

Proposed Budget for Social Security and Related Programs, 1951-52*

THE major focus of the Budget submitted by President Truman for the fiscal year ending June 30, 1952, is on the military services and on international security and foreign relations. Domestic civilian programs are justified on the ground either that they support the defense program or that they contribute to the national strength by protecting and improving the health, education, and well-being of the individuals and fam-

Table 1.—Summary of estimated expenditures for social security and related programs under present and proposed legislation, fiscal year 1951-52¹

[In millions]

Source of funds	Expenditures		
	Total	Present legislation	Proposed legislation
Total	\$6,389	\$6,324	\$65
General funds	2,800	2,770	30
Trust funds, total	3,589	3,554	35
Old-age and survivors insurance trust fund	2,177	2,177	-----
Unemployment trust fund	715	715	-----
Railroad retirement account	350	350	-----
Federal employees' retirement funds	312	312	-----
Medical care insurance fund	35	-----	35

¹ Includes placement and unemployment insurance activities of the Department of Labor and the Railroad Retirement Board, classified under "labor" in the Budget.

Source: *The Budget of the United States Government for the Fiscal Year Ending June 30, 1952.*

ilies who make up the Nation. Social security and related programs fall into the latter category. For the purpose of this summary of the budget for social security and related programs, the Budget classification of "social security, welfare and health" and the placement and unemployment insurance activities classified under "labor" are combined.

The Budget message points out that, despite the far-reaching improve-

* Prepared in the Division of Research and Statistics, Office of the Commissioner.

ments made by the Social Security Act Amendments of 1950, the social insurance program still falls short of what the Nation needs, desires, and can afford. Coverage under old-age and survivors insurance needs further expansion to include all employed persons; unemployment insurance coverage should be expanded and benefits raised. Moreover, protection on a prepaid basis is needed against both the costs of medical care and the economic losses resulting from disability. Of these proposals, only medical care insurance is included in the Budget; the estimated expenditures for 1951-52 show an additional \$30 million for proposed legislation—\$25 million for aid to medical education and \$5 million for local health services.

Expenditures

Total expenditures for social security and related programs in 1951-52 from both general funds and trust accounts are estimated at \$6,389 million

(table 1)—\$2,800 million from general funds and \$3,589 million from the trust accounts. Of the estimated total, \$6,324 million is for existing programs. Expenditures under proposed legislation for local health services, aid to medical education, and medical care insurance are estimated at \$65 million, of which \$35 million would come from the medical care insurance trust fund and \$30 million from general funds.

Estimated expenditures for public assistance in the fiscal year 1951-52 total \$1,302 million and constitute 46.5 percent of estimated budgetary expenditures for social security and related programs (table 2). This sum represents an increase of less than 2 percent over estimated public assistance expenditures in the current fiscal year. Increases in costs as a result of the public assistance provisions of the 1950 amendments are expected to be largely offset by the decreases resulting from declines in the number of aged persons and children on the as-

Table 2.—Expenditures and recommended new obligational authority, excluding trust accounts, for social security and related programs, fiscal years 1949-50, 1950-51, and 1951-52

[In millions]

Program or agency	Expenditures			Recommended new obligational authority for 1952 ¹
	Actual	Estimated		
		1949-50	1950-51	
Total, including proposed legislation	\$2,440	\$2,692	\$2,800	\$2,737
Total, excluding proposed legislation	2,440	2,692	2,770	2,702
Unemployment insurance and placement activities: ²				
Department of Labor	214	165	165	175
Railroad Retirement Board	13	7	10	10
Public assistance (Federal Security Agency)	1,125	1,282	1,302	1,302
Aid to special groups:				
Vocational rehabilitation (Federal Security Agency)	26	22	24	24
School lunch (Department of Agriculture)	83	83	83	83
Indian welfare and other (Department of Interior)	29	41	43	44
Other (Federal Security Agency)	1	1	1	1
Retirement and dependents' insurance:				
Railroad Retirement Board	583	598	646	646
Federal Security Agency and other	9	7	7	7
Promotion of public health (Federal Security Agency and other):				
Present programs	242	349	350	268
Proposed legislation:				
Aid to medical education			25	30
Local health services			5	5
Crime control and correction (Department of Justice and other)	91	107	106	109
Accident compensation (Department of Labor)	24	30	33	33

¹ Excludes \$141 million of recommended appropriations to liquidate prior-year contract authorizations.
² Classified under "labor" in the Budget.

Source: *The Budget . . . for the Fiscal Year Ending June 30, 1952.*

Table 3.—Social security and related trust fund operations, fiscal years 1949–50, 1950–51, and 1951–52

[In millions]

Fund and item	Actual	Estimated	
	1949–50	1950–51	1951–52
Old-age and survivors insurance trust fund:			
Receipts:			
Appropriations (equal to Federal insurance contributions)	\$2,106	\$2,960	\$3,823
Interest and other	257	299	313
Transfers from Budget accounts	4	4	4
Expenditures (benefits and administrative expenses)	783	1,674	2,177
Net accumulation	1,584	1,589	1,963
Total assets as of June 30	12,885	14,474	16,437
Total investments as of June 30	12,630	14,379	16,366
Unemployment trust fund:			
Receipts:			
Deposits by States and railroad unemployment taxes	1,113	1,215	1,296
Interest	167	175	183
Expenditures (State and railroad unemployment withdrawals)	2,013	962	715
Net accumulation	-733	428	764
Total assets as of June 30	7,425	7,853	8,617
Total investments as of June 30	7,413	7,845	8,612
Railroad retirement account:			
Receipts:			
Transfers from Budget accounts	583	598	646
Interest on investments	62	70	75
Expenditures (benefit payments, salaries, and expenses)	304	329	350
Net accumulation	341	339	371
Total assets as of June 30	2,064	2,403	2,774
Federal employees' retirement funds:			
Receipts:			
Employee contributions	359	327	311
Transfers from Budget accounts and other	305	305	325
Interest	144	161	175
Expenditures (annuities, refunds, and expenses)	268	287	312
Net accumulation	540	506	499
Total assets as of June 30	3,860	4,366	4,865
Medical care insurance trust fund (proposed legislation):			
Receipts from payroll contributions			275
Expenditures (payments for initial expenses)			35
Net accumulation			240
Total assets as of June 30			240

Source: *The Budget . . . for the Fiscal Year Ending June 30, 1952.*

sistance rolls. These declines will be brought about by the liberalized old-age and survivors insurance provisions.

Another 23 percent (\$646 million) of the estimated total is accounted for mainly by transfers of payroll taxes, collected from railroad workers and companies, to the railroad retirement trust account in advance of collection and represents a bookkeeping transaction. President Truman again recommended that these taxes be transferred to the fund as they are collected. A small part (\$33 million) of this transfer for 1951–52 is for the cost of military service credits for railroad workers.

The remainder of the budgetary expenditures is distributed as follows: \$175 million for unemployment insurance and placement activities; \$151 million for aid to special groups; \$7 million for certain retirement and dependents' insurance benefits administered by the Civil Service Commission and for reimbursement to the old-age and survivors insurance trust fund for

expenses incurred in paying benefits to survivors of certain World War II veterans; \$380 million for the promotion of public health, including proposed legislation; \$106 million for crime control and correction; and \$33 million for accident compensation.

More than half of the public health expenditures is for grants to State and local governments for existing public health programs. Hospital construction grants are estimated at \$136 million in 1951–52, \$4 million less than in the current fiscal year. Grants for maternal and child health and welfare programs are estimated at \$33 million for 1951–52, 9 percent more than the amount for the current fiscal year.

Recommended grants to State and local governments, including those called for under proposed legislation and that part of hospital construction grants going to private nonprofit institutions, total \$1,781 million and make up 64 percent of estimated budgetary expenditures for social security and related programs in 1951–52.

Grants for these purposes constitute 59 percent of all present and proposed grants to State and local governments, as defined in the Budget, for the fiscal year 1951–52.

Trust Fund Operations

Both the receipts and expenditures of the old-age and survivors insurance trust fund are estimated to be substantially higher in 1951–52 than in the current fiscal year (table 3). The fiscal year 1951–52 will be the first full year of operation under the Social Security Act Amendments of 1950, although no contributions from the self-employed will be collected until the following fiscal year. Contributions will be 29 percent higher, expenditures 30 percent higher, and the fund's net accumulation 24 percent higher than in the current fiscal year. The balance on June 30, 1952, is estimated at \$16,437 million, as compared with \$14,474 million at the end of the current fiscal year. The balances in the railroad retirement account and the Federal employees' retirement funds will also increase during 1951–52 and will total an estimated \$2,774 million and \$4,865 million, respectively, on June 30, 1952.

Receipts of the unemployment trust fund are expected to rise and pay-

Table 4.—Social insurance contributions and taxes collected, existing and proposed legislation, fiscal years 1949–50, 1950–51, and 1951–52

[In millions]

Program	Actual	Estimated	
	1949–50	1950–51	1951–52
Total, including proposed legislation	\$4,348	\$5,302	\$6,574
Total, excluding proposed legislation	4,348	5,302	6,299
Employment taxes:			
Existing legislation:			
Federal Insurance Contributions Act	2,106	2,960	3,823
Federal Unemployment Tax Act	226	239	263
Carriers Taxing Act	551	565	613
Railroad Unemployment Insurance Act	9	10	10
Deposits by States ¹	1,098	1,201	1,279
Proposed legislation:			
Medical care insurance			275
Federal employees' retirement acts, employee contributions	359	327	311

¹ State payroll tax collections for unemployment insurance deposited in the Federal unemployment trust fund.

Source: *The Budget . . . for the Fiscal Year Ending June 30, 1952.*

Table 5.—Appropriations, transfers, and expenditures, Social Security Administration, for grants to States and administrative expenses, fiscal years 1949-50, 1950-51, and 1951-52

[In thousands]

Bureau and item	Appropriations and transfers			Expenditures		
	Actual, 1949-50	Enacted or proposed, 1950-51	Recommended, 1951-52	Actual, 1949-50	Estimated	
					1950-51	1951-52
Total, Social Security Administration	\$1,184,542	\$1,391,312	\$1,418,079	\$1,210,832	\$1,391,071	\$1,418,067
Grants to States.....	1,120,000	1,310,250	1,333,000	1,146,195	1,309,657	1,333,000
Salaries and expenses.....	60,938	77,368	81,345	61,032	77,720	81,333
Other.....	3,604	3,694	3,734	3,605	3,694	3,734
Bureau of Old-Age and Survivors Insurance:						
Salaries and expenses.....	42,652	56,988	60,000	42,652	57,288	60,000
Reimbursement to general fund for administrative expenses.....	¹ 13,711	¹ 15,395	¹ 15,909	13,711	15,395	15,909
Other contractual services.....	¹ 879	¹ 1,044	¹ 1,115	879	1,044	1,115
Reimbursement for benefits payable to survivors of certain World War II veterans.....	3,604	3,694	3,734	3,604	3,694	3,734
Bureau of Public Assistance:						
Grants to States.....	1,098,000	1,280,000	1,300,000	1,123,418	1,280,692	1,300,000
Salaries and expenses.....	1,369	1,463	1,698	1,361	1,479	1,690
Children's Bureau:						
Grants to States, maternal and child health and child welfare services.....	22,000	30,250	33,900	22,778	29,091	33,000
Grants to States, emergency maternity and infant care.....					² -126	
Salaries and expenses.....	1,557	1,500	1,502	1,541	1,529	1,589
Bureau of Federal Credit Unions, salaries and expenses.....	521	755	798	641	757	796
Office of the Commissioner:						
Salaries and expenses.....	250	223	233	246	228	235
Other expenses.....				2		

¹ Estimated, not separated from other appropriations.

² Minus figure represents excess of repayments and collections over expenditures.

Source: *The Budget . . . for the Fiscal Year Ending June 30, 1952.*

ments to decline as unemployment continues to drop. The balance in the fund on June 30, 1952, is estimated at \$8,617 million.

In his Budget message, President Truman recommended that the proposed medical care insurance program be handled through a trust account. For the initial period, until the program gets under way, a payroll tax of one-fourth of 1 percent each on employers and employees is proposed, effective January 1, 1952. These con-

tributions are estimated at \$275 million for 1951-52. Estimated initial expenses in the same period are \$35 million, which would leave a balance in the fund on June 30, 1952, of \$240 million.

Social insurance tax collections occupy an important place in our total public finance picture. These collections are estimated to total \$6,574 million in 1951-52, including both contributions for the proposed medical care insurance program, estimated at

\$275 million, and State deposits in the unemployment trust fund (table 4).

Budget for Social Security Administration

Recommended appropriations and transfers for the Social Security Administration will increase less than 2 percent in 1951-52—an estimated \$1,418 million as compared with \$1,391 million in the current fiscal year (table 5). Of the total, 94 percent is for grants to States—\$1,300 million for public assistance and \$33 million for maternal and child health and child welfare services.

The amount recommended for salaries and expenses for 1951-52 is increased about 5 percent over the amount for the current fiscal year. The increase is shared, though not proportionately, by the Bureaus of the Social Security Administration and by the Office of the Commissioner. It is estimated that appropriations of \$3.7 million in the fiscal year 1951-52 will reimburse the Federal old-age and survivors insurance trust fund for benefits payable to survivors of certain World War II veterans.

Recommended appropriations for the Social Security Administration for 1951-52, including reimbursement of this \$3.7 million, total \$1,341 million, or but 1.4 percent of the total new obligatory authority requested by the Budget.

Budgetary expenditures of the Social Security Administration are also estimated to total \$1,341 million in 1951-52. With the anticipated administrative outlays of \$77 million from the old-age and survivors insurance trust fund and benefit payments of \$2,100 million, total expenditures would be \$3,518 million.