

the estimated gross amount of life insurance in force as survivor benefits on various dates since 1940. The steady increase during the 15-year period reflects the increasing coverage and benefits of the system and the increasing proportion of workers who have achieved insured status.

At the beginning of 1955, men accounted for about 92 percent of the total insurance in force. While women accounted for only 8 percent, the proportion was double that before the 1950 amendments. The principal reason for the increase was the provision in the 1950 amendments permitting the payment of child's survivor benefits on the basis of the wage records of currently insured married women, even though the husband is living, working, and insured.

A rough comparison of the net amount of life insurance in force under the old-age and survivors insurance system with other life insurance is shown below.

[In billions]

Total	\$734
Old-age and survivors insurance	345
Veterans Administration programs	43
U. S. Government life insurance	2
National service life insurance	39
Veterans' special term insurance and service-disabled veterans' insurance	2
Private insurance	346
Ordinary, industrial, and group	334
Savings bank	1
Fraternal	10
Assessment life	2

These amounts are based on a 3-percent interest rate and have been adjusted for the effect of employment and payment of only the excess of the widow's benefit over any old-age benefit she may earn in her own right. They exclude an estimated \$10-\$15 billion of life insurance in force as survivor benefits under the civil-service retirement program; other public retirement systems have perhaps \$2 billion more. There is also a considerable amount of survivor protection in force under private pension plans (mostly in the form of potential refunds of employee contributions), even though their primary purpose is providing retirement benefits. The estimate for the private insurance plans does not include death benefits under annuities.

It is interesting to note that the amount in force under old-age and survivors insurance is nearly equal to the aggregate amount in force in private insurance organizations. A substantial proportion of the latter, however, is under "permanent" plans, which provide a constant amount of insurance during the lifetime of the insured (or until attainment of a fixed age). In contrast, much of the insurance under the old-age and survivors insurance program is in the form of decreasing term insurance, being concentrated where it is most needed—at the younger ages of the insured workers, when they have the greatest number of minor children.

### The 1954 Amendment

As a result of the 1954 amendment, most employees of State and local governments (except policemen and firemen covered by a State or local retirement plan) may be covered under old-age and survivors insurance if the State enters into an agreement with the Secretary of Health, Education, and Welfare for this purpose. Under this agreement, the State consents to make the necessary reports and to pay the employer's share of the Federal insurance contribution.

The old law excluded from coverage under such an agreement employees in positions covered by a State or local retirement system (other than the Wisconsin Retirement Fund) on the date the agreement was made applicable to the coverage groups to which they belong. The 1954 law permits States to bring members of a State or local system under its coverage agreement if a referendum by secret written ballot is held among the system's members and a majority of those eligible to vote cast their vote for coverage.

A State may cover without a referendum employees who are in positions covered by a retirement system but who are not eligible for membership and, before January 1, 1958, employees not currently under a retirement system who could not have been covered when their coverage group was brought in because they had then been under a retirement system.

A State may hold a referendum among all the members of a retirement system, or it may treat any political subdivision or any combination of political subdivisions as having a separate retirement system. Each public institution of higher learning may also be considered as having a separate retirement system.

Special provision is made for covering under an agreement, at the option of the State, civilian employees of State national guard units and certain inspectors of agricultural products. The 1954 law also provides specifically for the coverage of employees of certain educational institutions in Utah and retroactive coverage of members of the Arizona Teachers' Retirement System.

Employees made eligible for cov-

\* Prepared by Dorothy McCamman, Division of Research and Statistics, Office of the Commissioner, from estimates developed in the Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

**Table 1.—Rough estimates of State and local government employment covered under old-age and survivors insurance through voluntary agreements and of dual coverage, by State, as of October 1955**

[Continental United States]

State	Covered by old-age and survivors insurance		Number with dual coverage <sup>3</sup>			
	Number <sup>1</sup>	Approximate percent of all State and local government employment <sup>2</sup>	Total	Previous system dissolved	No previous system	Covered under referendum provisions
Total.....	4,125,800	26	529,860	347,640	30,070	152,150
Alabama.....	70,000	90	38,960	150	10	56 38,800
Arizona.....	27,100	94	15,920	5 8,920	0	6 7,000
Arkansas.....	20,900	47	140	0	100	40
California.....	20,700	5	520	420	100	0
Colorado.....	14,700	28	0	0	0	0
Connecticut.....	7,200	11	730	0	730	0
Delaware.....	8,900	77	6,500	5 6,500	0	0
District of Columbia <sup>7</sup> .....						
Florida.....	10,700	10	100	0	100	0
Georgia.....	13,200	15	1,160	610	550	0
Idaho.....	15,600	74	0	0	0	0
Illinois.....	6,700	3	110	90	20	0
Indiana.....	47,700	40	15,500	0	0	5 15,500
Iowa.....	82,400	91	79,000	5 78,930	70	0
Kansas.....	54,100	78	24,100	6,590	250	6 17,260
Kentucky.....	37,200	56	280	0	0	280
Louisiana.....	13,800	15	7,100	1,400	5,700	0
Maine.....	5,300	17	260	0	0	260
Maryland.....	4,900	7	410	0	410	0
Massachusetts.....	200	(*)	0	0	0	0
Michigan.....	16,100	7	3,260	0	190	3,070
Minnesota <sup>9</sup> .....						
Mississippi.....	47,200	83	40,000	5 20,000	5 20,000	0
Missouri.....	64,000	59	600	0	600	0
Montana.....	600	2	0	0	0	0
Nebraska.....	26,800	52	4,690	920	0	3,770
Nevada.....	300	4	0	0	0	0
New Hampshire.....	4,400	21	300	0	0	300
New Jersey.....	89,000	60	72,500	5 72,500	0	0
New Mexico <sup>10</sup> .....						
New York.....	82,500	15	0	0	0	0
North Carolina.....	12,400	11	0	0	0	0
North Dakota <sup>11</sup> .....						
Ohio <sup>11</sup> .....						
Oklahoma.....	34,300	45	2,410	10	0	2,400
Oregon.....	53,600	94	48,150	5 44,000	0	4,150
Pennsylvania.....	27,300	11	2,520	1,290	1,230	0
Rhode Island.....	8,900	39	2,500	0	0	2,500
South Carolina.....	55,500	94	52,200	0	0	5 52,200
South Dakota.....	21,800	86	(*)			(*)
Tennessee.....	18,300	21	0	0	0	0
Texas.....	33,400	15	4,620	0	0	4,620
Utah.....	26,800	93	11,770	5 11,770	0	0
Vermont.....	3,200	25	10	0	10	0
Virginia.....	89,000	93	50,540	5 50,540	0	(12)
Washington.....	8,700	9	0	0	0	0
West Virginia.....	19,800	39	0	0	0	0
Wisconsin.....	39,900	33	35,000	5 13 35,000	0	0
Wyoming.....	12,400	100	8,000	5 8,000	0	0

<sup>1</sup> Current estimate of employment for which coverage has been approved, regardless of effective dates. Includes, in addition to employment shown in wage reports, data on employees recently covered but not yet represented in tabulated wage reports.

<sup>2</sup> Approximate percent of all State and local government employment (other than that under compulsory old-age and survivors insurance coverage) that is actually covered. Based on data from the Bureau of the Census for total State and local government employment as of October 1954 (latest available).

<sup>3</sup> Based on estimates furnished by the State or made by the Bureau of Old-Age and Survivors Insurance at the time the groups were brought under old-age and survivors insurance rather than on wage reports. (Employees with dual coverage are not identified in wage reports.) Some retirement systems, particularly the smaller ones, may not be

included because States are not required to report information of this type.

<sup>4</sup> Includes 300 employees of interstate instrumentalities not distributed by State.

<sup>5</sup> Includes State employees.

<sup>6</sup> Includes public school teachers.

<sup>7</sup> Not included in statutory definition of State for purposes of agreement.

<sup>8</sup> Less than 50 employees or less than 0.5 percent.

<sup>9</sup> Agreement not executed until Aug. 29, 1955.

<sup>10</sup> Agreement not executed until Sept. 29, 1955.

<sup>11</sup> No agreement.

<sup>12</sup> Some coverage under the referendum provisions, but no estimate of number covered is available.

<sup>13</sup> Special Federal legislation made dissolution of previous system unnecessary.

Source: Estimates by Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

erage by the 1954 amendments could not, in general, be covered before January 1, 1955. Coverage may be made retroactive to the beginning of 1955 for employees coming under the State agreement at any time in 1955, 1956, or 1957. This provision avoids penalizing employees in States where legislative action cannot be completed until 1957.

### Coverage Estimates

The estimate of 1 1/4 million State and local government employees covered as of October 1955 represents employment for which coverage has been approved, regardless of the effective date. It includes an estimate of the number of employees recently covered but not yet included in tabulated wage reports. Although employment figures derived from wage reports are more complete and accurate in the long run, they consistently underestimate current coverage levels because of the time required for preparation and processing of the first reports for new coverage groups.

The current estimate is more than a quarter of a million higher than the estimated number covered at the end of 1954. It represents approximately one-fourth of the total number of State and local government employees to whom the voluntary coverage provisions apply. This approximate percentage, shown in table 1 for each State, is subject to a number of qualifications, including the major one of being based on data on total employment for one year and on covered employment for a year later. Data from the Bureau of the Census on employment by type of government are collected only for October of each year and are not published until the following spring; hence, the current estimate relates coverage in October 1955 to employment in October 1954.

Of the estimated 1 1/4 million covered employees, somewhat more than a fourth are State employees, 22 percent are county employees, and the remaining half are employed by local governments—cities, townships, independent school districts, other special purpose districts, and all other political subdivisions and instrumentalities that are not State or county governments.

The coverage is appreciably more complete for county government employees than for those employed by other types of government. The rough ratios indicate that 46 percent of all county employees but only 26 percent of State employees and 20 percent of local employees are currently covered. In each of 16 States, 90 percent or more of all county employment is covered. In only 14 States are as many as 40 percent of the local employees covered.

The following tabulation shows the number of States by the approximate percentage of employment covered, separately for total employment and each type of government:

Approximate percent of employment covered	Number of States			
	Total	Type of government		
		State	County	Local
Total.....	48	48	147	48
None or un- known.....	4	11	7	4
Less than 20.....	17	16	7	17
20-39.....	7	-----	7	13
40-59.....	6	2	3	5
60-79.....	4	7	2	2
80 or more.....	10	12	21	7
80-89.....	2	3	5	5
90 or more.....	8	9	16	2

<sup>1</sup> Rhode Island has no county governments.

## Dual Coverage

It has been roughly estimated that, by the end of October 1955, there were 530,000 employees covered under both old-age and survivors insurance and a State or local retirement system. The group with dual coverage represented more than two-fifths of the total with old-age and survivors insurance coverage.

An estimated 348,000 had this dual coverage as a result of the dissolution of a previous retirement system and its reinstatement after old-age and survivors insurance coverage was secured—procedures necessary before the 1954 amendments. The States accounting for the bulk of this type of dual coverage were Iowa, Mississippi, New Jersey, Oregon, and Virginia (the first State to achieve dual coverage through this method). Although Wisconsin is included as having dual coverage through temporary dissolution of its system, special Federal legislation made it unneces-

sary for the Wisconsin Retirement Fund to resort to this device.

A small group (estimated at 30,000—two-thirds of whom were Mississippi State employees) had had no previous protection but were brought under a new retirement system after they had been covered under old-age and survivors insurance.

An estimated total of 152,000 had already obtained dual coverage by October 1955 under the referendum provisions of the 1954 amendments. States contributing sizable numbers to this total were Alabama and South Carolina (in each of which the referendum provision had been used to bring in State employees and public school teachers as well as local nonschool employees), Indiana, and Kansas.

Not reflected in the estimates of table 1 is the dual coverage to be expected from favorable referendums held before the end of October on which agreements had not been executed. Such referendums included those held in Texas earlier this year as well as the following held in October: the Michigan State Employees Retirement System, with a membership of more than 23,000; the North Carolina Teachers and State Employees Retirement System, with 65,000 members; the North Carolina Local Governmental Employees Retirement System, with 8,000 members; and the New Jersey Teachers Pension and Annuity Fund, with more than 36,000 members.<sup>1</sup>

## Recent Publications\*

Social Security Administration

BUREAU OF FEDERAL CREDIT UNIONS.  
*1954 Report of Operations.* 20th

\* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington, 25, D. C.

<sup>1</sup> American Federation of State, County and Municipal Employees (A.F. of L.), Department of Civil Service, *OASI: A Compilation of State and Territorial Enactments for the Uses of Old Age and Survivors Insurance for Public Employees, and of Actions by Referenda*, Nov. 1, 1955.

Anniversary. Washington: U. S. Govt. Print. Off., 1955. 32 pp. 30 cents.

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE. *Handbook of Old-Age and Survivors Insurance Statistics: Employment, Wages, and Insurance Status of Workers in Covered Employment, 1951-52.* Washington: U. S. Govt. Print. Off., 1955. 290 pp. \$1.75.

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE. DIVISION OF PROGRAM ANALYSIS. *State and Local Government Employment Covered by OASI Under Section 218 of the Social Security Act.* Baltimore: The Bureau, Oct. 1955. 20 pp. Processed.

A quarterly statistical report. Limited free distribution; apply to the Bureau of Old-Age and Survivors Insurance, Social Security Administration, Baltimore 2, Md.

BUREAU OF PUBLIC ASSISTANCE. *Characteristics of Families Receiving Aid to Dependent Children, November 1953.* Washington: The Bureau, 1955. 37 pp. Processed.

A biennial release. Limited free distribution; apply to the Bureau of Public Assistance, Social Security Administration, Washington 25, D. C.

BUREAU OF PUBLIC ASSISTANCE. DIVISION OF TECHNICAL TRAINING. *Current Practices in Staff Training; Illustrations From State Public Assistance Agencies: IX—Staff Participation in the Evaluation of Policy on Case Recording.* Washington: U. S. Govt. Print. Off., 1955. 98 pp. 50 cents.

A sequel to *Process in the Development and Teaching of a Policy on Case Recording*.

MEDICAL ADVISORY COMMITTEE. *Report and Recommendations on the Administration of the OASI Disability Freeze Provision: Preservation of Rights of Individuals with Extended Total Disability—Social Security Amendments of 1954.* Washington: U. S. Govt. Print. Off., 1955. 10 pp.

A report of the Committee appointed to advise the Social Security Administration on the medical aspects of administering the disability freeze provision in old-age and survivors insurance.

## General

BAKER, ALTON W. *Personnel Management in Small Plants: A Study of Small Manufacturing Establishments in Ohio.* Columbus: Ohio

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