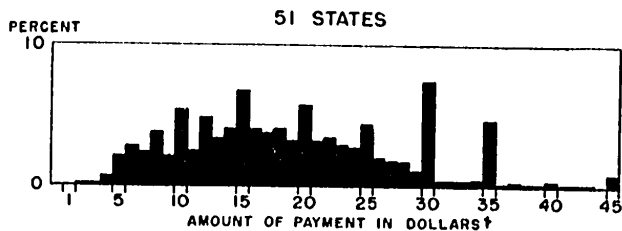


Distribution Patterns in Old-Age Assistance Payments Approved in 1938-39*

THE DEGREE OF SECURITY provided by old-age assistance and its availability to individuals in need of it are matters of major concern both to recipients and to administrators of old-age assistance. Neither the degree of security nor the equity with which it is provided can be appraised except in relation to the varying requirements and resources of individual recipients. Comprehensive data on the circumstances of recipients are not

Chart 1.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance in the United States, fiscal year 1938-39¹



¹ Numbers of recipients weighted to give each State same proportionate representation in cases accepted as in total case load of June 30, 1939.
 † Payments above \$45 represent less than 0.1 percent of total payments.

available, but in their absence amounts of assistance payments and their distribution patterns contribute certain useful information bearing on these points.

Comparisons of assistance in the various States and localities are generally drawn from data on average monthly payments per recipient. Such averages for the various jurisdictions are presented currently in publications of State administrative agencies and in the Bulletin. It is recognized, however, that these averages furnish only rough measures of the assistance provided, and do not reveal the underlying dispersion, the points at which payments cluster, or the extent of concentration at these amounts. The distributions of amounts of assistance payments are therefore more significant than the average amounts of these payments.

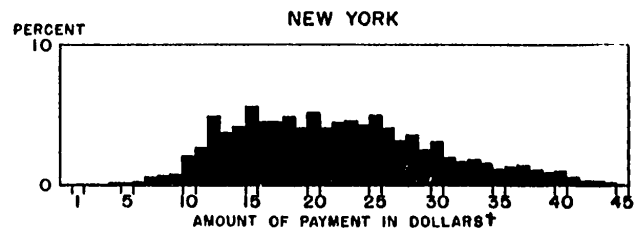
Assistance payments under the Social Security Act are intended to correspond to the established

*Prepared in the Division of Public Assistance Research, Bureau of Research and Statistics.

need of the individuals who receive them. Various legislative and administrative standards and procedures for defining eligibility, establishing need, and determining payments, however, influence the amounts of payments as do also the financial resources available to the agencies. Distribution patterns for the various States permit examination of the effects of such legislative, administrative, and financial factors upon amounts of assistance payments. Analysis of these patterns suggests further steps which will be required if the programs of old-age assistance in the States are to achieve more fully their objective of supplying adequate aid on an equitable basis to needy aged persons.

Information on the distribution of payments to all recipients is not available, but the distribution of the amounts initially approved for new recipients accepted for old-age assistance during 3 complete fiscal years has been reported to the Social Security Board by State agencies.¹ This article presents information on the distribution of initial monthly payments in the various States for the fiscal year July 1938 through June 1939.

Chart 2.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance in New York, fiscal year 1938-39

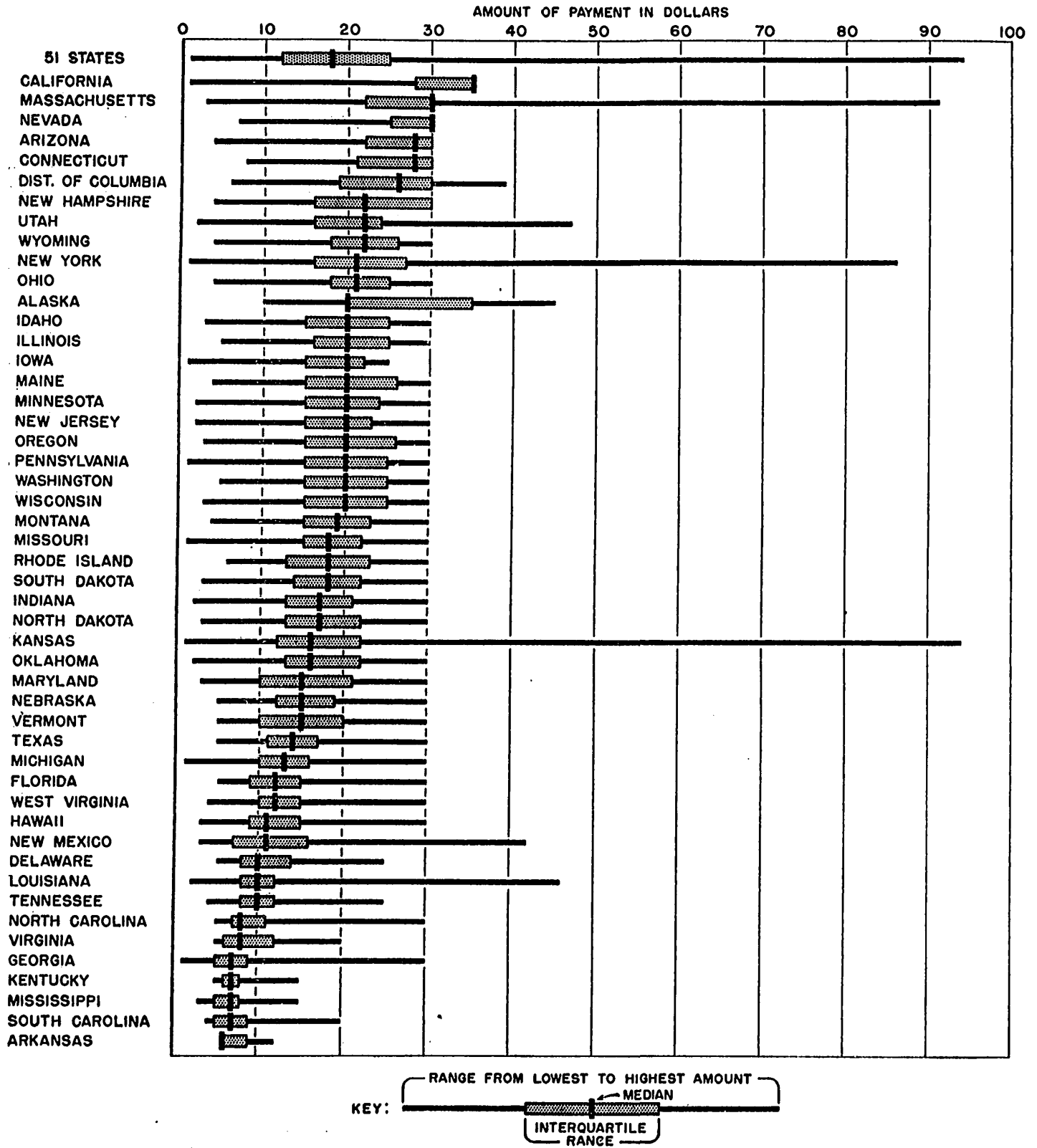


† Payments above \$45 represent 0.1 percent of total payments.

Certain changes in legislation since June 1939 are discussed at the end of the article. In the main, the characteristics of assistance revealed in the initial payments during 1938-39 still apply and give current significance to this discussion.

¹ Data on the distribution of old-age assistance payments approved during 1937-38 were summarized in the Bulletin for November 1938. Similar data for the fiscal year 1939-40 will be presented later. The distribution of the payments to all recipients in November and in May of each year is to be reported beginning with November 1940.

Chart 3.—Range, interquartile range, and median of initial monthly payments to recipients accepted for old-age assistance, by State, fiscal year 1938-39 ¹



¹ Excludes Alabama and Colorado, for which amounts of initial payments were not reported.

Distribution for the United States

During the fiscal year 1938-39 approximately 377,000 recipients in the United States were accepted for old-age assistance for the first time. The ratio of recipients accepted during the year to the total case load as of June 30, 1939, was about 1 to 5. The amounts initially approved for assistance payments represent the amounts of the first full monthly payments and also payments in subsequent months, unless reinvestigation by the agency or a change in funds available led to changes in amounts of payments.

The distribution of the monthly payments initially approved for these recipients, by \$5 intervals up to \$40, was as follows:

Monthly amount	Percentage distribution ¹
Total.....	100.0
Under \$5.....	.8
5-9.....	13.2
10-14.....	20.2
15-19.....	21.7
20-24.....	17.9
25-29.....	10.9
30-34.....	8.6
35-39.....	5.3
40 or more.....	1.4

¹ Numbers of recipients accepted in the various States were weighted to give each State same proportionate representation in cases accepted as in total case load of June 30, 1939.

One-half of the monthly amounts initially approved during the year were between \$12 and \$25, one-fourth were \$12 or less, and one-fourth were \$25 or more. The median initial payment was \$18. Relatively small proportions of the new recipients received payments under \$5 or over \$40. Less than 1 percent received under \$5, and only about 1.1 percent received more than \$40.

The contour of the distribution curve for the United States showing payments by \$1 intervals (chart 1), although relatively smooth as compared with the curves for most of the States, reveals some irregularities that are more pronounced in many of the State patterns. The comparative smoothness of the curve for the country as a whole results from the fact that circumstances which influence the distributions in the separate States are counterbalanced when data for all States are combined. Similarly, factors producing differences in the distribution in local units may somewhat offset one another in State patterns representing large numbers of recipients, such as that for New York (chart 2).

The range in the amounts of initial monthly

payments to recipients during 1938-39 is shown for each State in chart 3 by the total length of the bar. Striking differences in the range for various States are immediately noticeable.

Table 1.—Extreme, quartile, and median monthly payments initially approved for recipients accepted for old-age assistance, by State, fiscal year 1938-39¹

Region and State	Lowest amount	First quartile ²	Median ³	Third quartile ⁴	Highest amount
51 States.....	\$1	\$12	\$18	\$25	\$40
Region I:					
Connecticut.....	8	21	28	30	80
Maine.....	4	15	20	26	80
Massachusetts.....	3	22	30	30	91
New Hampshire.....	4	16	22	30	80
Rhode Island.....	6	13	18	23	30
Vermont.....	5	10	15	20	30
Region II:					
New York.....	1	16	21	27	86
Region III:					
Delaware.....	5	8	10	14	25
New Jersey.....	2	15	20	23	80
Pennsylvania.....	1	15	20	25	30
Region IV:					
Dist. of Col.....	6	19	26	30	80
Maryland.....	3	10	15	21	30
North Carolina.....	5	7	8	11	30
Virginia.....	5	6	8	12	20
West Virginia.....	4	10	12	15	30
Region V:					
Kentucky.....	5	6	7	8	15
Michigan.....	1	10	13	16	30
Ohio.....	4	18	21	25	30
Region VI:					
Illinois.....	5	16	20	25	30
Indiana.....	2	13	17	21	30
Wisconsin.....	3	15	20	25	30
Region VII:					
Alabama ⁵	3	9	14	20	111
Florida.....	5	9	12	15	30
Georgia.....	1	5	7	9	30
Mississippi.....	3	5	7	8	15
South Carolina.....	4	5	7	9	20
Tennessee.....	4	8	10	12	25
Region VIII:					
Iowa.....	1	15	20	22	25
Minnesota.....	2	15	20	24	30
Nebraska.....	5	12	15	19	30
North Dakota.....	3	13	17	22	30
South Dakota.....	3	14	18	22	30
Region IX:					
Arkansas.....	6	6	6	9	12
Kansas.....	1	12	16	22	94
Missouri.....	1	15	18	22	30
Oklahoma.....	2	13	16	22	30
Region X:					
Louisiana.....	2	8	10	12	46
New Mexico.....	3	7	11	16	42
Texas.....	5	11	14	17	30
Region XI:					
Arizona.....	4	22	28	30	30
Colorado ⁶	4	35	40	45	45
Idaho.....	3	15	20	25	30
Montana.....	4	15	19	23	30
Utah.....	2	16	22	24	47
Wyoming.....	4	18	22	26	30
Region XII:					
California.....	1	28	35	35	55
Nevada.....	7	25	30	30	30
Oregon.....	3	15	20	26	30
Washington.....	5	15	20	25	30
Territories:					
Alaska.....	10	20	20	35	45
Hawaii.....	3	9	11	15	30

¹ Except for Alabama and Colorado, amount initially approved represents also amount of initial monthly payment and payment in subsequent months unless reinvestigation by the agency or change in funds available led to changes in amounts of payment. See footnote 5. Data relate to recipients accepted for the first time, except approximately 1,000 recipients in Louisiana, whose cases were reopened.

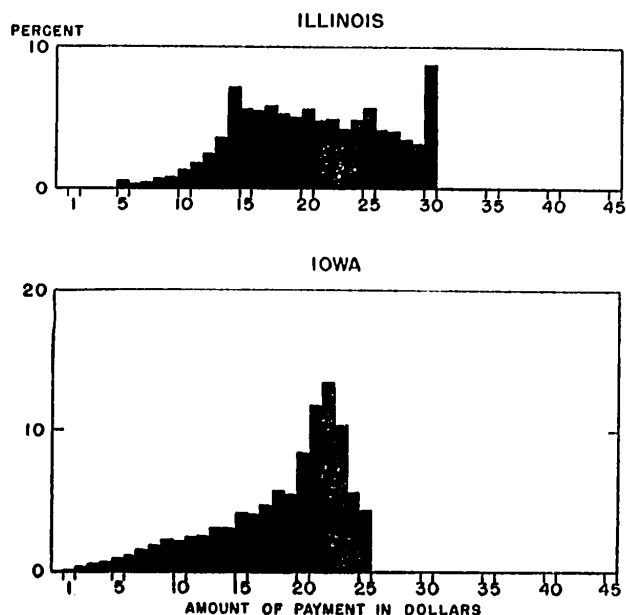
² Figure is lower limit of dollar interval in which measure falls.

³ Computations based on data weighted to give each State same proportionate representation in cases accepted as in total case load of June 30, 1939.

⁴ Excludes Alabama. See footnote 5.

⁵ In Alabama and Colorado, payments in most instances were lower than amounts reported as approved.

Chart 4.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance in Illinois and Iowa, fiscal year 1938-39



The fixed limits imposed in most States obviously tend to narrow the range in amounts of individual assistance payments and to prevent the adjustment of assistance to wide variations in need. The States showing the widest range in amounts approved had neither maximums nor minimums for assistance payments. The range between the lowest and the highest monthly payment approved in 6 such States was as follows:

State	Range in monthly payments initially approved, 1938-39
Kansas.....	\$1-\$94
Massachusetts.....	3- 91
New York.....	1- 86
Louisiana.....	2- 46
New Mexico.....	3- 42
District of Columbia.....	6- 39

A wide range in permissible payments enabled agencies in these States to meet need in extreme cases but apparently did not result in large numbers of payments approaching the highest amounts shown above. Initial payments over \$50 were made during 1938-39 to only 5 recipients in Kansas, to 4 in New York, and to 67 in Massachusetts.

In Arkansas, Montana, and Nevada, which also had no upper limits for assistance in their laws, the range of payments was limited by other factors to be mentioned later.

The range in the amounts of assistance payments is reduced both by minimums and by maximums. A few States set minimums for monthly payments as a device for simplifying administration through the elimination of payments when only very small amounts of assistance are needed. By June 1938, Delaware, Florida, and Nebraska had set legal minimums of \$5, and Mississippi a \$3 legal minimum. Administrative minimums were apparently in effect in other States.

Abrupt termination of the size of payments at fixed upper levels was a characteristic in many States during 1938-39 and affected much larger numbers of recipients than did fixed minimums. Legislative maximums have been used by States as one means of limiting total expenditures for assistance to amounts which legislatures are able or willing to appropriate. Such maximums have been set in terms of monthly payments or in terms of payments plus other income. Administrative agencies in some instances limit the amounts included for separate items in the budget or the total payment. Under any type of fixed limits on payments, need in excess of the amount set must be met, if at all, by other agencies or by relatives whose contribution presumably has already been taken into account in establishing need. Charts 4 and 6, which show the distribution of initial payments in Illinois, Arizona, and Iowa, illustrate the effect of maximums set at \$30 and \$25.

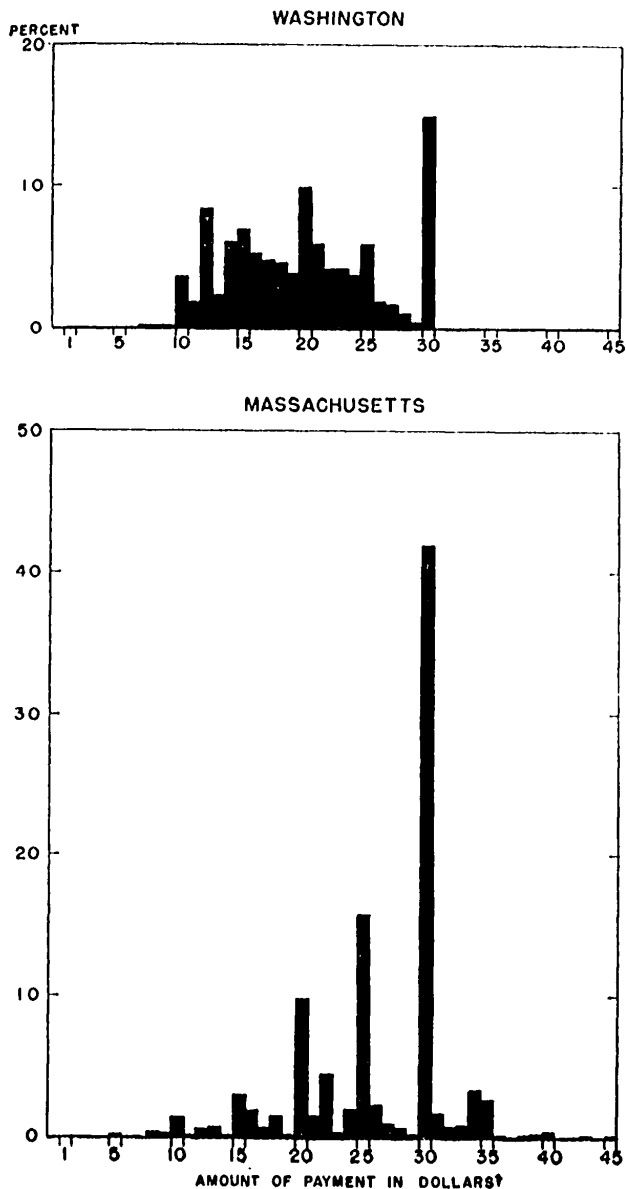
The terms of Federal participation which are included in the Social Security Act have influenced the establishment of State maximums for assistance payments. The act sets no maximum on the amount of payments which may be made to individuals, but in 1938-39 it provided for Federal participation in payments only to a total of \$30 a month for any recipient.² More than half of the States specified a legal limit on monthly payments corresponding to the original \$30 maximum for Federal sharing. In some other States where there were no legal maximums, operating maximums were established at \$30. Smaller amounts were set in the laws of seven States: \$25 in Delaware, Iowa, and Tennessee; \$20 in South Carolina and Virginia; and \$15 in Kentucky and Mississippi. Alaska, on the other hand, established a maximum of \$45, thus per-

² This maximum for Federal participation was increased to \$40 by the Social Security Act Amendments of 1939, effective as of Jan. 1, 1940.

mitting wider range in payments than in most States (see chart 8).

In a few State laws, consideration of differences in requirements among recipients was eliminated from the determination of amounts of assistance. In an attempt to establish a relatively high standard of support, these laws specified a flat amount from which the income of the recipient was to be deducted to determine his payment. This is

Chart 5.—*Distribution of monthly payments initially approved for recipients accepted for old-age assistance in Washington and Massachusetts, fiscal year 1938-39*



† Payments above \$45 represent 0.6 percent of total payments in Massachusetts.

sometimes referred to as the "flat grant minus income" method of determining assistance payments. For a recipient without resources, the flat amount in the law presumably becomes both the maximum and the minimum amount which he can receive. For recipients with some resources, payments vary in size and are intended to make up the difference between current income and the uniform amount specified in the law. The California law set \$35 as this standard of support; Colorado, \$45; Washington and Utah, \$30.³ The Massachusetts law specified "not less than \$30" (\$50 for man and wife), thus fixing a minimum for support without establishing a rigid maximum. The effect of this policy is reflected in a comparatively wide range of payments, 11 percent of which exceeded \$30, as contrasted with absence of any payments in excess of the specified amount, as in Washington (chart 5).

Concentration of Payments

During 1938-39 larger proportions of payments of the maximum amount were approved in States which had maximums of \$30 or more than in States which had set lower limits. In Arizona, with a maximum of \$30, and in California, with a maximum of \$35, 47 percent and 61 percent, respectively, of all recipients accepted received initial payments of these amounts. In each of the seven States with maximums of \$15, \$20, or \$25, however, less than 5 percent of the initial payments were at these State maximums. Distributions of payments in Arizona and in Kentucky, shown in chart 6, illustrate contrasts in concentration of payments at the amounts set as upper limits.

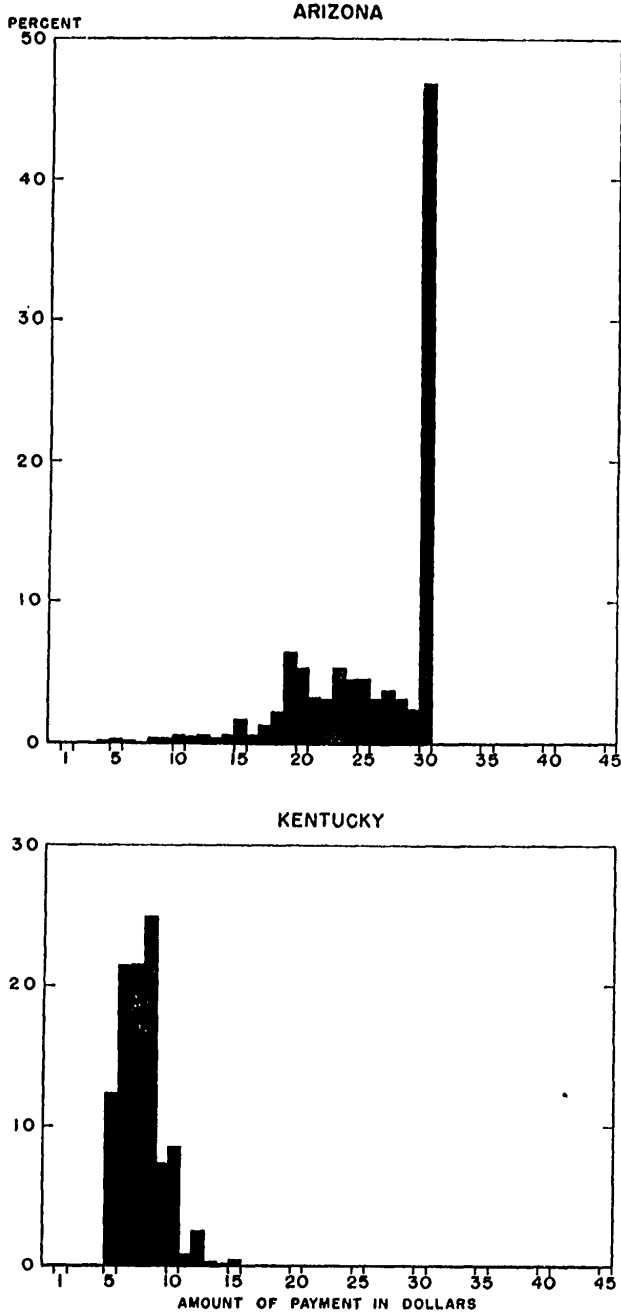
The amounts other than the maximum at which large proportions of payments cluster are also significant, especially in States with few payments at the maximum. The median amount approved for payments to new recipients during 1938-39 and the first and third quartile amounts, between which half of all payments nearest the median were concentrated, appear in table 1 and in chart 3. In six States—Connecticut, Massachusetts, Arizona, California, Nevada, and Alaska—three-fourths of the initial payments were for \$20 or

³ Utah had a wider range in payments because the maximum set in the old-age assistance law does not apply to certain cases. See also the reference on p. 17 to the effect of exemption of certain income in California. The Nevada law also sets a minimum of "not less than \$30," but no initial payments in excess of this amount were made during 1938-39.

more. The same proportions of the initial payments in five other States—Kentucky, Georgia, Mississippi, South Carolina, and Arkansas—were for amounts less than \$10.⁴

⁴ Colorado also may fall in the first group, and Alabama in the second group. For reasons explained below, information as to amounts of initial payments in these States is not available.

Chart 6.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance in Arizona and Kentucky, fiscal year 1938-39



The differences in assistance which table 1 reveals support the conclusion that assistance levels are influenced less by the circumstances of recipients than by other factors. The availability of funds for assistance is one of these factors. The resources available to the agencies operating the programs constitute a fundamental determinant of the amounts of assistance payments, and influence both legislative provisions and administrative policies.

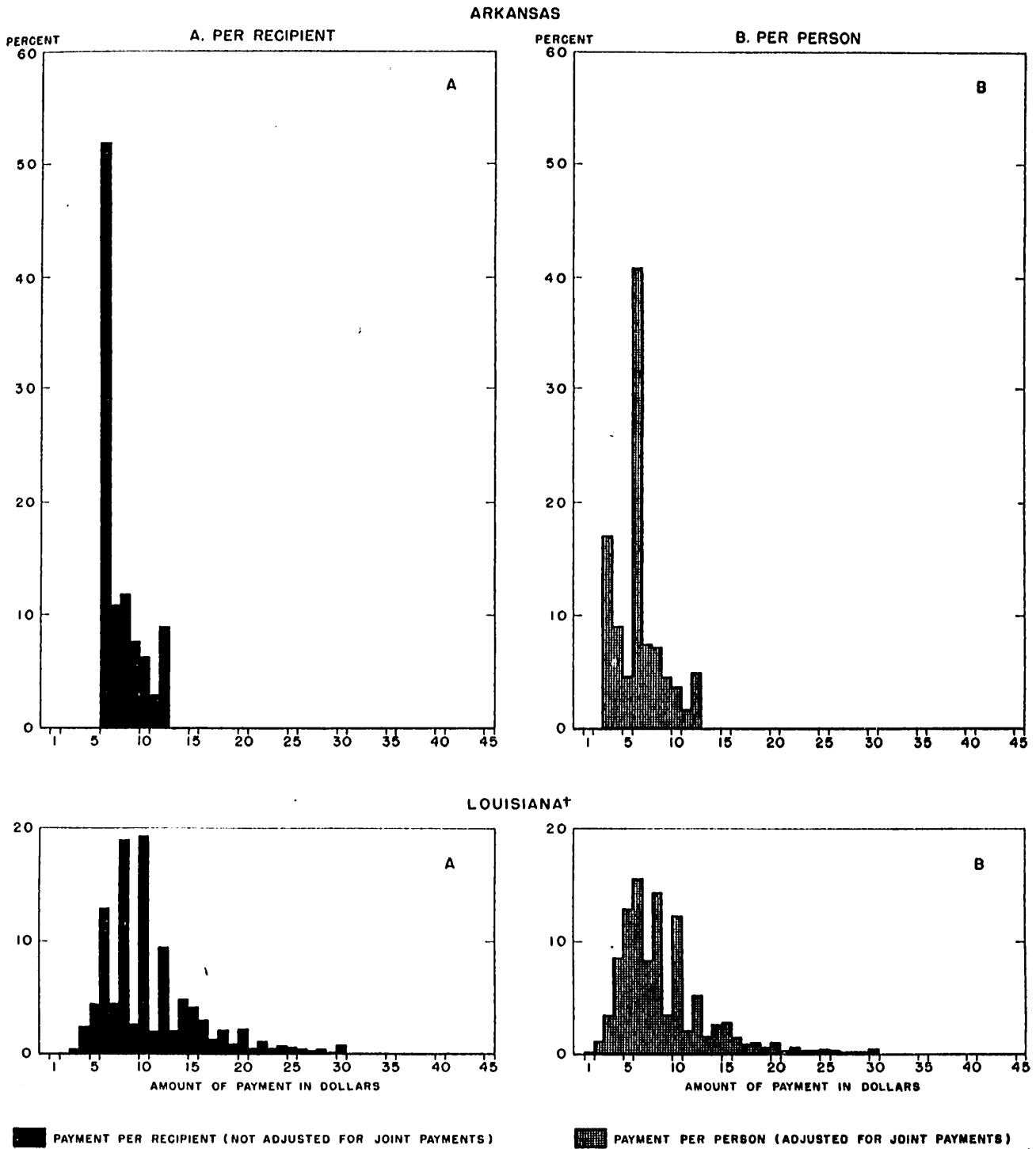
Some State legislatures and State agencies have specified the method of determining the amounts of the individual payments when funds appropriated or available are insufficient to meet the full amounts needed by recipients under the established standards. A frequent practice under such circumstances has been to make payments in the same ratio to individual budget deficits as total funds available for assistance bear to total budget deficits in the administrative unit.

In two States—Alabama and Colorado—the amounts of payments approved represent amounts of established need rather than amounts actually paid to new recipients. Comparison between the average of these amounts and the average monthly payments to all recipients in these States provides a rough indication of the discrepancy between the assistance needed and the assistance received. The average amount approved for cases accepted in Alabama during 1938-39 was \$15.56, but the average monthly payment to all recipients during the year was \$9.51. The average amount approved in Colorado during this year was \$38.85. The average payment during 1938-39 was \$28.42, but payments in Colorado vary from month to month with variation in earmarked revenues. In no month did the average exceed \$32.

The State agencies administering the old-age assistance programs in South Carolina, Georgia, and Florida attempted to prevent excessive discrepancy between assistance needed and that received, by ruling that payments could not be less than 75 percent of the budget deficit. Local units were instructed to limit the number of applications accepted, if necessary, in order to maintain this ratio. Not even these rough estimates of the discrepancy between need and amount of assistance are available for other States in which reductions in payments have been necessary.

Inadequacy of funds has made it necessary for other States also to choose between wider coverage

Chart 7.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance in Arkansas and Louisiana, fiscal year 1938-39, by amount per recipient and amount per person



† Payments above \$30 represent less than 0.3 percent of the payments per recipient and less than 0.1 percent of the payments per person.

and a higher level of grants. The levels shown in the charts for some States represent the acceptance of a larger proportion of eligible applicants

Table 2.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance, in relation to the \$30 maximum for Federal sharing, by State, fiscal year 1938-39¹

Region and State	Recipients accepted	Percent of recipients receiving initial monthly payments of—		
		Less than \$30	\$30	More than \$30
51 States.....	377,233	184.6	17.4	18.0
Region I:				
Connecticut.....	2,071	54.1	45.0	
Maine.....	2,770	83.2	10.8	
Massachusetts.....	10,044	47.4	41.9	10.7
New Hampshire.....	1,137	74.2	25.8	
Rhode Island.....	1,196	95.5	4.5	
Vermont.....	1,066	95.5	4.5	
Region II:				
New York.....	18,345	82.8	3.0	14.2
Region III:				
Delaware.....	618	100.0		
New Jersey.....	6,918	98.0	2.0	
Pennsylvania.....	11,507	89.0	11.0	
Region IV:				
District of Columbia.....	568	70.8	9.5	19.7
Maryland.....	2,062	93.1	6.0	
North Carolina.....	8,169	98.5	1.5	
Virginia.....	16,252	100.0		
West Virginia.....	2,922	98.5	1.5	
Region V:				
Kentucky.....	14,771	100.0		
Michigan.....	21,055	99.6	.4	
Ohio.....	16,999	91.5	8.5	
Region VI:				
Illinois.....	22,126	91.3	8.7	
Indiana.....	27,919	96.7	3.3	
Wisconsin.....	10,025	82.7	17.3	
Region VII:				
Alabama ²	5,232	88.8	8.0	3.2
Florida.....	11,634	99.6	.4	
Georgia.....	7,468	99.0	.1	
Mississippi.....	5,790	100.0		
South Carolina.....	6,633	100.0		
Tennessee.....	3,839	100.0		
Region VIII:				
Iowa.....	9,397	100.0		
Minnesota.....	8,922	93.3	6.7	
Nebraska.....	3,677	98.6	1.4	
North Dakota.....	1,670	92.9	7.1	
South Dakota.....	1,881	94.0	6.0	
Region IX:				
Arkansas.....	2,729	100.0		
Kansas.....	7,292	91.8	4.0	3.6
Missouri.....	11,799	91.6	8.4	
Oklahoma.....	8,852	93.5	6.5	
Region X:				
Louisiana.....	8,126	99.0	.7	.3
New Mexico.....	569	97.0	2.1	.9
Texas.....	13,661	99.9	.1	
Region XI:				
Arizona.....	1,883	53.1	40.0	
Colorado ³	5,103	9.3	4.1	86.6
Idaho.....	1,294	78.8	21.2	
Montana.....	1,893	90.9	9.1	
Utah.....	1,831	92.4	6.2	1.4
Wyoming.....	611	83.1	16.9	
Region XII:				
California.....	27,169	28.4	4.3	67.3
Nevada.....	488	28.5	71.5	
Oregon.....	3,962	82.4	17.6	
Washington.....	7,322	85.1	14.9	
Territories:				
Alaska.....	388	58.1	12.4	29.5
Hawaii.....	361	93.4	6.6	

¹ Except for Alabama and Colorado, amount reported is amount of first full monthly payment. See footnote 3. Data relate to recipients accepted for the first time, except approximately 1,000 recipients in Louisiana, whose cases were reopened.

² Computations based on data weighted to give each State same proportionate representation in cases accepted as in total case load of June 30, 1939.

³ In Alabama and Colorado, payments in most instances were lower than amounts reported as approved.

with lower payments. Higher levels in other States were made possible by a policy of establishing waiting lists. In still other States, both coverage and payments were relatively high or low in comparison with the country as a whole.

Comparatively low payments of old-age assistance in a number of States result not alone from insufficiency of State and local funds but also from the matching provisions in the Social Security Act that make it impossible for the Federal Government to participate as extensively in the poorer as in wealthier States, which are able to provide larger amounts to be matched. Except where State maximums interfered, agencies able to finance payments of \$15 from State and local funds could pay \$30 or could receive \$15 from Federal funds toward larger payments. During 1938-39 some payments of \$30 were approved in 43 States (table 2), but the number of such payments varied from 47 percent of all payments in Arizona and 72 percent in Nevada to less than 1 percent in 5 other States—Florida, Georgia, Louisiana, Michigan, and Texas. Although highest payments in 11 States during 1938-39 exceeded \$30, there were 8 States in which no payment reached this level.

Reduction in Assistance Levels Through Shared Payments

Certain factors affecting assistance are not revealed in table 1 or in the State charts. Old-age assistance payments frequently represent one of three types of shared payments, any one of which reduces the actual amount of assistance per person accepted below the amount reported per recipient.

One type of shared payment is the joint payment made in the name of one recipient for two or more eligible persons in the same household—usually a husband and wife. Joint payments were made in 14 States during 1938-39 and constituted at least one-fifth of all initial payments in Arkansas, Kansas, Louisiana, and New Mexico. In many of these States, assistance payments are low in comparison with those prevailing in other States. The per-person amount received through joint payments—usually one-half of the payment reported—is necessarily still lower. Median amounts approved during 1938-39 for all payments and median amounts approved for joint payments in the States in which there were sub-

stantial numbers of such payments are compared below:

State ¹	Median amount of payments initially approved, 1938-39	
	All payments	Joint payments to husbands and wives
Alabama.....	\$14	\$16
Arkansas.....	6	8
Georgia.....	7	9
Kansas.....	10	22
Louisiana.....	10	11
Maryland.....	15	26
New Mexico.....	11	16
North Carolina.....	8	10
South Carolina.....	7	9
Tennessee.....	10	11
West Virginia.....	12	15

¹ Other States making some joint payments are Hawaii, Wisconsin, and Wyoming.
² Amount approved not identical with amount paid, as explained above.

Comparison of figures A and B in chart 7 for Arkansas and Louisiana illustrates the shift toward lower amounts that results from translation of joint payments into amount per person accepted. The lowest payment approved for recipients in Arkansas (table 1 and chart 7, figure A) was \$6. Some of these \$6 payments were joint payments, which therefore provided only \$3 per person.

A second type of shared old-age assistance payment results when the requirements of dependents are taken into account in establishing the need of the applicant and in determining the amount of the assistance paid. In making assistance plans for recipients of old-age assistance, especially when they are heads of families, many agencies compute requirements on a family basis. When funds are available to meet part or all of the need established on this basis, there is a certain amount of recognized sharing of old-age assistance with dependents. Restrictions on the maximum amount of payments limit the extent of such sharing.

A third type of sharing occurs when an agency makes no provision for the requirements of dependents and when other forms of assistance are not available to the dependents or are more meager than the old-age assistance. Small old-age assistance payments—sometimes amounts insufficient for need established on this basis—are shared with dependents under such circumstances. Unfortunately, comprehensive data are not available to indicate the frequency or the extent of the latter two types of sharing.

Amounts of assistance payments are significant only in relation to the resources which they supplement. In a few jurisdictions, amounts of payments somewhat understate the standard of support that is provided for some recipients. In these States, income up to a designated amount from certain specified sources is disregarded in establishing need and in determining the amounts of payments. The largest exemption—\$15 per month—was provided in California. This exemp-

Chart 8.—Distribution of monthly payments initially approved for recipients accepted for old-age assistance in Alaska and Vermont, fiscal year 1938-39

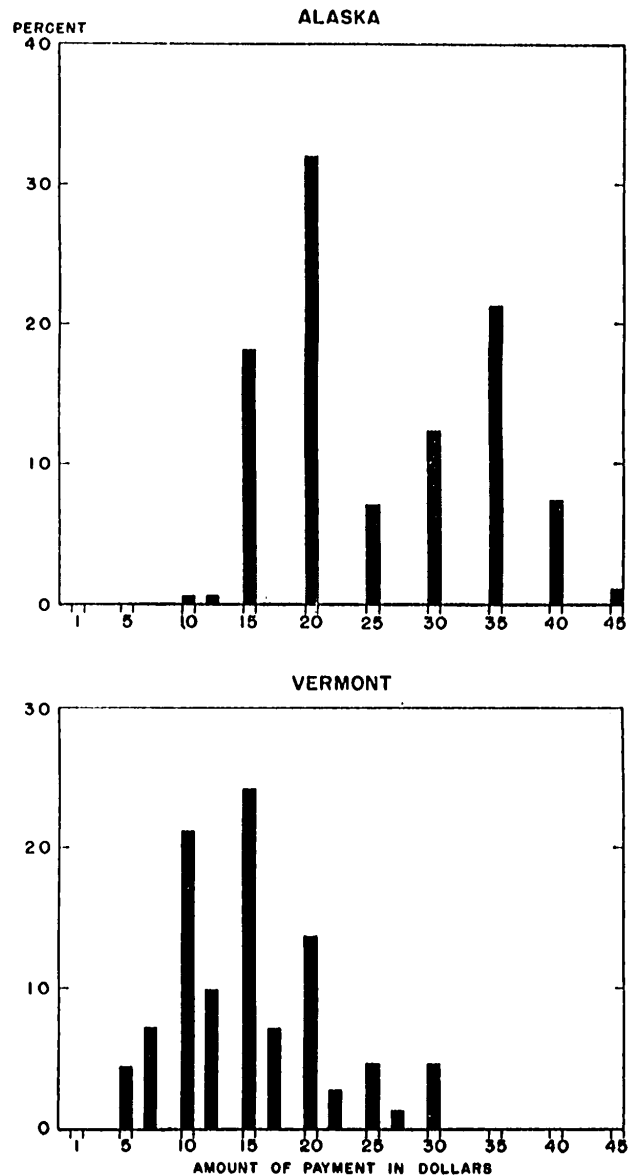


Table 3.—Average payment per recipient of old-age assistance by States in which the average payment changed by more than \$1 from June 1939 to October 1940

State ¹	Average payment		Amount of increase (+) or decrease (-)
	June 1939	October 1940	
California.....	\$32.45	\$37.90	+\$5.45
New Mexico.....	11.85	15.11	+3.26
Nebraska.....	15.45	19.21	+3.76
Illinois.....	19.23	21.71	+2.48
Colorado.....	28.20	30.65	+2.45
Louisiana.....	10.52	12.29	+1.77
Utah.....	20.76	22.40	+1.64
Arizona.....	26.34	27.94	+1.60
Kansas.....	17.67	19.04	+1.37
Wisconsin.....	21.20	22.47	+1.27
New Jersey.....	19.60	20.82	+1.22
Montana.....	17.02	18.22	+1.20
Mississippi.....	7.34	8.52	+1.18
Vermont.....	15.09	16.22	+1.13
Arkansas.....	6.02	7.14	+1.12
South Dakota.....	18.30	19.41	+1.11
Connecticut.....	26.88	27.95	+1.07
Florida.....	13.80	12.35	-1.45
Tennessee.....	13.21	10.10	-3.11
Missouri.....	18.77	14.99	-3.78

¹ There was a change also of -\$2.51 in New Hampshire. This may not represent a decrease in assistance, however, since payments reported for June 1939 included payments for medical care and recipients of this service only, both of which were excluded in reports for October 1940.

² Relates to October 1939, because payments are made weekly and averages for months of different lengths are not comparable.

tion, in effect, set the standard for assistance plus income in this State at \$50 instead of \$35 for those recipients with income of the kinds and amount exempted.

Concentration of Payments at Regular Intervals—Rounded Amounts

Concentration of old-age assistance payments at amounts representing multiples of \$2.50, \$5, or \$10 is common to a large number of States and is noticeable also in the distribution pattern for the United States as a whole.⁵ Such payments may represent only a moderate degree of rounding and may correspond with established need as nearly as the uncertainties of anticipated need and income permit. Some approximations are almost inevitable, for instance, in estimating farm expense and income in kind. Exaggerated patterns of interval payments, however, may indicate inexact acquaintance with the situations of individual recipients and artificial, rule-of-thumb methods of determining the amount of assistance. For example, assistance payments are sometimes based on types of living arrangements only, without establishing the need in the particular circumstances. The combination of interval payments in some

⁵ In the charts, payments including fractions of dollars are assigned to the lower dollar amount, e. g., \$2.60 is represented as \$2.

local agencies and of careful individualization of assistance in others appears to produce mixed patterns of distribution for some States. Such mixed patterns characterize the charts for New York and Washington. Marked concentration of payments at regular intervals is shown in chart 8 for Alaska and Vermont.

Distribution of Assistance Within States

Several State agencies have analyzed the distribution patterns for assistance payments in their localities.⁶ Such an analysis is a step of fundamental importance in the understanding of variations in local practices. The information available indicates that distribution patterns in local units vary substantially, just as the State patterns vary. Differences among local agencies in standards and procedures for establishing need and determining the amount of assistance condition the local distribution patterns. Differences in costs of living and in the resources of local units help also to explain differences in levels and distributions of payments among localities.

During at least part of the fiscal year 1938-39, local funds contributed some of the cost of old-age assistance in 24 States. The ability of the local subdivisions to bear the proportion assigned to them by State laws was sometimes in inverse proportion to the need in these units and consequently was a determinant of the amount of assistance payments which they approved. The disparity in assistance among local units would have been still greater if a number of States had not provided a measure of equalization by making additional State funds available to the poorest counties.

Implications for Future Planning

The goal for the distribution of old-age assistance under the Social Security Act is not adherence to a predetermined pattern but adjustment to the need of recipients. Such adjustment probably implies different distribution patterns in the various jurisdictions. Only through careful study of factors affecting the need for assistance and through appropriate administrative and financial provisions can the extent and nature of justifiable differences be recognized and assured. Clearly the differ-

⁶ State of Indiana Department of Public Welfare, *Old-Age Assistance: Social Characteristics of Recipients, fiscal year ended June 30, 1938*, pp. 19-20. State Pension Department of Wisconsin, *Statistical Summary of the Development of the Social Security Aids in Wisconsin During the Fiscal Year 1938-39*, pp. 18-20.

ences among States which are revealed in the 1938-39 distribution patterns indicate sharp inequities in the amounts of assistance available to aged persons in the several jurisdictions.

Changes in legislation and in financial and administrative provisions have somewhat altered distribution patterns since the close of the fiscal year covered in this discussion. Larger State appropriations have increased to some extent the levels of payments in a number of States. Amendments to State laws have removed limitations on the amounts of monthly payments to recipients in some States and have imposed new limits in others. Several States have set higher maximums for assistance to permit agencies to take advantage of the amendment to the Social Security Act effective as of January 1940, which increased from \$30 to \$40 the maximum for Federal participation in financing old-age assistance.

Comparisons of average payments to all recipients in June 1939 and in October 1940 indicate the States in which the general level of payments changed during this interval and show roughly the

extent of the changes. The average payments for these 2 months in the States in which averages increased or decreased by at least \$1 are shown in table 3.

It is apparent that inequities in assistance levels persist among the States. They may even be intensified under the \$40 maximum for Federal participation in assistance, since it is the States with larger resources which will be able to claim increased amounts of matching Federal funds. As one means of reducing these inequities, the Social Security Board has recommended to Congress amendment of the Social Security Act to provide variable matching from Federal funds, to permit adjustment to the economic capacities of the States. In the allocation of State and Federal funds to the local jurisdictions, there is increasing recognition, also, of the desirability of providing funds on the basis of variations in local economic capacities. Finally, as a result of several years' experience in the operation of State-wide programs, agencies are in process of improving their methods of establishing need and of determining payments.