aged and 37 percent of the disabled reported nuclear-family annual incomes of less than $1,500 By 1974, only 8 percent and 9 percent of the OAA and AB/APTD populations, respectively, were reporting incomes of less than $1,500 At the other end of the distribution, 39 percent of the remaining OAA population reported income of $2,500 or more for 1974, but only 27 percent reported that level of income in 1973 For the disabled in 1974, 43 per-

TABLE 6 —Income in 1974 Percentage distribution of adult assistance population, by type of recipient and amount of income

Amount of income	OAA recipients	AB/APTD recipients
Total number (in thousands)	1,497 7	1,092 2
Percent reporting	97 4	96 7
Total number reporting	1 459 2	1 055 9
Total percent	100 0	100 0
Less than $1 000	1 2	1 6
1,000-1,499	6 5	8 1
1,500-1 999	39 4	31 8
2,000-2,499	13 5	15 7
2,500-2 999	19 3	17 0
3,000-3,999	13 4	13 5
4,000 or more	6 6	12 4
Median income	*$2 107*	*$2 271*

TABLE 7 —Welfare benefits[1] in 1974 Percentage distribution of adult assistance population, by type of recipient and amount of benefit

Amount of benefit	OAA recipients	AB/APTD recipients
Total number (in thousands)	1,497 7	1,092 2
Percent reporting	97 4	96 7
Total number reporting (in thousands)	1,459 2	1 055 9
Total percent	100 0	100 0
0	2 3	4 0
$1-499	11 9	6 3
500-999	26 9	11 3
1,000-1,499	18 6	15 6
1 500-1,999	26 7	31 6
2,000-2,499	5 7	11 6
2,500-2,999	5 8	11 6
3,000 or more	2 1	8 0
Median benefits	*$1,259*	*$1,703*

[1] Welfare benefits include any State assistance benefits as well as SSI benefits reported by the respondent

TABLE 8 —Poverty ratio in 1974 Percentage distribution of adult assistance population, by type of recipient and type of income

Poverty ratio	OAA recipients	AB/APTD recipients
Total number (in thousands)	1 497 7	1,092 2
Percent reporting	97 4	96 7
Total number reporting (in thousands)	1,459 2	1 055 9
Pre-assistance income		
Total percent	100 0	100 0
0-0 24	34 0	59 8
24-49	24 5	14 4
50-74	23 2	12 5
75-99	11 2	6 1
1 00-1.24	4 4	2 9
1 25-1 99	2 4	3 0
2.00 and above	.2	1 2
Median ratio	*0 46*	*[1] 0 12*
Total income		
Total percent	100 0	100 0
0-0 24	3	9
24-49	3 3	7 6
50-74	25 3	35 2
75-99	39 0	24 8
1 00-1 24	16 2	17 8
1 25-1 99	14 9	11 2
2.00 and above	1 1	2 7
Median ratio	*0 86*	*0 81*

[1] Median does not correspond with midpoint of interval because of the large proportion of disabled receiving only assistance income in 1974

cent were above the $2,500 threshold, compared with 25 percent in 1973 The 1973 aged group had a median reported 1974 nuclear-family income of $2,107—nearly $260 more than the 1973 median For the AB/APTD population the median reported income was $2,271 in 1974, roughly $450 more than the median reported income in the previous year

A substantial portion of this upward shift in the 1974 income distribution could be attributed to increased welfare benefits during the year[6] The median benefit level for the 1973 OAA population rose by more than $310 to $1,239 for 1974 The disabled registered a median benefit level in 1974 of $1,703, a rise of $483 from the 1973 figure

Comparing the 1974 benefit distribution in table 7 with that for 1973 in table 4 provides added perspective Nearly twice as many of the OAA population (40 percent, compared with 20 percent) received $1,500 or more in benefits in 1974 than in 1973 For the AB/APTD caseload, 63 percent received $1,500 or more in 1974, compared with 36 percent in 1973 This growth in the amount of welfare payments received is not the sole factor increasing total income Comparison of the changes in the median assistance and income levels suggests, however, that these increases played a major role

The correspondence between the 1974 pre-assistance poverty ratio distributions in table 8 and the 1973 distributions in table 5 is remarkable for both populations Since the poverty ratio adjusts for price increases from 1973 to 1974, this similarity indicates that the nonassistance income of the adult assistance populations stayed abreast of rising prices In addition, it also suggests that the variations in the post-transfer ratios are attributable to changes in welfare transfer levels

When total income is considered, it appears that a significant portion of the poorest OAA recipient population improved their economic situation in 1974 because of SSI and other welfare payments received Although the median poverty ratio for the aged increased only from 81 to 86, the proportion of the OAA population with incomes of less than three-fourths the poverty line declined from 43 percent in 1973 to less than 29 percent in 1974 Changes in welfare benefit levels in the latter year apparently played a major role in improving the economic condition of many of the very poorest OAA recipients transferred to SSI The implementation of SSI would seem to be the chief reason for this result

The 1973 AB/APTD population also improved their economic position markedly The median poverty ratio increased to 81 from 72 in the earlier year The proportion of the population with incomes of less than three-fourths the poverty threshold declined from 54 percent to 44 percent The most substantial gains came for those reporting incomes of less than one-half the poverty line, which included 25 percent of the population in 1973 but only 8 percent the next year In addition, the proportion of those with incomes above poverty rose from 23 percent to 32 percent over the period These gains in general economic well-being cannot be strictly attributed to the implementation of SSI, however, because welfare benefits in each of the 2 years may include sizable nonadult assistance payments for this population Ten percent of the disabled reported minor children in the household in 1973, with the likelihood of receiving AFDC benefits Separating these other welfare transfers is a complicated process not yet undertaken No significant changes occurred, however, in the AFDC program from 1973 to 1974 that could account, in a general sense, for the improved economic position of the disabled population analyzed here Although the conclusion must be qualified by this caveat, substantial grounds exist for the preliminary judgment that, in the aggregate, SSI led to improved welfare positions for much of the converted AB/APTD recipient population in 1974

THE IMPACT ON POVERTY

One means of evaluating the effectiveness of the public transfer programs during each of the years is to calculate the degree to which a program eliminates poverty for the recipient populations This step is accomplished by computing a pre-assistance poverty gap and measuring the degree to which the assistance transfers succeed in closing the gap The aggregate poverty gap is

[6] Welfare benefits or assistance payments during 1974 include all reported SSI plus any other cash assistance payments reported by the respondent

TABLE 9.—Pre- and post-public assistance poverty gap and proportion eliminated by public assistance for adult assistance population, by type of recipient, 1973 and 1974

Item	OAA recipients		AB/APTD recipients	
	1973	1974	1973	1974
Aggregate poverty gap (in millions)				
Pre public assistance	$1 890 0	$2 143 0	$2 106 7	$2 240 0
Post public assistance	719 8	582 5	838 9	642 6
Proportion of pre assistance gap eliminated by public assistance (percent)	61 9	72 8	60 2	71 3

the combined income shortfall of all individuals in poverty below the poverty line The pre- and post-transfer poverty gaps computed in table 9 are only for that portion of the 1973 noninstitutionalized adult assistance population still alive and not institutionalized in 1974 Thus, anyone not interviewed in 1974 was not included in the 1973 totals [7] The 1974 weights were adjusted, however, for reasons of noninterview other than death or institutionalization Roughly 1 5 million OAA recipients and 1 1 million AB/APTD recipients are represented [8] The actual number of persons accounting for the poverty gaps is much lower because not all individuals in the populations had income levels below the poverty line

The AB/APTD recipients had a larger pre-assistance poverty gap than the OAA recipient groups for both 1973 and 1974 Public assistance transfers maintained this relationship in both years, leaving the elderly with a smaller post-transfer poverty gap than their disabled counterparts The assistance transfers were remarkably consistent over both years in the proportion of the poverty gap that they eliminated for the two recipient groups Sixty-two percent of the gap was eliminated for the elderly in 1973, compared with 60 percent for the disabled The respective proportions of the gap eliminated by assistance payments in 1974 were 73 percent and 71 percent When the 1974 adult assistance populations potentially transferred to SSI from the State assistance system are combined, the aggregated poverty gap declined from $1 6 billion in 1973 to $1 2 billion in 1974 Thirty-nine percent of the 1973 pre-transfer poverty gap and 28 percent of the 1974 gap remained after assistance payments were made to the transferred adult assistance caseload Those proportions represent a clear improvement from 1973 to 1974 with little change between the relative positions of the two recipient populations considered here

A consistent pattern is evident in the 1973 and 1974 aggregate data, showing that the economic position of the 1973 adult assistance populations improved with the implementation of SSI Welfare benefits rose in 1974 and helped reduce the degree of poverty at the low end of the income spectrum Analysis of aggregate measures, however, can obscure important individual variations that would provide a more precise picture of the dynamics of change The relationship analyzed in the present case is between the implementation of SSI and the economic welfare position of the 1973 adult assistance caseload Ideally the improvements in the aggregate measures of economic welfare already noted here could be carried over for each individual In fact, the explicit intention of the program was to make some people better off without making any of the transferred recipients worse off than they would have been under the State program [9] That does not mean, however, that they could not become worse off, in an economic sense, in 1974 than during 1973 since they might have become worse off under their old program Measures of individual change are derived below to identify more clearly the impact of SSI on the 1973 adult assistance recipients

MEASURES OF INDIVIDUAL CHANGE

Roughly 80 percent of both populations registered an increase in welfare benefits in 1974, compared with the previous year The distributions in table 10 indicate that, even after adjusting for the diminished value of 1974 dollars due to infla-

[7] The aggregate amount of the poverty gap is much larger if the complete 1973 population is included in the 1973 computation, but the differences in the proportion of the gaps eliminated by public assistance transfers is negligible

[8] Roughly 3 percent of the records are excluded from this analysis because of incomplete income information Aggregate dollar amounts in table 6 are thus estimates, understated by roughly that magnitude

[9] This "grandfather" clause has been widely misinterpreted as a guarantee that the recipients' total cash income could not fall below the 1973 level The actual regulations are that the individual cannot be worse off than if he were still a recipient of State assistance benefits as determined by the 1973 State and Federal administrative regulations

TABLE 10.—Change in dollar amount and price adjusted welfare benefits from 1973 to 1974 [1] Percentage distribution of adult assistance population, by type of recipient and type of change

Welfare benefit change	OAA recipients, change in—		AB/APTD recipients, change in—	
	Dollar amount of benefits	Price adjusted benefits	Dollar amount of benefits	Price adjusted benefits
Total number reporting (in thousands)	1 422 2	1,422 2	1,031 5	1,031 5
Amount loss or gain				
Total percent	100 0	100 0	100 0	100 0
$500 or more loss	4 1	5 2	7 7	9 7
250–499 loss	3 4	5 8	4 4	6 7
1–249 less	13 3	22 6	8 6	16 1
0–249 gain	25 4	27 5	18 2	20 9
250–499 gain	24 8	21 0	19 3	19 3
500 or more gain	29 0	17 8	41 8	27 3
Median amount	*$288*	*$149*	*$394*	*$209*
Percent loss or gain				
Total percent	100 0	100 0	100 0	100 0
50 or more loss	5 8	6 6	7 3	8 0
25–49 loss	4 1	5 6	4 2	6 0
10–24 loss	4 9	10 3	4 2	7 9
Less than—				
10 loss	6 0	11 1	5 0	10 6
10 gain	11 1	10 6	11 1	12 3
10–24 gain	13 9	12 5	14 4	13 5
25–49 gain	16 7	14 1	18 2	14 1
50 or more gain	37 5	29 2	35 6	27 6
Median percent	*51 5*	*17 0*	*50 2*	*15 8*

[1] Only records providing complete information in both survey years are included in this distribution breakdown, includes about 94 percent of both samples

tion,[10] nearly two-thirds of both groups still realized an increase in welfare benefits in the latter year Absolutely, the gains were more substantial for the disabled than for the aged In simple dollars, 42 percent of the 1973 AB/APTD recipients registered increases of $500 or more in welfare benefits in 1974, compared with 29 percent of the aged with gains of this size The difference is somewhat smaller when the price-adjusted benefit changes are compared Differences in the median changes in benefit levels provide additional evidence that the disabled realized larger absolute gains from increased payments in 1974 than their OAA counterparts Relatively, the median percentage increase in benefits was more than 30 percent for both adult assistance populations with the aged gaining slightly more than the disabled The median change after adjusting for increased 1974 prices was 17 percent for the OAA population and 16 percent for the AB/APTD group Twenty-eight percent of the disabled and 29 percent of the aged registered gains of 50 percent or more in welfare benefits in 1974 even after the price adjustments were made It is evident then, that both populations realized some dramatic increases in welfare benefits in 1974 Absolutely, the disabled registered larger gains than the aged, relatively, the two groups differed little

The majority of the 1973 adult assistance recipients were realizing higher assistance payments, but 1 in 5 of both the aged and disabled populations experienced a decline in cash benefits in 1974 It is impossible on the basis of benefit data alone, however, to determine if these losses represent actual income declines or merely offset comparable increases in nonassistance income Total income was disaggregated into its assistance and nonassistance components so the degree to which nonassistance income gains offset assistance losses could be determined Of those experiencing a cash loss in welfare benefits in 1974, 40 percent of the aged and 43 percent of the disabled reported nonassistance income gains that more than offset the assistance income losses In other words, only about 12 percent of both the aged and disabled experienced declines in nuclear-family welfare benefits in 1974 that were not offset by other income gains

More than 80 percent of both populations, on an individual basis, realized some gain in their nuclear-family total cash income level from 1973 to 1974, as shown in table 11 Adjusting the 1974 income to account for price changes reduces the proportion of each population reporting increased income, although about 65 percent realized some increase in their price-adjusted family income level in 1974 The decline in real family income for more than half of the respondents reporting a loss was attributable to increases in price levels from 1973 to 1974 Median cash income rose more than $30 per month for the OAA population and more than $40 for the disabled With inflation taken into account, the elderly still realized a $10 monthly increase in median income and the disabled had an increase of twice that amount

The distribution of relative changes in income

[10] The 1973 Consumer Price Index of the Bureau of Labor Statistics was 133 1 The 1974 index was 147 7, reflecting an increase in consumer prices of 10 9 percent The difference in the dollar amounts reported in the 2 years was adjusted to account for the higher 1974 price level

TABLE 11.—Change in total income and price adjusted income from 1973 to 1974 [1] Percentage distribution of adult assistance population, by type of recipient and type of change

Income change	OAA recipients, change in—		AB/APTD recipients, change in—	
	Total income	Price adjusted income	Total income	Price adjusted income
Total number reporting (in thousands)	1 422 2	1 422 2	1 031 5	1 031 5
Amount loss or gain				
Total percent	100 0	100 0	100 0	100 0
$500 or more loss	6 2	9 1	7 1	10 4
250–499 loss	2 7	7 8	2 9	6 2
1–249 loss	7 3	20 6	6 2	14 5
0–249 gain	21 8	25 2	15 9	19 7
250–499 gain	25 0	19 1	18 5	17 5
500 or more gain	37 0	18 1	49 3	31 7
Median amount	*$370*	*$124*	*$402*	*$240*
Percent loss or gain				
Total percent	100 0	100 0	100 0	100 0
50 or more loss	1 5	2 0	1 7	2 4
25–49 loss	3 4	4 9	4 1	5 8
10–24 loss	4 1	11 2	4 3	9 5
Less than—				
10 loss	7 2	19 5	6 2	13 5
10 gain	17 7	17 6	12 2	15 0
10–24 gain	23 6	19 1	19 4	15 5
25–49 gain	23 7	14 4	20 5	15 6
50 or more gain	18 8	11 2	31 7	22 7
Median percent	*20 2*	*7 1*	*27 6*	*13 7*

[1] See table 10, footnote 1

indicates that the majority of family income losers among the populations transferred to SSI realized a decline of less than 25 percent in family income on the basis of either the actual dollar amount or the price-adjusted income figure The majority of both populations realized substantial increases in cash income of 25 percent or more from 1973 to 1974 Even after adjustment for price changes, more than 45 percent of the 1973 OAA recipient population and well above half the AB/APTD population realized an increase in income of more than 10 percent

Regardless of how the distributions are separated, significantly more of the potentially transferred adult assistance recipients reported gains than reported losses from 1973 to 1974 In addition, the majority of gainers reported substantial gains in family income in the later year In this sense, the improvement in the income status of the 1973 adult assistance populations was extensive during the first year of SSI operation but it was not universal

To consider the multidimensional aspects of changing need in conjunction with changing resources, differences in the poverty ratios for the 2 years (PR_{74}–PR_{73}) were computed The resulting measure is an indicator of movement in relation to the poverty line over the period The poverty line itself is a dynamic measure as it accounts for changes in prices, family composition, and farm or nonfarm residence The absolute value of gain or loss in this derived measure does not provide any indication of whether an individual had an income above or below poverty in either year, only that their position improved or deteriorated in relation to the poverty threshold Changes in the poverty ratio from one year to the next reflect a combination of income changes, price changes, and family composition or residence changes The resulting distribution of the calculated changes in the poverty ratios are presented in table 12

In 1974, 35 percent of the OAA population and 29 percent of the AB/APTD populations registered some deterioration from the previous year in their economic welfare status Because the poverty threshold adjusts for changes in consumer prices, losses of less than 10 may reflect the failure of cash income to keep abreast of rising prices Losses of greater magnitude indicate a general deterioration beyond that caused by inflation Fifteen percent of the disabled and nearly 16 percent of the aged experienced declines in their economic well-being to this extent or more At the opposite end of the distribution, significantly more (10 percent) of the AB/APTD population reported gains of 25 or more in their 1974 poverty ratio

To provide a better perspective on which individuals were gaining and which were losing, the 1973 poverty position was compared with the 1974

TABLE 12.—Change in poverty ratio from 1973 to 1974 [1] Percentage distribution of adult assistance population, by type of recipient

Poverty ratio change	OAA recipients	AB/APTD recipients
Total number reporting (in thousands)	1 422 2	1 031 5
Total percent	100 0	100 0
−0 50 or less	2 8	3 3
− 49 to − 25	4 2	4 1
− 24 to − 10	9 1	7 6
− 09 to 0	19 3	13 8
0 to 09	22 1	19 2
10 to 24	26 2	25 8
25 to 49	12 2	18 0
50 or more	4 1	8 3
Median change	*0 07*	*0 11*

[1] See table 10, footnote 1

TABLE 13 —Poverty ratio in 1974 for adult assistance population interviewed in 1974, by poverty ratio in 1973 and type of recipient

1973 poverty ratio	OAA recipients								AB/APTD recipients							
	1973 population interviewed in 1974		1974 poverty ratio						1973 population interviewed in 1974		1974 poverty ratio					
	Number (in thousands)	Total group	0–49	0 50–74	0 75–99	1 00–1 24	1 25–1 99	2 0 or more	Number (in thousands)	Total group	0–49	0 50–74	0 75–99	1 00–1 24	1 25–1 99	2.0 or more
0–0 49	146 6	10 3 100	17 4	58 3	21 2	1 9	1 2	0	262 7	24 9 100	22 0	58 1	12 8	3 5	2 4	1 1
50–74	490 6	34 5 100	3 1	44 7	46 2	4 5	1 6	0 1	298 6	28 9 100	5 6	54 9	27 3	8 1	3 4	6
75–99	342 6	24 1 100	1 8	12 4	64 0	15 5	5 6	6	238 6	23 1 100	2 7	14 8	42 8	28 9	9 3	1 5
1 00–1.24	244 2	17 2 100	1 3	4 9	26 2	39 0	27 8	7	134 7	13 1 100	2 3	6 8	19 3	45 9	23 4	2 4
1.25–1 99	182 1	12 8 100	6	2 7	7 2	27 9	58 0	3 5	79 7	7 7 100	2 3	3 5	10 6	22 3	50 2	11 1
2.00 or more	16 0	1 1 100	0	8 2	10 6	14 6	42 5	24 0	17 3	1 7 100	4 5	3 5	9 6	6 4	31 3	44 7

experience Table 13 shows clearly that the very poorest of both populations did realize significant improvement in their economic position during 1974 Roughly 4 out of 5 of the 1974 respondents who were in the 1973 poverty-ratio interval of less than 50 percent of poverty were in higher poverty-ratio positions in 1974 As one moves up the 1973 dimension of the distribution, the results become mixed A sizable portion of both populations in the higher welfare intervals in 1973 improved their economic status during 1974, but, for a substantial number, their economic position deteriorated

The role that public assistance payments played in this process was isolated by comparing pre- and post-transfer economic positions on an individual basis Simply stated, income (Y) was divided into a public assistance component (Y_{pa}) and a nonassistance component (Y_{na}) Then the poverty ratio ($PR = Y/N$), computed and discussed above, was formulated

$$(1)\quad PR = \frac{Y_{pa}}{N} + \frac{Y_{na}}{N}$$

Total change in the poverty ratio is the difference between the 1974 and the 1973 poverty rates That is

$$(2)\quad PR_{(74-73)} = PR_{74} - PR_{73}$$

Substituting (1) into (2) results in

$$(3)\quad PR_{(74-73)} = \left[\left(\frac{Y_{pa}}{N}\right)_{74} - \left(\frac{Y_{pa}}{N}\right)_{73}\right] + \left[\left(\frac{Y_{na}}{N}\right)_{74} - \left(\frac{Y_{na}}{N}\right)_{73}\right]$$

The first bracketed component of (3) is the change in economic welfare position attributable to changes in assistance income from 1973 to 1974

The resulting measure isolated the effect of public assistance on 1973 to 1974 changes in welfare position The distribution of the resulting measure in table 14 indicates that 32 percent of the OAA recipient group and 30 percent of the disabled realized some decline in their public assistance transfer levels when one adjusts for changes in price levels If only the more substantial changes in the poverty ratios of 10 or greater are looked at, however, on balance the results indicate significant gains by both populations Of the transferred OAA recipients, 11 percent experienced a decline of 10 or more in their poverty ratio from 1973 to 1974 and 44 percent realized increases of this magnitude or greater The disabled had a similar experience, with 15 percent losing and 49 percent gaining that amount or more

One must be extremely cautious in interpreting these results, however, because the public assistance component of the total poverty ratio is intended, by program design, to vary inversely with the nonassistance component Thus, a decline in the contribution of public assistance to the economic welfare of the unit does not necessarily indicate a deterioration of the economic status of the family The lower assistance contribution could be an indication of the increased nonassistance welfare position of the unit A series of other factors could also have changed, thus affecting the economic status of the family unit in 1974

TABLE 14.—Change in poverty ratio attributable to change in public assistance payments from 1973 to 1974. Percentage distribution of adult assistance population, by type of recipient

Poverty ratio change	OAA recipients	AB/APTD recipients
Total number reporting (in thousands)	1 422 2	1,031 5
Total percent	100 0	100 0
−0 50 or less	1 2	2 2
− 49 to − 25	2 6	4 4
− 24 to − 10	7 2	8 5
− 09 to 0	20 5	15 1
0 to 09	24 9	21 4
10 to 24	28 0	27 5
25 to 49	12 6	16 9
50 or more	3 0	4 1
Median change	*0 07*	*0 09*

that were outside the realm of SSI coverage. The poverty ratio accounts for size of unit, farm or nonfarm residence, sex of head, and presence of persons over age 65. Any one of these components could have changed in 1974 and produced a new denominator in the determination of the poverty ratio.[11]

The evidence presented here consistently indicates that changes in welfare payment levels during the first year of SSI benefited the 1973 adult assistance populations considerably, raising income levels and reducing the extent of poverty for many of the former State assistance recipients. The aggregate poverty gap was reduced for both populations by increases in the level of public assistance payments. Individually, the results show significant improvement in the economic positions of the majority of the converted adult assistance recipient populations.

The declines in economic status that have been documented here, however, give rise to additional questions. Specifically, it is important to know if these losses were structurally related to the conversion to SSI or if they were attributable to changes in other circumstances.

One logical place to begin looking for structural differences in the impact of the transition to SSI is at the State level. Before the implementation of SSI, each State had its own adult assistance system. The pre-SSI adult assistance system varied widely from jurisdiction to jurisdiction, giving rise to expectations of considerable variation in the impact of the transition to SSI. The remaining discussion focuses on the differing impact of the new adult assistance program on pre-SSI assistance recipients in selected States. The welfare samples included in SLIAD were specifically designed to allow separate consideration of these five States.

SELECTED STATE EVIDENCE

The SLIAD welfare samples each consist of six subsamples that can stand alone. The six subsamples included State samples of California, Georgia, Mississippi, New York, and Texas. The remaining subsample for each population represents the remaining States and the District of Columbia. The 1973 adult assistance populations in the five individually represented States included 40 percent of the total U.S. adult assistance population at that time.

The adult assistance systems in the various States during 1973 determined payments for the categorically eligible on the basis of need for cash support. In most instances, need was determined on an individual basis, where both basic and special needs were determined by a public welfare caseworker. Basic needs covered housing and maintenance requirements, such as food, clothing, household supplies, etc. Special needs covered a wide range of items and varied from jurisdiction to jurisdiction. Each State determined its own standard of need, or list of acceptable items, and the cost allowed for each. These needs were then applied selectively to the case of each individual applicant. The summation of the allowable costs represented the applicant's basic needs level. Depending on fiscal constraints and State policy guidelines, administrative maximums were established for calculating actual payments.

Once the needs level was determined the cash need level was computed by subtracting countable income from the level of determined need. Countable income included all pretransfer income minus allowable deductions. The definition of allowable deductions was set within certain limits but the States had considerable discretion in determining what deductions were allowable.

When the level of cash need was arrived at, the assistance payment level was determined in

[11] A preliminary regression analysis indicates that significant factors leading to reductions in the contributions of public assistance to economic welfare as measured here are: Increases in the nonassistance component of the poverty ratio, being married in 1973, change in marital status from 1973 to 1974, and changes in farm or nonfarm residence.

TABLE 15.—Basic needs standards and other components used to determine monthly assistance payments for single persons, by level of administration and program, 1973

Item	California, county	Georgia,[1] county	Mississippi, State	New York,[1] county	Texas, State
Old age assistance					
Full-standard basic needs	$209	$116	$152	$168	$123
Rent	$63	$40	$50	$84	$33
Largest amount paid for basic needs	$209	$106	$75	$168	$123
Income disregards	$7 50 from any source Of first $80 of earnings First $20 ⅓ remainder	$5 from any source Of first $80 of earnings First $20 ⅓ remainder	$7 50 from any source	$7 50 from any source	$7 50 from any source Of first $80 of earnings First $20 ⅓ remainder
Aid to the blind					
Full-standard basic needs	$215	$116	$152	$168	$123
Rent	$63	$40	$50	$84	$33
Largest amount paid for basic needs	$215	$106	$75	$168	$123
Income disregards	$7 50 from any source Of earnings First $85 ⅓ remainder For 12 but no more than 36 months other income and resources needed to become self supporting	$5 from any source Of earnings First $85 ⅓ remainder For 12 but no more than 36 months, other income and resources needed to become self-supporting	$7 50 from any source Of earnings First $85 ⅓ remainder For 12 months other income and resources needed to become self supporting	$7 50 from any source Of earnings First $85 ⅓ remainder For 12 months, other income and resources needed to be come self-supporting	$7 50 from any source Of earnings First $85 ⅓ remainder For 12 months other income and resources needed to be come self supporting
Aid to the permanently and totally disabled					
Full-standard basic needs	$193	$116	$152	$168	$123
Rent	$63	$40	$50	$84	$33
Largest amount paid for basic needs	$193	$106	$75	$168	$123
Income disregards	$7 50 from any source Of first $80 of earnings First $20 ⅓ remainder For 12 but no more than 36 months other income and resources needed to become self supporting	$5 from any source Of first $80 of earnings First $20 ⅓ remainder For 12 but no more than 36 months, other income and resources needed to become self supporting	$7 50 from any source	$7 50 from any source	$7 50 from any source Of first $80 of earnings First $20 ⅓ remainder

[1] Operated the joint aid to the aged, blind, and disabled program

one of three fashions Some States paid the full level of cash need (California, New York, and Texas fell in this group), a second group paid only a portion of the determined cash need (Maryland, for example, but none of the five States considered here), and a third group paid the cash need up to a maximum benefit level (Georgia and Mississippi were in this group)

The basic needs standards and other component elements used in determining State adult assistance payments during 1973 are given in table 15 It should be noted that the full standard of basic needs does not include special needs standards [12]

Since schedules of the special needs levels were somewhat complex and varied from State to State, it was impossible to cover them in the present context Generally, special needs included a wide range of one-time and recurring personal requirements experienced by the recipient populations Some frequently allowed special needs covered support for the presence of an "essential person" in the home, other special in-home care or support services demanded by the recipient's condition, transportation for medical treatment, expenses incurred because of special dietary requirements, special laundry expenses, etc

California had the most generous basic needs standards of the five States separately covered in SLIAD, with New York, Mississippi, Texas, and Georgia following in that order Both Georgia and Mississippi established a maximum payment below their basic needs standard, how-

[12] For more information on the special needs levels both before and after SSI was implemented, see *The Special Needs of Aged, Blind, and Disabled Welfare Recipients Before and After SSI* (prepared for the Social Security Administration by Urban Systems Research and Engineering, Inc, Cambridge, Massachusetts), 1976

ever Georgia's maximum payment was only $10 below the needs standard for a single recipient

Mississippi's maximum was $87 below the needs standard, or less than half the State-determined level of basic needs in 1973 This relatively low payment level may seem less than magnanimous in comparison with those of the other States considered here, but its implementation resulted in relatively generous benefit levels for a portion of the recipient population This situation arose because the rate of benefit reduction or the implicit tax rate was potentially zero over an income range of more than $1,000 a year Assume, for example, a hypothetical applicant whose basic needs were calculated to be $162 per month If this individual had no other income,'although his total cash need was $162 per month, he would have only received $75—the maximum payment for a single individual If his income from nonassistance sources was $50 per month then his cash need would equal total need minus countable income ($162 00–$42 50),[13] or $119 50 Again the monthly benefit would have been $75 Even though his nonassistance income increased by $50, his assistance was not reduced one cent—that is, *a zero benefit reduction rate* was applied against his nonwelfare revenues It was only at a countable income above $87 00 a month or a gross income of $94 50 that the assistance payment would be reduced as nonassistance income rose Thus, the implicit tax rate was zero for this individual on nonassistance annual income below $1,100

None of the programs in the other States considered here could match Mississippi's in this respect California, New York, and Texas would each start imposing a dollar-for-dollar reduction in benefits (*100-percent tax rate*) *after only $90* of unearned annual income Georgia began applying the 100-percent tax on unearned income after $180 of unearned income Although for a person with no other income Mississippi's was the least generous of the five State programs The Mississippi program could, however, be more generous than either those of Georgia or Texas for persons with $1,800 of unearned income

The generosity of one State's program in relation to that of another can only be judged within the perspective of the respective States' recipient needs That is, it was the interaction of the administrative and program regulations with the specific requirements of the recipient population that determined the generosity of the various State programs It is impossible to determine which States were doing a good job and which were doing poorly in meeting the needs of the recipient populations just by looking at the State adult assistance administrative and program parameters For the same reasons it is impossible, *a priori*, to determine what the relative impact of the transition to SSI was for the adult assistance caseload on a State-by-State basis The State SLIAD samples provide a framework, however, and sufficient income information to understand more thoroughly *the differential impact of* SSI on the 1973 adult assistance caseloads from the States studied

[13] Countable income was nonassistance monthly income minus a $7 50 "disregard"

California

During 1973, 88 percent of the OAA recipients in California received cash incomes that kept them above the poverty line (table 16) Their AB/APTD counterparts did not fare so well, with 40 percent reporting incomes of below the

TABLE 16.—Poverty ratio in 1973 Percentage distribution of adult assistance population, by type of recipient, 5 States

Poverty ratio	California	Georgia	Mississippi	New York	Texas
OAA recipients					
Number (in thousands)					
Total	258 0	81 5	77 3	97 6	172 8
Reporting	252 4	78 5	76 5	94 1	167 3
Total percent	100 0	100 0	100 0	100 0	100 0
0–0 49	3	16 3	29 0	3 6	11 3
50–74	2 5	43 8	25 8	15 0	56 3
75–99	9 4	26 6	22 5	32 5	26 3
1 00–1 24	39 4	8 8	18 3	28 5	3 7
1 25–1 99	43 9	3 8	4 2	19 3	1 8
2.00 and above	4 5	8	2	1 1	6
Median poverty ratio	*1 24*	*0 69*	*0 70*	*0 99*	*0 67*
Percent with income below poverty level	*12 2*	*86 5*	*77 3*	*51 1*	*93 9*
AB/APTD recipients					
Number (in thousands)					
Total	202 0	41 5	29 2	150 7	31 2
Reporting	197 2	40 4	28 7	144 5	30 1
Total percent	100 0	100 0	100 0	100 0	100 0
0–0 49	2 5	40 1	52 7	14 5	44 5
50–74	7 1	34 1	23 9	17 3	38 5
75–99	30 8	15 3	13 2	40 3	10 4
1 00–1 24	32 9	4 6	6 4	18 2	2 4
1 25–1 99	21 6	4 0	3 1	10 1	3 6
2.00 and above	5 2	1 8	6	1 6	6
Median poverty ratio	*1 07*	*0 57*	*0 47*	*0 86*	*0 54*
Percent with income below poverty level	*40 4*	*89 5*	*89 8*	*72 1*	*93 4*

TABLE 17 —Change in total income and welfare benefits from 1973 to 1974 [1] Percentage distribution of adult assistance population, by type of recipient and type of change, 5 States

Amount of income and welfare benefit change	California, change in—		Georgia change in—		Mississippi, change in—		New York change in—		Texas, change in—	
	Total income	Welfare benefits	Total income	Welfare benefits	Total income	Welfare benefits	Total income	Welfare benefits	Total income	Welfare benefits
OAA recipients										
Total number reporting (in thousands)	213 5	213 5	69 8	69 8	68 6	68 6	80 2	80 2	148 6	148 6
Total percent	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0
$500 or more loss	8 8	5 8	3 6	1 1	7 1	4 1	6 7	5 3	4 5	2 8
250–499 loss	1 9	1 9	3 0	1 9	4 0	6 6	3 2	4 8	2 9	2 0
1–249 loss	5 5	9 5	5 9	11 4	9 7	18 1	9 8	14 5	3 9	4 3
0–249 gain	16 7	30 8	15 2	13 6	19 0	17 5	19 5	21 1	19 4	25 0
250–499 gain	28 9	24 4	27 9	36 6	16 8	15 7	22 4	21 2	27 5	32 4
500 or more gain	38 2	27 6	44 5	35 4	43 5	37 9	38 4	33 0	41 8	33 4
Median income										
1973	*$2,767*	*$1,273*	*$1,477*	*$728*	*$1,651*	*$727*	*$2 164*	*$1 119*	*$1,458*	*$644*
1974	*3,233*	*1,674*	*1,935*	*1 118*	*1,911*	*999*	*2 693*	*1 551*	*1 840*	*978*
AB/APTD recipients										
Total number reporting (in thousands)	181 5	181 5	36 1	36 1	26 4	26 4	130 7	130 7	27 8	27 8
Total percent	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0	100 0
$500 or more loss	8 6	7 0	4 8	5 3	7 5	3 6	8 4	9 1	5 8	5 2
250–499 loss	3 1	2 6	3 9	4 4	3 1	4 1	2 2	3 3	3 3	3 6
1–249 loss	4 5	7 5	7 1	10 3	5 9	10 9	7 0	8 5	4 8	6 5
0–249 gain	10 1	11 9	13 3	15 4	12 9	14 5	21 0	23 0	22 8	28 0
250–499 gain	16 6	20 0	24 1	27 6	13 6	15 8	16 2	15 7	22 2	20 7
500 or more gain	57 1	51 1	46 9	37 0	56 9	51 2	45 1	40 6	41 1	36 0
Median income										
1973	*$2 611*	*$1 924*	*$1 367*	*$966*	*$1,227*	*$787*	*$2,157*	*$1,643*	*$1,338*	*$1,023*
1974	*3 186*	*2,554*	*1,871*	*1 428*	*1,884*	*1 562*	*2,610*	*2,124*	*1 768*	*1,415*

[1] See table 10, footnote 1

poverty line For the OAA population the 1973 median income was $2,767 and the median assistance benefit level was $1,273 (table 17) These figures were $2,611 and $1,924, respectively, for the disabled The median welfare benefit level rose $300 during 1974 for OAA recipients, while median cash income was nearly $470 more than the previous year's median The median of AB/APTD recipients' reported income rose $575 in 1974, and the median welfare benefit level increased even more ($630).

The 1973 OAA program was effective in California in eliminating the gap between nonassistance income and the poverty threshold The aggregate pre-assistance gap of $164 million was reduced 95 percent by assistance benefits during 1973 by the State OAA program (table 18) For the disabled, a pre-assistance gap of $283 million was reduced 89 percent

The shift from the State adult assistance system to the SSI system in 1974 resulted in larger absolute reductions in the poverty gaps for both recipient populations The 96-percent elimination of the pre-assistance poverty gap by welfare benefits in 1974 represented only one percentage point improvement over the previous year, however The pre-SSI program in California for the elderly had been so effective in eliminating poverty that there was virtually no room for improvement For the disabled, however, the improvement was more marked Ninety-six percent of the $312 million pre-assistance poverty income shortfall was eliminated by welfare payments in 1974, an improvement of eight percentage points from the previous year The net result of this increase in welfare benefits and general income levels was that the poverty rate among 1973 adult assistance recipients in California was reduced from 12 3 percent in 1973 to 7 8 percent in 1974 for the OAA category and from 40 4 percent to 14 6 percent for the AB/APTD group (table 19) The changes in the proportion of these populations moved over the poverty threshold by assistance payments shown in table 20 corresponds closely with changes in the poverty rates from 1973 to 1974

The decline in the poverty rate, however, does not indicate an across-the-board improvement in the economic status of all 1973 adult assistance recipients in the State In fact, table 21 shows

TABLE 18.—Pre- and post-public assistance poverty gaps and proportion eliminated by public assistance for adult assistance population, by type of recipient, 5 States, 1973 and 1974 [1]

Item	California		Georgia		Mississippi		New York		Texas	
	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974
OAA recipients										
Total number reporting (in thousands)	213 5	213 5	69 8	69 8	68 6	68 6	80 2	80 2	148 6	148 6
Aggregate poverty gap (in millions)										
Pre public assistance	164 4	191 5	97 8	112 1	96 8	109 2	98 9	112 2	209 1	240 2
Post-public assistance	8 4	8 2	47 8	34 1	45 3	35 9	21 2	15 3	103 5	81 5
Proportion of pre-assistance gap eliminated by public assistance (percent)	94 9	95 7	51 1	69 6	53 2	67 1	78 6	86 4	50 5	66 1
AB/APTD recipients										
Total number reporting (in thousands)	181 5	181 5	36 1	36 1	26 4	26 4	130 7	130 7	27 8	27 8
Aggregate poverty gap (in millions)										
Pre public assistance	283 3	311 8	71 5	75 0	57 6	62 9	270 0	291 4	57 5	61 6
Post-public assistance	34 7	11 9	39 1	30 0	33 6	27 3	69 5	46 4	30 8	27 2
Proportion of pre assistance gap eliminated by public assistance (percent)	87 8	96 2	45 3	60 0	41 7	56 6	74 3	84 1	46 4	55 8

[1] See table 10, footnote 1

that 19 percent of the OAA recipients and 18 percent of the AB/APTD population had a decline of 10 or more in their nuclear-family poverty ratio from 1973 to 1974. At the other end of the spectrum, 57 percent of the former and 70 percent of the latter registered an improvement in economic position as measured by increases in their poverty ratio. Isolating the effect of assistance transfers produces much the same pattern. Twelve percent of the aged and 13 percent of the disabled registered declines of 10 or more in their assistance poverty ratio. Similarly, 65 percent of the remaining OAA recipients and 73 percent of the AB/APTD group had gains in their assistance poverty ratio.

TABLE 19.—Poverty ratio in 1974. Percentage distribution of adult assistance population, by type of recipient, 5 States

Poverty ratio	California	Georgia	Mississippi	New York	Texas
OAA recipients					
Number (in thousands)					
Total	224 2	73 5	71 5	84 6	157 5
Reporting	218 6	72 2	69 1	83 1	152 9
Total percent	100 0	100 0	100 0	100 0	100 0
0-0 49	3	4 6	4 6	3 0	3 8
50-74	2 0	31 2	31 4	6 8	31 5
75-99	5 5	47 0	49 5	26 5	52 2
1 00-1 24	34 3	12 3	10 6	43 5	6 6
1 25-1 99	53 6	4 4	3 6	19 2	2 2
2.00 and above	4 3	5	2	1 0	7
Median poverty ratio	*1 36*	*0 83*	*0 82*	*1 08*	*0 82*
Percent with income below poverty level	*7 8*	*82 8*	*85 5*	*36 3*	*87 5*
AB/APTD recipients					
Number (in thousands)					
Total	191 1	38 5	27 5	139 8	29 3
Reporting	183 0	36 9	26 9	133 9	28 8
Total percent	100 0	100 0	100 0	100 0	100 0
0-49	5	13 8	16 4	5 2	20 5
50-74	3 0	47 1	51 5	14 5	52 9
75-99	11 1	26 6	23 0	42 5	17 0
1 00-1.24	49 5	6 4	4 9	24 3	3 9
1 25-1 99	29 6	4 3	3 5	11 7	3 6
2.00 and above	6 3	1 7	6	1 7	2 2
Median poverty ratio	*1 18*	*0 69*	*0 66*	*0 93*	*0 64*
Percent with income below poverty level	*14 6*	*87 5*	*90 9*	*62 2*	*90 4*

Georgia

During 1973, 90 percent of the AB/APTD population in Georgia and 87 percent of the aged OAA population had nuclear-family income below the poverty line (table 17). The 1973 median nuclear-family income for OAA recipients was $1,477 and the median for assistance payments was $728. For the AB/APTD population, the corresponding figures were $1,367 and $966. In 1974 the median income for the elderly went up $458 while median assistance benefit levels rose $384. For the disabled the increase in median income was $504, in welfare benefits it was $462.

The increase from 1973 to 1974 in welfare benefits substantially reduced the aggregate poverty gaps of both populations. In 1973, assistance payments reduced the pre-assistance poverty gap by 51 percent for OAA recipients and by 45 percent for AB/APTD recipients (table 18). During 1974, welfare benefits reduced the poverty gap by 70 percent for the aged—a gain of 19 percentage points—and by 60 percent for the disabled—a gain of 15 points.

TABLE 20 —Poverty status and the impact of public assistance payments on poverty status in 1973 and 1974 for adult assistance population, by type of recipient, 5 States

Item	California		Georgia		Mississippi		New York		Texas	
	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974
OAA recipients										
Total number (in thousands)	258 0	224 2	81 5	73 5	77 3	71 5	97 6	84 6	172 8	157 5
Annual income, number of complete reports (in thousands)	252 4	218 6	78 5	72 2	76 5	69 1	94 1	83 1	167 3	152 9
Reporting income below poverty level										
Number (in thousands)	30 7	17 0	68 0	59 7	59 2	59 1	48 1	30 2	157 1	138 5
Percent	12 2	7 8	86 5	82 5	77 3	85 5	51 1	36 3	93 9	87 5
With income below poverty level when assistance payments are excluded										
Number (in thousands)	189 7	169 8	74 5	69 1	74 4	67 4	86 8	76 8	163 8	149 1
Percent	75 2	77 8	94 9	95 8	97 2	97 6	92 2	92 5	97 9	97 6
Proportion of population moved over poverty threshold by assistance payments (percent)	63 0	70 0	8 4	13 3	19 9	12 1	41 1	56 2	4 0	10 1
Change in poverty rate from 1973 to 1974	−4 4		−4.0		8.2		−14 8		−6 4	
Change in proportion of population moved over poverty threshold by assistance payments from 1973 to 1974 (percent)	7 0		4 9		−7 8		15.2		6 1	
AB/APTD recipients										
Total number (in thousands)	202 0	191 1	41 5	38 5	29 2	27 5	150 7	139 8	31 2	29 3
Annual income, number of complete reports (in thousands)	197 2	185 0	40 4	36 9	28 7	26 9	144 5	133 9	30 1	28 8
Reporting income below poverty level										
Number (in thousands)	79 6	27 0	36 2	32 3	25 8	24 4	104 1	83 3	28 1	26 0
Percent	40 4	14 6	89 5	87 5	89 8	90 9	72 1	62 2	93 4	90 4
With income below poverty level when assistance payments are excluded										
Number (in thousands)	167 0	157 8	36 2	34 9	27 7	26 0	138 9	127 3	29 2	27 3
Percent	84 7	85 3	94 7	94 4	96 5	96 8	96 1	95 1	97 1	95 0
Proportion of population moved over poverty threshold by assistance payments (percent)	44 3	70 7	5 2	6 9	6 7	5 9	24 0	32 9	3 7	4 6
Change in poverty rate from 1973 to 1974	−25.8		−2.0		−1.8		−9 9		−3.0	
Change in proportion of population moved over poverty threshold by assistance payments from 1973 to 1974 (percent)	26.4		1 7		−0 8		8 9		0 9	

Although the poverty gap was reduced substantially by higher welfare benefits during 1974, the actual incidence of poverty was reduced only moderately The 1973 OAA recipients alive and not institutionalized at the end of 1974 still had a poverty rate of 83 percent For the disabled, 88 percent were still in poverty This is a decline of only two percentage points from the 1973 level by the disabled and four points by the aged Nevertheless, substantial improvement was shown in the economic position of the 1973 adult assistance populations after SSI began Sixty percent of the OAA recipients had incomes of less than three-fourths of the poverty line during 1973 This proportion was reduced to 46 percent in 1974, with the largest gain realized by those whose 1973 income had been less than one-half the poverty line The experience was essentially the same for the disabled 40 percent had incomes less than one-half the poverty line in 1973 but only 14 percent were in this situation in 1974

The economic impact of SSI on lifting the State adult assistance population out of poverty was largely negligible The change in the percentage of recipients moved across the poverty threshold by increased welfare benefits in 1974 was 4 9 percentage points for the aged and 1 7 points for the disabled (table 20)

The individual gains in economic position, however, were impressive Three-fourths of the 1973 OAA recipients and three-fifths of the AB/APTD group still alive and not institutionalized at the end of 1974 had a higher poverty ratio than they had in the previous year In addition, 3 out of 4 in both populations reported gains in their assistance poverty ratio, with 6 out of 10 reporting gains of 10 or greater Despite the low income levels among the 1973 adult assistance popu-

TABLE 21.—Change in poverty ratio attributable to change in total income and public assistance payments from 1973 to 1974. Percentage distribution of adult assistance population, by type of recipient, 5 States[1]

Poverty ratio change	California, change in—		Georgia, change in—		Mississippi, change in—		New York, change in—		Texas, change in—	
	Total income	Assistance payments	Total income	Assistance payments	Total income	Assistance payments	Total income	Assistance payments	Total income	Assistance payments
OAA recipients										
Total number reporting (in thousands)	213.6	213.6	69.8	69.8	68.6	68.6	80.2	80.2	148.6	148.6
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
— .50 or less	6.1	3.0	1.2	.2	1.9	.2	3.6	1.7	2.1	.8
— .49 to — .25	4.5	2.8	3.8	.4	5.0	3.1	4.7	4.2	2.0	1.4
— .24 to — .10	8.4	6.4	7.0	5.5	13.3	10.4	13.0	10.3	6.8	3.6
— .09 to 0	24.2	23.1	12.9	12.1	16.9	22.0	17.4	20.3	12.2	11.1
0 to .09	22.7	28.9	18.0	17.6	14.7	15.2	19.9	19.7	27.3	29.7
.10 to .24	16.8	21.2	39.5	46.4	21.9	23.8	20.1	21.0	34.8	37.7
.25 to .49	10.0	8.4	14.4	15.5	23.5	24.2	14.5	16.8	11.6	14.5
.50 or more	7.1	6.1	3.2	2.3	2.8	1.2	6.8	5.6	3.0	1.0
Median change	*0.03*	*0.05*	*0.13*	*0.15*	*0.09*	*0.09*	*0.06*	*0.07*	*0.09*	*0.11*
AB/APTD recipients										
Total number reporting (in thousands)	181.5	181.5	36.1	36.1	26.4	26.4	130.7	130.7	27.8	27.8
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
— .50 or less	5.1	3.0	2.1	.5	2.2	.2	4.0	4.3	2.3	.6
— .49 to — .25	5.0	4.0	2.5	3.4	5.0	2.3	5.0	4.0	2.7	2.9
— .24 to — .10	8.2	6.2	7.8	7.1	7.0	6.9	9.1	10.1	5.5	5.8
— .09 to 0	11.5	13.9	10.6	14.0	10.0	12.6	17.4	18.2	13.6	14.4
0 to .09	15.3	19.0	17.5	19.3	17.0	20.8	19.1	20.8	27.3	32.1
.10 to .24	29.0	30.7	34.9	38.1	27.1	31.8	17.1	18.2	34.9	34.6
.25 to .49	15.7	16.6	18.6	16.3	26.7	23.7	17.5	16.2	7.9	8.3
.50 or more	10.1	6.8	6.0	1.4	5.0	1.7	10.7	8.2	5.8	1.2
Median change	*0.13*	*0.12*	*0.14*	*0.12*	*0.15*	*0.13*	*0.08*	*0.06*	*0.09*	*0.08*

[1] See table 10, footnote 1.

lations still a minority of individuals reported lower nuclear-family income in 1974 than in the earlier year. Twelve percent of both the aged and disabled had losses in their total income poverty ratio of .10 or more. Six percent of the aged and 11 percent of the disabled had losses in their assistance income poverty ratio of this magnitude.

Mississippi

The 1973 OAA recipient population in Mississippi was generally poor, with 77 percent reporting nuclear-family income below the poverty threshold based on their unit size, composition, etc. (table 16). Ninety percent of the AB/APTD recipients had incomes below the poverty level in 1973. The State's OAA recipients had a median income of $1,651 in 1973 and a median welfare benefit level of $727. The disabled were more dependent on welfare than their elderly counterparts, since their 1973 median nuclear-family income was $1,227 and their median benefit was $787. In 1974, 79 percent of the OAA recipients and 83 percent of AB/APTD recipients still on the rolls reported higher income than in 1973, with 44 percent reporting a gain of $500 or more (table 17). Increases in welfare benefits were also widespread as 71 percent of the aged and 82 percent of the disabled reported higher welfare income in 1974. The median income level for 1973 OAA recipients rose in 1974 to $1,911, a gain of $260. The median welfare benefit for this population rose approximately the same amount. The disabled gained more than their OAA counterparts with their transfer to SSI, as their median income rose $657 in 1974 and their median welfare benefit went up $757. The higher proportion of the aggregate poverty gap eliminated during 1974 was similar for both populations. During 1973, assistance benefits reduced the pre-assistance poverty gap by 53 percent and the reduction rose to 67 percent in 1974 (table 18). For AB/APTD recipients, 42 percent of the 1973 pre-assistance gap was eliminated by assistance transfers, with the proportion rising to 60 percent after the inception of SSI. The marginal reduction in the aggregate gap was 14 percentage points for the OAA recipients and 15 points for the AB/APTD population.

Examination of actual movement across the poverty threshold and movement attributable to changes in adult assistance payments (table 20) show some startling results The poverty rate for OAA recipients rose eight percentage points during the first year of SSI operation The proportion of these recipients moved out of poverty by welfare benefits during 1974 actually declined by eight percentage points from the previous year A slight decline was also registered in the proportion of AB/APTD recipients moved out of poverty by these payments during 1974, although the poverty rate fell by a couple of percentage points

One possible explanation for the increase in the 1974 poverty incidence may lie with the different benefit reduction rates imposed by SSI and the former State programs Consider, for example, an aged man in Mississippi who was receiving $90 a month in social security retirement benefits in December 1973 If one assumes that the computed cash needs for that individual was $162, his monthly assistance payment would have been the State maximum payment of $75 and his total monthly income would have been $165 The Federal SSI program would have computed a Federal SSI benefit for the individual of $70 in January 1974 The State was required, under mandatory supplementation regulations, to supplement this payment to bring the monthly income back to $165 If, however, the retirement benefit or the Federal SSI benefit was raised in cost-of-living adjustments, the State could use the increased amounts to reduce the mandatory supplementation on a dollar-for-dollar basis In Mississippi, anyone receiving mandatory supplementation under SSI in 1974 had to have had income from sources other than assistance

Their nominal income (dollar amount) thus could not possibly rise until the supplemental benefit declined to zero If their income from this non-SSI source declined, the case record was resubmitted to the State welfare department for redetermination under the old State assistance regulations If they were already at the maximum assistance payment levels, their other income losses would not be offset by mandatory supplementary benefits Anyone reporting income higher than the poverty level and receiving OAA in 1973 had to have had nonassistance income For anyone receiving mandatory supplementation in Mississippi during the period covered here, the depletion of that supplement meant a decline in economic position For some it meant moving into poverty

There is, in fact, an inverse correlation between the receipt of mandatory supplementation in Mississippi and the change in income from 1973 to 1974 reported by the transferred SSI caseload residing in the State in 1974 This is only one of the possible explanations for a rather complex phenomenon Other factors could have played an equally important or an even more important role in producing an increase in the incidence of poverty Changes in marital status or other family composition, moves from farm to nonfarm or from nonfarm to farm residence are inherent elements in changing the measure itself and certainly cause some of the measured effect Even changes in the cost of living could be responsible for a sizable portion of the phenomenon

An increase in the poverty rate or a decrease in the proportion of the adult assistance caseloads moved out of poverty did not indicate across-the-board deterioration in economic status Comparison of the median poverty ratios for the 2 years shown in tables 16 and 19 shows significant improvement in economic position for both populations in the later year For OAA recipients, this median increased by 12, and AB/APTD recipients registered even larger gains (19)

Further evidence in the marked improvement of the economic status of the majority of the State's 1973 adult assistance recipients is indicated by individual changes in the poverty ratios and the public assistance poverty ratios (table 21) Nearly 63 percent of the OAA recipients showed improvement in the nuclear family's economic position as measured by changes in their poverty ratio from 1973 to 1974, and 64 percent of this population had an increase in the welfare portion of the total ratio For the disabled, an even more substantial proportion reported gains as about 3 out of 4 individuals showed gains on both measures in the later year

The disabled appear to have gained in comparison with the aged during the conversion to SSI The largest improvement in economic position was generally experienced by those in the worst economic position during 1973 Some deterioration in economic position also occurred, but it appears to have come primarily to those whose position was relatively high during 1973

New York

The median poverty ratio for 1973 OAA recipients in New York was at the poverty line (99), as 51 percent of the population reported incomes below poverty (table 16) The plight of the blind and disabled assistance recipients was worse, since 72 percent were in poverty and the median poverty ratio was 86 percent of the poverty line In 1974, more than 80 percent of these OAA recipients reported higher income than during the previous year as median income rose $429 and median welfare benefits were $412 higher Eighty-two percent of the disabled reported higher income in 1974 as the median income rose $353 and median welfare benefit level went up $481

The State adult assistance programs differed slightly in effectiveness during 1973 with respect to eliminating the poverty gaps of their recipient populations (table 18) The State programs reduced the pre-assistance poverty gap by 79 percent for OAA recipients and 74 percent for APTD recipients After the implementation of SSI, this difference was narrowed as 1974 welfare benefits reduced the pre-assistance poverty gap by 86 percent for the elderly and 84 percent for the disabled

The poverty rate was reduced by 15 percentage points during 1974 for the 1973 OAA recipients on the SSI rolls—a change identical with the change in the proportion of the population moved over the poverty threshold (table 20) The gains for the disabled, by this measure, were somewhat less, since only an additional 10 percent were moved out of poverty in 1974 The impact of assistance accounted for a nine-percentage-point movement of disabled individuals out of poverty Most of the changes in poverty status can be attributed to the fact that New York's programs had been relatively successful before SSI in getting people close to the poverty line Comparing the poverty ratio distributions for 1973 in table 16 with those for 1974 in table 19 indicates that gains occurred not only around the threshold but across the whole income spectrum This pattern is supported by individual changes in the poverty ratios (table 21)

Sixty-one percent of the 1973 OAA recipients responding in 1974 realized some improvement in their economic status after SSI began Sixty-three percent had an increase in their assistance income poverty ratio directly reflecting higher benefits The figures for the disabled are almost identical, with 64 percent realizing an increase in the total income poverty ratio and 63 percent with an improved assistance ratio for 1974 As in the other States, a substantial group of individuals (19 percent of the OAA population and 18 percent of the disabled) had declines in their poverty ratio of 10 or more

Texas

The 1973 adult assistance populations in Texas were unique since they were shifted on January 1, 1974, completely and without regard to previous benefit levels to the Federal SSI system Every other State was required to "grandfather" the transferred caseload, but Texas had a constitutional provision that explicitly precluded supplemental payments of any type Only in Texas was there a complete transition from the State to the Federal The presence of a mandatory supplement could have continued payment differentials that existed within the State programs or in relation to those in other States But in Texas these differentials inherent in pre-SSI State programs would have been eliminated for the recipients automatically converted to SSI

During 1973 the adult assistance populations were very poor, with more than 93 percent of both groups reporting nuclear-family incomes below the poverty line (table 16) The disabled were somewhat less fortunate than their OAA counterparts, as 45 percent of the former group but only 11 percent of the latter reported incomes of less than one-half the poverty line The incidence of poverty was the same for both groups but the aged were not nearly as poor as the disabled

The 1973 median income of OAA recipients who reported on income in 1974 was $1,458 and the median welfare benefit was $644 (table 17) The 1973 median income and welfare benefits for the disabled were $1,338 and $1,023, respectively The lower poverty status of the disabled, despite their higher income level, reflects the larger family sizes among the disabled and a higher probability of living in a nonfarm residence Median reported income rose $382 for OAA recipients from 1973 to 1974 and $430 for AB/APTD recipients During the same period, median assistance

benefits were $334 higher for the aged and $392 more for the disabled

Welfare transfers after the conversion to SSI were more effective in closing the poverty gap than they had been in the previous year (table 18). For OAA recipients, less than 51 percent of the gap had been closed in 1973, compared with more than 66 percent in 1974 The closure of the pre-assistance poverty gap for the disabled went from 46 percent to 56 percent during 1974 The increased welfare benefits and closure of the poverty income shortfall also were reflected in reduced poverty rates for both populations during 1974 The median poverty ratios were .10 points higher for the disabled in 1974 and 15 points higher for the aged For both populations, more than 3 out of 4 recipients had a higher poverty ratio in the first year of the SSI program than they had for the previous year Much of this gain appears to be attributable to increased welfare benefits The gains in the assistance poverty ratios were as large as the general increase in economic status and median welfare benefits rose by more than median income levels Most of the recipients reported gains or only very minor depreciation in economic status, but approximately 11 percent of both populations experienced losses of .10 or more in their 1974 poverty ratio

The elderly appear to have benefited marginally more from the implementation of SSI than their disabled counterparts SSI is a program for individuals, not families, and Texas had relatively lower benefits for OAA recipients in 1973 than for the AB/APTD population With the inception of SSI, generally no differentiation was made between the aged and the disabled and the payment differentials that existed before SSI appear to have narrowed

Some State Comparisons

The five States considered here varied significantly in terms of the level of economic well-being experienced by the populations during 1973 California's recipient populations enjoyed the highest economic status as measured by either the median poverty ratio or the incidence of poverty New York fell somewhat behind California but ranked far above the clustered States of Georgia, Mississippi, and Texas Two factors accounted for these differences First, California and New York had more generous needs standards or higher maximum payments than the other States Other things being equal, persons in these two States would be expected to have higher benefit levels In addition, in these two States recipients could have had higher income from nonassistance sources before their cash needs were met The higher benefit levels and higher nonassistance income levels combined led to a more affluent caseload in California and New York than in the other States

One measure of the relative impact of SSI on the economic status of the populations studied here is changes in benefit levels from 1973 to 1974 Some pattern of relative gains begin to emerge from a look at median benefit changes derived from table 17. For OAA recipients the largest gain in benefit levels from the conversion to SSI was in Georgia, followed at some distance by Texas (both low-benefit States); Mississippi tends to cluster with California and New York For the disabled, the largest median gains in benefit levels come in California and Mississippi, followed by Georgia, New York, and Texas The implications of these changes are somewhat clouded because of the variations in initial income levels and the impact of inflation The amounts are dollar amounts and do not account for price changes from 1973 to 1974 If, for example, the annual rate of inflation is 10 percent it takes $500 additional for a man with a $5,000 income to stay abreast of price increases A person with half that income needs only $250 more Since beginning income levels were generally higher in New York and California, then more of the incremental dollars from increased welfare benefits in 1974 in these States went to keep up with inflation than in the lower income States

If increased effectiveness of welfare transfers in closing the poverty gap is considered—that is, the difference in the proportion of the poverty gap eliminated by transfers from 1973 to 1974—then OAA recipients in Georgia, Texas, and Mississippi realized much greater gains than those in the other two States For the disabled the greatest gains were registered in Georgia and Mississippi with the other States clustering somewhat behind This measure does not, however, indicate relative improvement since it is based on the change from 1973 to 1974 California's OAA re-

cipients had virtually no room to improve by this measure

If changes in the median poverty ratios (the 1974 median ratio from table 19 minus the 1973 median from table 16) are the judgmental criteria, then some significant gains on California by the OAA recipients in Georgia, Mississippi, and Texas were apparent The gain by OAA recipients in New York, however, was within 02 poverty ratio points of Mississippi For the disabled in Mississippi the gain appears to be significant in relation to all other States, but California, Georgia, and Texas are within 02 poverty ratio points of each other

If changes in poverty rates are considered, it is not the low-payment States that made the largest marginal improvements The SSI program appears to have been effective in moving adult assistance recipients out of the lowest poverty ratio intervals, but the high-paying States had few recipients in those intervals to begin with If median changes in the poverty ratio are compared, the results are the same as when changes in the median amounts are compared

The individuals from any given State who were worst off in 1973 appear to have benefited significantly from the implementation of SSI Improvement in economic status did not, however, come strictly from the bottom end of the spectrum The disabled in California, the most generous pre-SSI State considered here, gained as much as their counterparts in Georgia and Mississippi

CONCLUSIONS

The presentation of these findings has demonstrated that a considerable amount of change in the economic status of the 1973 adult assistance populations took place during the transition to the SSI program The results indicate that the majority of these populations achieved a significantly higher economic status because of increased welfare benefits It is clear that the program generally benefited most the poorest of the individuals who were transferred to SSI

Some individuals experienced deterioration in their economic status over the period—attributable in part to reduced welfare payments during 1974 An inclination to view this as a failure of the "grandfather" provisions of the SSI legislation would not be fair on two counts First, it appears that those individuals reporting losses in income or economic status reside in family units that include family members who may not be covered by SSI but who may in fact be accountable for the deterioration in economic status Second, the "grandfather" provisions did not guarantee that an individual's economic position would not deteriorate but that they could not become worse off under SSI than they would have been under the State assistance program Nothing in these findings indicates that this promise was not being met during SSI's first year

The purpose of this analysis was to evaluate the stated goal of SSI to raise the income of the adult assistance caseload, especially in the traditionally low-paying States This research is of the most preliminary nature, but it seems safe to conclude that the SSI program did much to reduce the worst deprivation experienced by the adult assistance populations transferred from each State to the new program The gains by individuals in the traditionally high-paying States were frequently of the same magnitude, however, as the gains experienced by recipients from the low-paying States

Technical Note*

The Survey of Low-Income Aged and Disabled (SLIAD) is a nationwide 2-year panel survey undertaken by the Social Security Administration to assess the impact of the SSI program on the Nation's aged and disabled poor [14] The Bureau of the Census, serving as collection agent for the Social Security Administration, conducted personal interviews in the late fall of 1973 to obtain demographic and socioeconomic information on the SSI target population before the implementation of SSI A second wave of interviews was conducted in October, November, and December of 1974 after SSI had been in operation almost 1 year Only those persons successfully interviewed in 1973 were eligible for interview in 1974 The Division of Supplemental Security Studies of the

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[14] See Thomas Tissue, *op cit*

Office of Research and Statistics initiated the survey and provided the directions for its implementation

STUDY DESIGN

The SLIAD study population consists of two major components (1) Aged and disabled persons who in mid-1973 received financial assistance under the State-administered OAA, AB, and APTD programs and (2) aged and disabled persons with low incomes in the general population

The latter group was defined only in terms of age, income, and ability to be employed, with no consideration given to welfare status For SLIAD purposes, low-income aged and disabled persons in the general population were defined as having incomes of less than $5,000 if they were single or, if they were married, less than $6,500 In addition, they had to be (1) aged 65 or older or (2) aged 18–64 and unable to work regularly for at least 3 months because of a health condition Individuals younger than age 18 and those residing in institutions were excluded from the survey

Samples representing the two components were drawn independently of each other from two different sources under different sampling designs Estimates presented in this report are based on 1973 and 1974 interviews with individuals selected to represent the assistance recipient population

SAMPLE DESIGN

Throughout most of 1973, State welfare agencies submitted lists of their adult assistance caseloads to the Social Security Administration to prepare for the implementation of SSI These lists became the sampling frame for the selection of the samples of aged and disabled persons The lists of OAA recipients were used to select the sample of the aged, the lists of AB and APTD recipients were combined to form the sampling frame for the sample of the disabled

Each sample was selected by means of a stratified multistage cluster design to provide national estimates as well as State estimates for five States —California, Texas, Mississippi, Georgia, and New York The first stage was the selection of a primary sampling unit (PSU) from each of 212 strata The second stage was the selection of individual recipients from each PSU using a systematic sampling plan Each sample was designed to be self-weighting within each of its six component groups—the five States and the balance of the United States This selection procedure resulted in the selection of 6,200 cases for the aged and 7,545 cases for the disabled

DATA COLLECTION

During the 1973 interview period, which lasted from mid-October through the final week in December, the Bureau of the Census conducted personal interviews with 5,211 aged persons and 6,224 disabled persons During a subsequent review of completed interviews, 19 aged and 57 disabled individuals were found not to be assistance recipients and therefore outside the scope for the study The overall response rates for the two groups, based on the number of in-scope interviews out of those eligible for interview, were 95 percent and 92 percent, respectively All components except the New York samples for both the aged and disabled had response rates above 90 percent For New York the response rates were 81 percent for the aged and 73 percent for the disabled

The second interview was scheduled 50–54 weeks after the first year's interview Only those interviewed in 1973 were eligible for reinterview in 1974 About 10 percent of the aged persons and 6 percent of the disabled were deceased, institutionalized, or out of the country at the time of the 1974 interview. One percent of the aged and 3 percent of the disabled were not interviewed for various other reasons The numbers of interviews and noninterviews, by reason, are given in table I for each year

For both years, each sample person—whether aged or disabled—was asked to respond to the same set of questions If the sample person was physically or mentally unable to respond, a proxy respondent was permitted Proxies, however, were not asked to respond to questions about the sample person's attitudes In 1973, 359 of the interviews with the aged and 835 of those with the disabled were conducted with proxies In 1974 the corresponding figures were 329 and 794

TABLE I —Number of interviews and noninterviews of OAA and AB/APTD recipients, 1973 and 1974

Cases selected	1973		1974	
	OAA	AB/APTD	OAA	AB/APTD
Total	6,200	7,545	5 192	6,167
Interviews	[1] 5 211	[2] 6 224	4 599	5,652
Noninterviews	989	1 321	593	515
Unable to contact	119	296	3o	82
Institutionalized	410	572	205	124
Deceased	319	211	308	22o
Refused	48	72	19	23
Other	93	170	26	61

[1] Includes 19 cases later determined not to be assistance recipients
[2] Includes 57 cases later determined not to be assistance recipients

ESTIMATION

At the time of selection, each sample person was assigned a basic weight that reflected the different stages of selection The basic weight was multiplied by a noninterview adjustment factor computed separately for each of the 12 groups (the aged and disabled components for each of the five States and the balance of the United States) Within the New York samples, noninterview adjustment factors were computed separately foi six race-sex categories to account for the varying response rates Finally, a ratio adjustment was made to the samples for the New York aged and disabled and also to the aged sample for the balance of the United States (excluding the five States) to bring the estimates up to known population totals The adjustment factors ranged from 1 01 to 2 3, with 94 percent of the aged and 88 percent of the disabled having adjustment factors equal to or less than 1 3 and 1 1, respectively

The 1974 interviews were reweighted to represent the 1973 recipient population in 1974—that is, the 1974 interviews represent the 1974 in-scope noninterviews Noninterview adjustment factors were computed separately within each of the 12 groups and applied to the final 1973 weights These factors ranged from 1 00 to 1 06 Final population estimates, by sample, for both years are presented in table II Estimates presented in the text based solely on 1973 responses were derived by using the 1973 weights Estimates based on 1974 data or data for only those individuals who responded in both years were derived by using 1974 weights

RELIABILITY OF ESTIMATES

Since the estimates presented in this report are based on sample data, they may differ from those that would have been obtained if all the members of the study population had been surveyed under essentially the same conditions The standard error is a measure of sampling variability and indicates the amounts by which the sample estimates may vary, by chance, from results theoretically obtainable from a comparable survey of the entire population

The sample estimate and its standard error are used to construct interval estimates with a prescribed confidence that the interval includes the population value or the average of all possible samples drawn from the same population Approximately 68 percent of the intervals constructed from all possible samples and ranging from one standard error below the estimate to one standard error above the estimate would include the population value This interval is referred to as the 68-percent confidence or one-standard-error interval The 95-percent confidence interval or two-standard-error interval extends from two standard errors below to two standard errors

TABLE II —Number of interviews and population estimates of OAA and AB/APTD recipients, by State, 1973 and 1974

State	1973				1974			
	OAA		AB/APTD		OAA		AB/APTD	
	Number of interviews	Population estimate	Number of interviews	Population estimate	Number of interviews	Population estimate	Number of interviews	Population estimate
United States total	5,192	1 665 207	6,167	1,157 863	4 599	1 497,682	5 652	1 092,159
Texas	694	173 283	888	30 839	620	157,209	817	28,876
California	787	257,184	895	202,120	676	225 770	819	191 432
Mississippi	650	76,612	723	29,571	600	71 174	67o	27,805
Georgia	626	81 717	663	41,486	557	73 691	611	39,016
New York	595	97,909	609	150,401	506	86,092	542	141 323
All other	1,840	978,502	2 989	703,446	1 640	883,746	2,188	663,706

TABLE III.—Approximate standard errors of estimated number of all OAA and AB/APTD recipients

[68 chances out of 100]

Estimated number	Standard error	Estimated number	Standard error
50,000	4,732	400 000	19 327
75,000	6,099	450,000	21,115
100 000	7 341	500 000	22 871
150,000	9 616	750 000	31 336
200,000	11,719	1 000 000	39 455
250 000	13 717	1 250 000	47 352
300,000	15 640	1 500 000	55 114
350,000	17,505	1 750 000	62,732

above the sample estimate The 99-percent confidence interval is approximately two and one-half standard errors above and below the sample estimate

Standard Errors of Estimated Total Numbers and Percentages

Tables III and IV give the approximate standard errors for estimated numbers of welfare aged and disabled persons in the United States and in the selected States Approximate standard errors for estimated percentages of aged and disabled persons are given in table V In order to provide standard errors applicable to a wide variety of items a number of assumptions and approximations were required Thus, the standard errors given in the tables provide an indication of the order of magnitude rather than the precise standard error for any specific item Standard errors for values not specifically shown but within the ranges of the tables may be obtained by linear interpolation

TABLE IV.—Approximate standard errors of estimated number of all OAA and AB/APTD recipients, 7 States

Estimated number	Standard error						
	California, OAA and AB/APTD	Georgia, OAA and AB/APTD	Mississippi		New York, OAA and AB/APTD	Texas	
			OAA	AB/APTD		OAA	AB/APTD
1,000	554	317	413	248	444	526	225
2,500	858	520	672	398	699	865	383
5,000	1,187	762	975	578	983	1,283	589
7,500	1 420	953	1 213	726	1,196	1,633	768
10,000	1 629	1 116	1 417	858	1 374	1 950	933
25,000	2 450	1,825	2,200	1 530	2 111	3,577	1,811
50,000	3 338	2 549	3 220	2 521	2 835	5,954	3 125
75,000	4,039	2 975	3 801	-	3,341	8 193	-
100 000	4,675	3 187	4,150	-	3,678	10,370	-
125,000	5 286	-	-		3 907	12 512	-
150 000	5,890	-	-	-	4 047	14 628	-
175,000	6 498	-	-		-	16,728	
200 000	7,113	-	-	-	-	-	-
225,000	7,736	-	-	-	-	-	-
250,000	8 370	-	-	-	-	-	-
275,000	9 014	-	-	-	-	-	-

Standard Errors of Estimated Medians

The sampling variability of an estimated median depends on the distribution as well as the size of the base An approximate method for measuring the reliability of an estimated median is to determine an interval about the estimated median, with a stated degree of confidence that the true median lies within the limits Many of the medians presented in the report are shown along with their corresponding distributions Thus, the confidence limits of the medians can be estimated using the tables of standard errors for percentages as follows (1) Using the appropriate standard error table and the appropriate base, determine the standard error of a 50-percent characteristic, (2) add to and subtract from 50 percent the standard error determined in step 1, and (3) using the distribution of the characteristic, read off the values corresponding to the two points established in step 2 as the confidence interval

A two-standard-error confidence interval may be determined by finding the values corresponding to 50 percent plus and minus twice the standard error found in step 1 In table 2, for example, the median nuclear-family annual income during 1973 for OAA recipients is estimated to be $1,851 The number reporting such income is 1,619,700

1 Using table V (the median is estimated for all OAA recipients) and interpolating between 1,500,000 and 1,750,000 in the 50-percent column, the standard error of 50 percent with a base of 1,619,700 is

$$98 + (93 - 98)\,\frac{1{,}619{,}700 - 1{,}500{,}000}{1{,}750{,}000 - 1{,}500{,}000} = 96$$

2 For a 95-percent confidence interval, add to and subtract from 50 percent two standard erors ($2 \times 96 = 192$) to get limits of $50 + (2 \times 96) = 519$ and $50 - (2 \times 96) = 481$

3 Since (from table 2) 33 7 percent of the OAA recipients had income below $1,500 and 23 2 percent had income from $1,500 to $1,999, the dollar value of the lower limit, 48 1, may be found by interpolation to be

$$\$1{,}500 + \frac{48.1 - 33.7}{23.2} \times \$500 = \$1{,}810$$

The upper limit can be found in the same way

$$\$1{,}500 + \frac{51.9 - 33.7}{23.2} \times \$500 = \$1{,}892$$

TABLE V —Approximate standard errors of estimated percentages of all OAA and AB/APTD recipients

[68 chances out of 100]

Size of base	Estimated percentage											
	1 or 99	2 or 98	5 or 95	8 or 92	10 or 90	15 or 85	20 or 80	25 or 75	30 or 70	35 or 65	40 or 60	50
United States, OAA and AB/APTD												
50,000	0 75	1 07	1 69	2 12	2 36	2 83	3 19	3 47	3 69	3 86	3 97	4 08
75,000	62	88	1 39	1 75	1 95	2 34	2 64	2 88	3 07	3 20	3 31	3 40
100,000	54	77	1 22	1 53	1 70	2 05	2 32	2 53	2 69	2 82	2 91	2 99
150,000	44	63	1 00	1 27	1 41	1 70	1 92	2 09	2 22	2 32	2 39	2 43
200 000	38	55	88	1 11	1 24	1 49	1 69	1 84	1 96	2 05	2 11	2 15
250,000	35	50	79	1 01	1 12	1 36	1 54	1 69	1 80	1 89	1 95	2 01
300,000	32	45	73	93	1 03	1 25	1 42	1 55	1 65	1 72	1 78	1 82
350 000	30	42	68	86	96	1 17	1 33	1 45	1 54	1 62	1 67	1 71
400,000	28	40	64	81	91	1 10	1 25	1 37	1 46	1 53	1 58	1 62
450,000	26	38	61	77	86	1 05	1 19	1 31	1 39	1 46	1 51	1 54
500,000	25	36	58	74	83	1 01	1 15	1 26	1 35	1 42	1 47	1 52
750,000	21	30	49	62	70	85	97	1 07	1 14	1 20	1 25	1 29
1,000,000	18	26	43	55	62	76	87	95	1 02	1 08	1 12	1 16
1,250,000	16	24	39	50	56	69	79	87	93	98	1 01	1 05
1,500,000	15	22	36	47	52	64	74	81	87	91	95	98
1,750,000	14	20	34	44	49	61	69	76	82	86	89	93
California, OAA and AB/APTD												
2,500	3 60	5 06	7 84	9 74	10 76	12 78	14 29	15 44	16 32	16 97	17 41	17 74
5,000	2 54	3 56	5 52	6 85	7 56	8 97	10 02	10 82	11 43	11 88	12 19	12 41
7,500	2 07	2 90	4 49	5 57	6 14	7 28	8 13	8 78	9 27	9 63	9 87	10 04
10,000	1 79	2 51	3 88	4 80	5 30	6 28	7 00	7 56	7 98	8 28	8 49	8 64
25,000	1 13	1 57	2 42	2 99	3 29	3 89	4 33	4 66	4 91	5 09	5 21	5 28
50,000	79	1 10	1 68	2 07	2 28	2 68	2 97	3 19	3 36	3 47	3 55	3 59
75,000	64	89	1 36	1 67	1 83	2 14	2 37	2 54	2 67	2 76	2 81	2 84
100,000	55	77	1 16	1 42	1 56	1 82	2 01	2 15	2 26	2 33	2 37	2 38
125,000	49	68	1 03	1 26	1 38	1 61	1 77	1 89	1 97	2 03	2 07	2 08
150 000	45	62	93	1 14	1 24	1 44	1 59	1 69	1 76	1 81	1 84	1 84
175,000	41	57	86	1 04	1 14	1 31	1 45	1 54	1 60	1 64	1 67	1 66
200 000	38	53	80	96	1 05	1 22	1 33	1 41	1 47	1 51	1 52	1 52
225,000	36	50	74	90	98	1 13	1 24	1 31	1 36	1 39	1 41	1 40
250,000	34	47	70	85	92	1 06	1 18	1 22	1 27	1 29	1 31	1 29
275,000	32	45	64	80	87	1 00	1 09	1 15	1 19	1 21	1 22	1 21
Georgia, OAA and AB/APTD												
2,500	1 85	2 62	4 12	5 16	5 73	6 86	7 71	8 38	8 90	9 29	9 56	9 80
5,000	1 32	1 87	2 95	3 70	4 11	4 93	5 56	6 05	6 43	6 72	6 92	7 10
7,500	1 08	1 54	2 43	3 05	3 39	4 08	4 60	5 01	5 33	5 57	5 75	5 90
10,000	94	1 34	2 12	2 67	2 97	3 57	4 03	4 40	4 68	4 89	5 05	5 19
25,000	60	86	1 38	1 75	1 95	2 36	2 68	2 92	3 12	3 27	3 38	3 48
50 000	44	63	1 01	1 28	1 44	1 75	1 99	2 18	2 33	2 44	2 53	2 61
75,000	36	52	84	1 08	1 21	1 47	1 68	1 84	1 97	2 07	2 15	2 22
100,000	32	46	75	95	1 07	1 31	1 49	1 64	1 76	1 85	1 92	1 99
Mississippi, OAA												
2,500	2 47	3 49	5 46	6 83	7 57	9 05	10 17	11 04	11 71	12 21	12 56	12 85
5,000	1 75	2 49	3 90	4 88	5 41	6 48	7 29	7 92	8 41	8 77	9 03	9 25
7 500	1 44	2 03	3 20	4 01	4 45	5 34	6 01	6 54	6 94	7 25	7 47	7 66
10,000	1 25	1 77	2 79	3 50	3 88	4 66	5 25	5 71	6 07	6 34	6 53	6 70
25,000	80	1 14	1 80	2 27	2 53	3 04	3 44	3 75	3 99	4 18	4 31	4 44
50 000	57	82	1 31	1 65	1 84	2 23	2 52	2 76	2 94	3 08	3 19	3 28
75,000	47	68	1 08	1 38	1 54	1 86	2 12	2 32	2 47	2 60	2 68	2 77
100,000	41	59	95	1 21	1 36	1 65	1 87	2 05	2 19	2 30	2 38	2 46
Mississippi, AB/APTD												
2,500	1 54	2 17	3 38	4 21	4 66	5 54	6 21	6 72	7 11	7 41	7 61	7 76
5,000	1 09	1 54	2 39	2 98	3 29	3 92	4 39	4 75	5 03	5 24	5 38	5 49
7,500	89	1 25	1 95	2 43	2 69	3 20	3 59	3 88	4 11	4 28	4 39	4 48
10,000	77	1 09	1 69	2 11	2 33	2 77	3 11	3 36	3 56	3 70	3 80	3 88
25,000	49	69	1 07	1 33	1 47	1 75	1 96	2 13	2 25	2 34	2 41	2 45
50,000	35	49	76	94	1 04	1 24	1 39	1 50	1 59	1 66	1 70	1 74
New York, OAA and AB/APDT												
2,500	2 82	3 96	6 16	7 67	8 48	10 09	11 30	12 23	12 94	13 46	13 83	14 11
5,000	1 99	2 80	4 36	5 42	5 99	7 13	7 98	8 64	9 14	9 51	9 76	9 96
7,500	1 62	2 29	3 55	4 42	4 89	5 81	6 51	7 04	7 45	7 16	7 95	8 12
10 000	1 41	1 98	3 08	3 83	4 23	5 03	5 63	6 09	6 45	6 71	6 89	7 03
25,000	89	1 25	1 94	2 41	2 67	3 17	3 55	3 84	4 06	4 23	4 34	4 42
50 000	63	88	1 37	1 70	1 88	2 24	2 50	2 70	2 86	2 97	3 05	3 11
75,000	51	72	1 12	1 39	1 53	1 82	2 04	2 20	2 33	2 42	2 48	2 53
100,000	44	62	97	1 20	1 32	1 57	1 76	1 90	2 01	2 09	2 14	2 18
125,000	40	56	86	1 07	1 18	1 40	1 57	1 70	1 79	1 86	1 91	1 95
150,000	36	51	79	98	1 08	1 28	1 43	1 55	1 63	1 70	1 74	1 77

TABLE V —Approximate standard errors of estimated percentages of all OAA and AB/APTD recipients—*Continued*

[68 chances out of 100]

Size of base	Estimated percentage											
	1 or 99	2 or 98	5 or 95	8 or 92	10 or 90	15 or 85	20 or 80	25 or 75	30 or 70	35 or 65	40 or 60	50
	Texas, OAA											
2,500	3 16	4 46	6 97	8 69	9 63	11 49	12 90	13 98	14 82	15 44	15 68	16 24
5,000	2 24	3 16	4 93	6 19	6 85	8 19	9 20	9 98	10 58	11 03	11 35	11 61
7,500	1 83	2 59	4 06	5 07	5 63	6 73	7 56	8 21	8 71	9 08	9 34	9 56
10,000	1 59	2 25	3 53	4 41	4 89	5 85	6 58	7 15	7 59	7 92	8 15	8 34
25,000	1 01	1 44	2 26	2 84	3 15	3 78	4 26	4 64	4 93	5 14	5 30	5 44
50,000	72	1 03	1 63	2 01	2 27	2 74	3 09	3 37	3 58	3 74	3 86	3 97
75 000	59	84	1 34	1 69	1 88	2 27	2 57	2 80	2 98	3 12	3 22	3 32
100 000	52	74	1 17	1 48	1 65	1 99	2 26	2 47	2 63	2 75	2 84	2 93
125,000	46	66	1 06	1 34	1 49	1 80	2 05	2 34	2 38	2 50	2 58	2 66
150,000	43	61	97	1 23	1 38	1 66	1 89	2 06	2 20	2 31	2 39	2 46
175,000	40	57	91	1 15	1 28	1 56	1 77	1 93	2 06	2 16	2 24	2 31
	Texas, AB/APDT											
2,500	1 27	1 80	2 83	3 55	3 94	4 72	5 31	5 77	6 13	6 40	6 59	6 76
5,000	90	1 28	2 03	2 55	2 83	3 40	3 84	4 18	4 44	4 64	4 78	4 91
7,500	74	1 06	1 67	2 10	2 34	2 82	3 18	3 47	3 69	3 86	3 98	4 09
10,000	65	92	1 46	1 84	2 05	2 47	2 79	3 04	3 24	3 39	3 50	3 60
25,000	42	60	96	1 21	1 35	1 64	1 86	2 04	2 17	2 28	2 36	2 43
50,000	30	43	70	89	1 00	1 22	1 39	1 52	1 63	1 71	1 77	1 83

Thus, the chances are 95 chances out of 100 that the true median is between $1,810 and $1,892

Ninety-five-percent confidence intervals have been derived for estimated medians presented in the report without corresponding distributions and are shown in table VI

Standard Error of Differences

The standard error is also used to test for significant differences between estimates If the absolute value of the difference between two estimates in question is greater than twice the standard error of the difference, the difference is statistically significant at the 95-percent level In other words, a difference of the size observed could be expected to occur by chance less than 5 out of 100 times The standard error of the difference can be computed as follows

Let the difference between two estimates A and B be given by $D = A - B$ The standard error of the difference is

$$\sigma_D = \sqrt{\sigma_A^2 + \sigma_B^2 - 2\sigma_{AB}}$$

where σ_A^2 is the variance of A, σ_B^2 is the variance of B and σ_{AB} is the covariance of A and B

When estimates of characteristics for mutually exclusive subgroups are being compared, the covariance can be assumed to be zero Then, to make a determination of the statistical significance of the difference between two estimates, find the

TABLE VI —95-percent confidence limits for median[1] total income and assistance payments for OAA and AB/APTD recipients, 5 States, 1973 and 1974

Characteristics	OAA Recipients			AB/APTD Recipients		
	Median	Lower limit	Upper limit	Median	Lower limit	Upper limit
California						
Total income						
1973	$2,767	$2 720	$2 803	$2 611	$2 626	$2 697
1974	3,233	3 140	3 325	3 186	3 017	3 323
Welfare benefits						
1973	1,273	1 205	1 341	1 924	1 819	2 018
1974	1,574	1,493	1 655	2 554	2 504	2 603
Georgia						
Total income						
1973	1 477	1 423	1 597	1 367	1 288	1 445
1974	1,935	1 886	1 985	1 871	1 800	1,942
Welfare benefits						
1973	728	648	808	966	861	1 053
1974	1,112	999	1 224	1,428	1,283	1,542
Mississippi						
Total income						
1973	1 651	1,524	1 779	1 227	1 089	1 365
1974	1,911	1 853	1 971	1,884	1,833	1,935
Welfare benefits						
1973	727	672	782	787	749	826
1974	999	920	1 172	1,562	1,506	1,619
New York						
Total income						
1973	2 164	2 085	2,243	2 157	2 095	2 220
1974	2,693	2,511	2 674	2,510	2,444	2,589
Welfare benefits						
1973	1,119	1 016	1 222	1 643	1 498	1 790
1974	1,531	1 419	1 626	2,124	2,062	2,186
Texas						
Total income						
1973	1,458	1 402	1 528	1 338	1 286	1.390
1974	1 840	1 793	1,889	1,768	1,715	1,821
Welfare benefits						
1973	644	530	757	1,023	948	1,084
1974	978	910	1,092	1,415	1,326	1 504

[1] Medians from table 17

standard error of each estimate in question by using the appropriate standard error table Square these standard errors to get variances and sum the variances Then take the square root of the sum to get the standard error of the difference With the notation shown above, if $/D/ > (2 \times \sigma_D)$, there is a significant difference in estimates A and B at the 95-percent level Assuming the covariance is equal to zero will result in accurate estimates of standard errors of differences for most comparisons presented in the report, except for those between 1973 and 1974 The 1973 and 1974 estimates of the same characteristics, because this is a panel survey, are not uncorrelated If the covariance is assumed to be zero when computing standard errors for year-to-year differences the result is an overestimate and a more stringent test of significance [15]

Nonsampling Errors

Estimates derived from SLIAD are also subject to nonsampling errors These are errors due to nonresponses to the entire questionnaire or to certain items and misreporting either on purpose or because of lack of understanding of the questions Errors also occurred during coding and keying of the data Every effort was made to minimize the effect of these errors Completed questionnaires were first reviewed at a time when respondents could be recontacted for correct or missing data and again at the time of coding Keying was verified 100 percent, and data tapes were computer-edited for reasonableness and consistency In spite of these efforts, some reporting and processing errors remain The major source of error was nonreporting of data related to income

Nuclear family annual income, the major income variable used in the derivation of the income measures presented in the report, had nonresponse rates ranging from 4 percent to 13 percent in 1973 and from 7 percent to 15 percent in 1974 To maximize the amount of useful information available for the analysis, missing income items were filled with data from records maintained by the Social Security Administration—the supplemental security records and the master beneficiary records and summary earnings records for the old-age, survivors, and disability insurance program (A direct match of individual survey records and Social Security Administration program records was made.) In addition, a regression model was used to allocate missing annual income items on the basis of monthly income Afterwards the nonresponse rates for nuclear-family annual income were about 3 percent in 1973 and 4 percent in 1974

[15] Standard errors for year-to-year differences have been computed, based on non-zero covariances, and are available upon request

Social Security Abroad

Recent Social Security Developments in Austria*

At the end of 1976, the Austrian Parliament enacted significant legislative changes in the social security system that became effective in January 1977 These modifications, embodied in the 32d Amendment to the General Social Security Law of 1955, are notable in their particular concern with financing

—The maximum amount of earnings subject to social security contributions for the years 1977–79 was raised above and beyond the increases called for by the indexing procedure

—The percentage rate of the white-collar worker contribution to both pension and work injury insurance was increased to bring it into line with the rate for blue collar workers

—The white collar pension component was required to transfer revenue to the blue-collar component, which is currently operating at a deficit

—The white collar and blue-collar pension components must establish contingency reserves equal to 1 month's expenditures

The legislation also provides for an extension of social security protection in several areas Non-

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