

Taxable wages declined from an estimated \$35.3 billion in the second quarter of 1954 to \$30.0 billion in the third quarter, following the usual seasonal pattern resulting from the operation of the limitation on taxable wages (\$3,600 in 1954). The increase in total wages from an estimated \$38.0 billion to \$39.0 billion reflects the slight improvement in business activity that was taking place toward the end of the third quarter of 1954.

Average wages in covered employment, estimated at \$820 and \$830 for the second and third quarters of 1954, went up 2.5 percent and 5.1 percent, respectively, from those in the corresponding quarters of 1953. These increases were probably the result of slight increases in wage rates and average weekly earnings in covered industries. The rise in average wages from the second to the third quarter of 1954 reflects not only those influences but also the drop in the number of job opportunities for young, lower-paid workers during school vacation or when they entered the labor market upon completion of their schooling.

An estimated 3.7 million employers paid taxable wages in the second and third quarters of 1954, a number slightly higher than in the corresponding quarters of 1953.

Civil Service Retirement Act Amendments, 1954

Three laws amending the Civil Service Retirement Act were passed in 1954 by the Eighty-third Congress in its second session. A fourth law, although not an amendment to the act, affects its operation.

Public Law No. 303.—On March 6, 1954, the President signed Public Law No. 303, which liberalized the retirement system for Members of Congress and for employees of the legislative branch.

Annuities for Members of Congress were formerly equal to 2½ percent of the average salary multiplied by years of service. The new law provides that in certain cases years of active service in the Armed Forces

before separation from service as a Member of Congress shall also be included in computing the benefit and that the average salary shall be computed over the period since August 1946. The maximum annuity is three-fourths of the basic salary at the time of retirement.

The eligibility requirements were also liberalized. Before the passage of Public Law No. 303, a Member of Congress could retire at age 62 after 6 years of service, or for disability after 5 years of service. Under the amended law, retirement is also possible at age 60 after 10 years of service, but the annuity is reduced by ¼ of 1 percent for every full month he is under age 62. If the Member withdraws with less than 6 years of service, his contributions are refunded with interest—4 percent on contributions made before the end of 1947 and 3 percent thereafter. If he has had 6–20 years of service, he may have his contributions refunded, with interest, or receive a deferred annuity when he reaches age 62. If he has had more than 20 years of service, his contributions cannot be refunded, and he receives a deferred annuity beginning at age 62.

By electing to receive a reduced annuity on his retirement, a Member of Congress can now, like other persons under the Civil Service Retirement Act, ensure that his widow shall receive an annuity equal to half the amount of his own annuity before reduction. Her annuity under the new law is now more than an actuarial equivalent; previously it was approximately actuarially equivalent.

When the Member of Congress dies before retirement, payment of benefits to his survivors is governed by provisions similar to those governing the payment of benefits to survivors of other persons covered by the Civil Service Retirement Act. The formula described above is used, of course, to compute the basic annuity on which the survivor benefits are based.

For employees of the legislative branch the retirement provisions have been the same as for employees in the executive department, with one exception—their coverage is voluntary. Adjustment of the benefit formula, provided in Public Law No.

303, makes another point of difference; it gives them higher annuities than those for executive department employees. The amended formula for computing their benefits is 2½ percent (instead of the 1½ percent for employees of the executive departments) of the highest 5 consecutive years' average salary, multiplied by years of service in the legislative branch and in allowable military service up to 15, plus 1½ percent of that average multiplied by years of service in excess of 15. The annuity cannot exceed 80 percent of the highest average annual wage during any 5 consecutive years of allowable service. Employees who had failed to elect coverage in the time allowed were given an additional 6 months in which they could elect coverage.

Public Law No. 730.—This law, approved August 31, 1954, was designed to stop a legal loophole in the Civil Service Retirement Act. Previously an employee, after 5 or more years of Federal service not covered by the act, could be appointed to a covered position for a brief period and then retire with an annuity toward which he had made no material contribution. An individual could receive credit for noncovered service, either by paying with interest the contributions he would have paid if he had been covered or by accepting an annuity reduced by 10 percent of the accumulated unpaid contributions. The old law also permitted employees to greatly enhance by such means any annuity right acquired through the earlier employment. An employee with 30 years of service retired on a reduced annuity could, for example, by returning to work before age 60 and working until age 60, receive a full annuity, no matter how short the period of such employment was.

The law now provides that at least 12 months of creditable civilian service subject to the retirement act are required in the 2 years immediately preceding the date of the individual's separation from service in order to establish title to an annuity under the Civil Service Retirement Act. If an employee does not meet this service requirement during his last em-

(Continued on page 24)

Table 2.—Contributions and taxes collected under selected social insurance and related programs, by specified period, 1952-55

[In thousands]

Period	Retirement, disability, and survivors insurance			Unemployment insurance		
	Federal insurance contributions ¹	Federal civil-service contributions ²	Taxes on carriers and their employees	State unemployment contributions ³	Federal unemployment taxes ⁴	Railroad unemployment insurance contributions ⁵
Fiscal year:						
1952-53.....	\$4,096,602	\$744,646	\$619,959	\$1,367,806	\$276,557	\$25,066
1953-54.....	4,589,182	464,363	603,042	1,246,230	285,135	27,656
10 months ended:						
April 1953.....	3,151,021	675,268	483,172	1,120,436	255,068	19,064
April 1954.....	3,303,660	385,867	469,066	1,042,432	254,593	16,801
April 1955.....	3,569,302	378,600	462,236	904,397	260,528	18,214
1954						
April.....	284,915	24,069	5,525	132,866	3,284	125
May.....	777,733	33,439	87,468	195,905	18,773	1,160
June.....	508,555	45,058	45,315	7,893	1,270	7,382
July.....	218,238	760,722	7,694	126,538	1,563	425
August.....	784,227	42,536	79,783	192,454	17,894	944
September.....	224,915	30,498	48,202	6,678	951	4,461
October.....	189,170	28,521	12,282	81,281	1,409	80
November.....	571,621	35,945	96,854	165,102	17,345	1,084
December.....	332,185	45,589	53,783	11,560	661	4,936
1955						
January.....	114,438	23,697	8,373	63,526	11,918	-77
February.....	274,568	33,726	85,159	120,179	168,387	991
March.....	562,399	39,872	55,844	7,580	37,180	5,349
April.....	317,541	37,491	14,263	129,498	3,219	42

¹ Represents contributions of employees and employers in employments covered by old-age and survivors insurance (beginning December 1952, adjusted for employee-tax refunds); from May 1951, includes deposits made in the trust fund by States under voluntary coverage agreements; beginning January 1951, on an estimated basis.

² Represents employee and Government contributions to the civil-service retirement and disability fund; Government contributions are made in 1 month for the entire fiscal year.

³ Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and, in 2 States, contributions from employees; excludes contributions collected for deposit in State sickness insurance

funds. Data reported by State agencies.

⁴ Represents taxes paid by employers under the Federal Unemployment Tax Act.

⁵ Beginning 1947, also covers temporary disability insurance.

⁶ Monthly data do not add to fiscal-year totals shown due to changes in Treasury accounts, effective February 17, 1954. Fiscal-year totals as shown in the *Final Statement of Receipts and Expenditures of the U. S. Government for the Period from July 1, 1953 through June 30, 1954.*

⁷ Includes contributions from the Federal Government.

Source: *Daily Statement of the U. S. Treasury*, and other Treasury reports.

CIVIL SERVICE RETIREMENT

(Continued from page 22)

ployment, he does not lose any annuity right acquired previously; on his separation such annuity is restored to him but with no additional credit for the employment after his initial entitlement to the annuity. Contributions made during employment that does not meet this service requirement are refunded without interest.

The new provision applies to all employees in the executive, judicial, and legislative branches, including heads of departments and Members of Congress.

Public Law No. 747.—These amendments to the Civil Service Retirement Act, approved August 31, 1954, make permanent the "cost-of-living" increases in retirement annuities provided by 1952 amendments to the act. They also remove the inequity in the 1952 law that discriminated against some annuitants who had purchased extra annuities through

voluntary contributions.

Under the 1952 provisions, which had been scheduled to expire June 30, 1955, the increase amounted to \$36 for each full 6-month period from the date the annuity began to October 1, 1952. The increase was subject, however, to the following restrictions: it could not exceed the smaller of \$324 a year or 25 percent of the current annuity, and it could not raise the annuity to an amount greater than \$2,160.

Since the \$2,160 ceiling applied to the total amount of the annuity, some annuitants who had purchased additional annuities through voluntary contributions were unable to share in the increase. If, for example, two employees retired not later than April 1, 1948, with regular annuities of \$1,836 but one had no voluntary annuity and the other had a voluntary annuity of \$324 or more, the former would have received an increase of \$324. The latter would have had no increase and thus would,

in a sense, have been penalized for buying an additional annuity instead of saving in some other way the amount required to buy it. Public Law No. 747 retains the \$324 and 25-percent limitations but states that the \$2,160 ceiling applies to the regular annuity "exclusive of annuities purchased by voluntary contributions." It thus allows annuitants who made such contributions to have the increase added to their regular annuity and receive in addition the full amount of any purchased annuity. The application of the 25-percent maximum to the total amount of the annuity, including any purchased annuity, in some cases permits a person with such additional annuity to receive a larger increase than an annuitant who had a regular annuity in the same amount but no additional annuity.

Public Law No. 769.—Although Public Law No. 769 does not amend the Civil Service Retirement Act, it

(Continued on page 31)

Table 11.—Aid to dependent children: Recipients and payments to recipients, by State, April 1955¹

[Includes vendor payments for medical care and cases receiving only such payments]

State	Number of families	Number of recipients		Payments to recipients			Percentage change from—			
		Total ²	Children	Total amount	Average per—		March 1955 in—		April 1954 in—	
					Family	Recipient	Number of families	Amount	Number of families	Amount
Total ³	626,210	2,261,395	1,706,244	\$54,273,011	\$86.67	\$24.00	+0.3	+0.4	+8.8	+11.1
Alabama	17,768	68,408	52,579	770,176	43.35	11.26	+8	+9	+8.0	+10.6
Alaska	1,229	4,222	3,109	109,710	89.27	25.99	+1.5	+40.5	+17.2	+24.9
Arizona	4,637	17,844	13,482	419,424	90.45	23.51	-2.4	-2.3	+10.0	+10.0
Arkansas	9,423	35,780	27,610	522,904	55.49	14.61	+2.8	+3.3	+13.6	+19.3
California	56,808	190,465	145,404	7,138,177	125.65	37.48	+4	+4	+6.6	+8.8
Colorado	6,037	22,599	17,295	652,490	108.08	28.87	+2	-4	+6.0	+9.7
Connecticut	5,128	16,674	12,345	708,013	138.07	42.46	+2.2	+3.4	+23.2	+28.3
Delaware	1,119	4,267	3,256	95,660	85.49	22.42	+2.6	+2.0	+37.6	+34.2
District of Columbia	2,263	9,335	7,244	243,917	107.78	26.13	-3.6	-2.9	+1.6	+3.2
Florida	21,084	74,221	58,436	1,149,760	54.53	15.49	+4	+4	+9.3	+10.8
Georgia	15,031	54,915	42,042	1,133,135	75.39	20.63	+5	+5	+9.2	+10.8
Hawaii	3,313	12,620	9,981	305,237	92.13	24.19	0	+5	+9.3	+9.7
Idaho	1,955	6,978	5,120	249,332	127.64	35.73	+6	+1.6	+2.5	+6.0
Illinois	20,881	80,071	60,547	2,755,967	131.98	34.42	+8	+6	+4.6	+9.6
Indiana	8,797	30,800	22,842	785,492	89.29	25.50	+5	-4	+14.4	+16.9
Iowa	6,658	24,127	18,028	773,355	116.15	32.05	+9	+1.5	+5.6	+6
Kansas	4,471	16,243	12,470	500,819	112.01	30.83	+1	(⁴)	+6.6	+7.7
Kentucky	18,833	67,313	50,222	1,187,227	63.04	17.64	+1	+1	+3.7	+6.7
Louisiana	18,211	70,164	53,299	1,183,805	65.00	16.87	+1	+2	+2.8	+5.3
Maine	4,492	15,684	11,248	367,376	81.78	23.42	-1	-1	+6.1	+4.9
Maryland	6,485	26,213	20,283	623,954	96.21	23.80	-1.1	-6	+11.3	+12.7
Massachusetts	13,046	43,545	32,170	1,689,211	129.43	38.79	+1	+3	+5.2	+9.6
Michigan	20,629	70,247	50,976	2,289,938	111.01	32.60	+8	+1.3	+12.2	+18.0
Minnesota	7,959	26,973	20,695	951,641	119.57	35.28	+1.3	-9	+9.0	+12.5
Mississippi	14,597	55,228	42,595	356,759	24.44	6.46	-3.5	-6.1	+1.0	-11.9
Missouri	22,072	77,233	57,271	1,491,725	67.58	19.31	+3	+3	+7.2	+8.7
Montana	2,160	7,622	5,729	228,128	105.61	29.83	+3.8	+3.4	-4.7	-1.6
Nebraska	2,584	9,330	6,971	244,531	94.63	26.21	+2	+5	+4.6	+6.6
Nevada ³	15	54	39	662	(⁵)	12.26	(⁶)	(⁶)	(⁶)	(⁶)
New Hampshire	1,059	3,924	2,955	138,374	130.66	35.26	-7	-2	-6.0	-3.5
New Jersey	5,923	19,759	14,986	691,331	116.72	34.99	+1.0	+1.1	+14.0	+15.6
New Mexico	6,812	25,092	19,269	461,660	67.77	18.40	-1.0	-13.5	+6.6	-1.6
New York	54,379	195,050	142,459	7,520,577	138.30	38.56	+3	+5	+14.5	+20.6
North Carolina	20,025	76,075	58,097	1,240,154	61.93	16.30	+1.1	+1.1	+7.2	+10.7
North Dakota	1,537	5,664	4,347	177,605	115.55	31.36	+1.0	+2.1	+1.6	+4.1
Ohio ⁴	15,476	58,242	44,176	1,416,231	91.51	24.32	+1.1	+1.0	+17.1	+17.0
Oklahoma	15,673	54,507	39,948	1,194,817	76.23	21.92	(⁴)	-2	+2.1	+8.2
Oregon	3,989	14,193	10,714	483,538	121.22	34.07	0	+2	+12.3	+11.0
Pennsylvania	30,562	116,135	87,788	3,219,875	105.36	27.73	-3	-6	+17.9	+25.3
Puerto Rico	42,246	143,393	110,361	435,954	10.32	3.04	(⁷)	+6	+12.6	+17.3
Rhode Island	3,467	11,881	8,734	381,193	109.95	32.08	+1.5	+7	+6.7	+6.3
South Carolina	8,443	32,899	25,630	402,231	47.64	12.23	+4	+7	+12.3	+9.5
South Dakota	2,856	9,448	7,211	232,375	81.36	24.60	-6	-2	+2.7	+2.0
Tennessee	21,094	77,858	58,099	1,298,107	59.84	16.67	-2	-1	+1.2	-10.6
Texas	23,751	93,031	69,581	1,401,166	58.99	15.06	+2.0	(⁷)	+16.3	+12.7
Utah	3,179	11,079	8,222	358,260	112.70	32.34	-9	-1.1	+1.7	+1.6
Vermont	1,094	3,807	2,873	85,899	78.52	22.56	-2.1	-1.6	+4.8	+6.1
Virgin Islands ⁴	186	706	582	4,596	24.71	6.51				
Virginia	8,955	34,717	26,810	579,933	64.76	16.70	+8	+1.4	+8.3	+4.5
Washington	9,281	31,515	23,062	976,807	105.25	30.99	+6	+1.5	+3.6	+4.6
West Virginia	18,997	72,043	55,975	1,393,062	73.33	19.34	+3	+5	+7.1	-1.2
Wisconsin	8,352	29,085	21,473	1,186,112	142.02	40.78	+2	+2.9	+3.1	+10.5
Wyoming	589	2,117	1,604	64,629	109.73	30.53	+3.0	+3.7	+7.9	+9.5

¹ For definitions of terms see the *Bulletin*, January 1953, p. 16. All data subject to revision.

² Includes as recipients the children and 1 parent or other adult relative in families in which the requirements of at least 1 such adult were considered in determining the amount of assistance.

³ Includes program administered without Federal participation in Nevada.

⁴ Increase of less than 0.05 percent.

⁵ Average payment not computed on base of less than 50 families; percentage change, on less than 100 families.

⁶ In addition to these payments from aid to dependent children funds, supplemental payments from general assistance funds were made to an unknown number of families.

⁷ Decrease of less than 0.05 percent.

⁸ Represents data for March.

CIVIL SERVICE RETIREMENT

(Continued from page 24)

does affect it. This law, which was approved September 1, 1954, provides that no person may receive an annuity after conviction for any of various serious crimes (mostly crimes in connection with Federal service),

refusal on the grounds of self-incrimination to testify or produce documents in court or before a congressional committee concerning his Federal service or relationship with a foreign government, or having knowingly made a false statement or concealed facts with respect to his as-

sociation with the Communist Party. The law not only prevents payment of annuities to persons who in the future commit such acts but bars payment to those who already have committed them but who are not as yet receiving an annuity under the civil-service system.