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# Notes and Brief Reports

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## State and Local Government Employees Covered Under Social Security, 1984\*

In 1984, approximately 10.0 million, or about 69 percent, of the 14.5 million State and local government employees in the United States were covered under the Social Security Old-Age, Survivors, and Disability Insurance (OASDI) program. State and local government workers are covered by Social Security by means of State voluntary agreements entered into with the Secretary of Health and Human Services. Before legislation enacted in 1983, States could terminate their agreements and withdraw coverage for their workers. The termination, once in effect, was irrevocable and the same group could not be covered again. Since passage of the 1983 Amendments to the Social Security Act (Public Law 98-21), States can no longer terminate coverage and may now reinstate it for those workers whose coverage had been previously terminated.

This note presents the latest data available on the Social Security coverage of workers whose major job was in State and local government.<sup>1</sup> Data are shown on the extent of coverage and on the characteristics of covered workers.

### Extent of Coverage

In 1984, one-fourth of the total number of State and local government workers were located in California, New York, and Texas. Another fourth were in Illinois, Ohio, Pennsylvania, Michigan, Florida, and New Jersey (table 1).

New York, with the second highest number of State and local workers, had the highest number of covered workers—1.1 million. California was second with 572,000 covered workers. Two other States had more than 500,000 covered workers—Pennsylvania (554,000) and Michigan (515,000). Ohio, one of the States with the highest number of State and local

workers (595,000), had no covered workers.

The proportion of workers who were in covered employment varied among the States. In 19 States, those covered represented at least 90 percent of all State and local employees (chart 1). Among the nine States with the highest number of State and local workers, only three—Pennsylvania, Michigan, and New Jersey—had more than 90 percent of their employees covered. In New York, 88 percent were covered; in California, the proportion was 37 percent. Eight States had coverage rates of less than 50 percent. In two of these States—Ohio and Massachusetts—none of the workers were covered. At the other extreme, Idaho was the only State in which all of the workers were covered.

### Characteristics of Covered Workers

Among workers whose major OASDI-covered job was in State or local government, 55 percent were women. The corresponding proportion was 44 percent among other covered workers (table 2). By race, 15 percent were black, compared with 11 percent among other covered employees not in State or local government.

Covered State and local government workers tended to be older than other covered workers. Only 25 percent were under age 30, compared with 43 percent of the other workers. Consequently, the median age of State and local government employees was higher—about 37, compared with 32 among all other covered workers.

### History of State and Local Coverage

Under the Social Security Act of 1935, it was decided that Social Security coverage would be financed primarily by employee and employer tax contributions. State and local government workers were excluded from coverage because of concern that it could be unconstitutional to levy Federal taxes on State and local governments. However, legislation enacted in 1950 provided that employees of State and local governments (other than police and firefighters) could be covered at a State's option provided that they were not covered under a State or local retire-

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<sup>1</sup>A major job is defined in the CPS as the job in which the worker received the most earnings during the year.



ation Act (Public Law 99-272) extended Medicare coverage for Hospital Insurance on a mandatory basis to all newly hired State and local employees. As a result, the number of employees qualified for this coverage will continue to increase as older noncovered workers retire and are replaced. It is estimated

**Table 1.**—Estimated number of covered workers with State and local government employment as their major job in 1984

[Based on 1-percent sample: numbers in thousands]

| State          | All workers | Covered workers | Percent covered |
|----------------|-------------|-----------------|-----------------|
| Total          | 14,531      | 9,985           | 69              |
| Alabama        | 245         | 218             | 89              |
| Alaska         | 58          | 18              | 31              |
| Arizona        | 182         | 161             | 89              |
| Arkansas       | 145         | 127             | 87              |
| California     | 1,563       | 572             | 37              |
| Colorado       | 197         | 47              | 24              |
| Connecticut    | 170         | 107             | 63              |
| Delaware       | 41          | 27              | 66              |
| Florida        | 597         | 470             | 79              |
| Georgia        | 351         | 287             | 82              |
| Hawaii         | 72          | 48              | 67              |
| Idaho          | 64          | 64              | 100             |
| Illinois       | 626         | 327             | 52              |
| Indiana        | 320         | 266             | 83              |
| Iowa           | 199         | 194             | 98              |
| Kansas         | 167         | 165             | 99              |
| Kentucky       | 210         | 154             | 73              |
| Louisiana      | 320         | 49              | 15              |
| Maine          | 74          | 22              | 29              |
| Maryland       | 288         | 259             | 90              |
| Massachusetts  | 334         | 0               | 0               |
| Michigan       | 534         | 515             | 96              |
| Minnesota      | 291         | 195             | 67              |
| Mississippi    | 156         | 154             | 99              |
| Missouri       | 286         | 224             | 78              |
| Montana        | 64          | 59              | 91              |
| Nebraska       | 118         | 116             | 98              |
| Nevada         | 52          | 3               | 6               |
| New Hampshire  | 55          | 49              | 90              |
| New Jersey     | 475         | 445             | 94              |
| New Mexico     | 120         | 87              | 73              |
| New York       | 1,278       | 1,122           | 88              |
| North Carolina | 394         | 351             | 89              |
| North Dakota   | 55          | 49              | 90              |
| Ohio           | 595         | 0               | 0               |
| Oklahoma       | 223         | 190             | 85              |
| Oregon         | 184         | 170             | 93              |
| Pennsylvania   | 590         | 554             | 94              |
| Rhode Island   | 58          | 33              | 57              |
| South Carolina | 208         | 202             | 97              |
| South Dakota   | 52          | 50              | 95              |
| Tennessee      | 248         | 219             | 88              |
| Texas          | 971         | 485             | 50              |
| Utah           | 102         | 101             | 99              |
| Vermont        | 35          | 34              | 98              |
| Virginia       | 391         | 319             | 82              |
| Washington     | 285         | 249             | 87              |
| West Virginia  | 128         | 121             | 94              |
| Wisconsin      | 309         | 261             | 84              |
| Wyoming        | 51          | 46              | 90              |

that there were 450,000 State and local workers covered with Medicare coverage in 1986 and 850,000 in 1987.

## Data Sources

State and local entities converted from quarterly to annual reporting of earnings to the Social Security Administration (SSA) in 1980. This change eliminated the procedure that used quarterly data to estimate the number of covered workers at a point in time during the year.<sup>3</sup> The number of covered workers and their characteristics were derived from the assigned segment of the 1984 1-percent employee-employer file of the Continuous Work History Sample maintained by SSA. When an employee works at more than one job during the year, this file assigns that employee a major job based on the position involving the largest amount of earnings. The total number of workers was obtained from the March 1985 Income Supplement of the Current Population Survey (CPS). This annual supplement to the monthly CPS collects data on income from wages and other sources and work experience for the previous year. A major job is defined in the CPS as the job in which the employee worked the most number of weeks during the year.

<sup>3</sup>The change in the methodology that used point-in-time data instead of over-the-year data may be responsible in part for the decrease in the coverage ratio.

**Table 2.**—Percentage distribution of State and local government employees and other workers covered under Social Security, by selected characteristics, 1984

[Based on 1-percent sample]

| Selected characteristics    | Covered State and local government employees | Other workers covered under Social Security |
|-----------------------------|----------------------------------------------|---------------------------------------------|
| Total number (in thousands) | 9,985                                        | 108,865                                     |
| Sex, total percent          | 100                                          | 100                                         |
| Men                         | 45                                           | 56                                          |
| Women                       | 55                                           | 44                                          |
| Race, total percent         | 100                                          | 100                                         |
| White                       | 82                                           | 85                                          |
| Black                       | 15                                           | 11                                          |
| Other                       | 3                                            | 4                                           |
| Age, total percent          | 100                                          | 100                                         |
| Under 20                    | 5                                            | 10                                          |
| 20-29                       | 20                                           | 33                                          |
| 30-39                       | 29                                           | 24                                          |
| 40-49                       | 21                                           | 15                                          |
| 50-59                       | 16                                           | 11                                          |
| 60 or older                 | 9                                            | 7                                           |
| Median age                  | 37                                           | 32                                          |

**Table 3.—Number and percent of Social Security covered State and local government employees, 1951-84<sup>1</sup>**

[Numbers in thousands]

| Year | All employees | Covered employees | Percent covered | Year | All employees | Covered employees | Percent covered |
|------|---------------|-------------------|-----------------|------|---------------|-------------------|-----------------|
| 1951 | 3,623         | 414               | 11              | 1968 | 9,185         | 6,261             | 68              |
| 1952 | 4,053         | 622               | 15              | 1969 | 9,463         | 6,531             | 69              |
| 1953 | 4,053         | 782               | 19              | 1970 | 9,824         | 6,876             | 70              |
| 1954 | 4,145         | 944               | 23              | 1971 | 10,265        | 7,288             | 71              |
| 1955 | 4,087         | 1,088             | 23              | 1972 | 10,693        | 7,699             | 72              |
| 1956 | 5,004         | 1,418             | 28              | 1973 | 11,160        | 8,035             | 72              |
| 1957 | 5,223         | 2,047             | 39              | 1974 | 11,481        | 8,266             | 72              |
| 1958 | 5,558         | 3,021             | 54              | 1975 | 11,976        | 8,623             | 72              |
| 1959 | 5,841         | 3,252             | 56              | 1976 | 12,178        | 8,768             | 72              |
| 1960 | 6,037         | 3,561             | 59              | 1977 | 12,252        | 8,796             | 72              |
| 1961 | 6,334         | 3,823             | 60              | 1978 | 12,889        | 9,230             | 72              |
| 1962 | 6,668         | 4,278             | 64              | 1979 | 12,983        | 9,259             | 71              |
| 1963 | 6,948         | 4,495             | 65              | 1980 | 13,364        | 9,327             | 70              |
| 1964 | 7,278         | 4,860             | 67              | 1981 | 14,711        | 10,297            | 70              |
| 1965 | 7,688         | 5,041             | 66              | 1982 | 14,310        | 10,017            | 70              |
| 1966 | 8,292         | 5,528             | 67              | 1983 | 14,724        | 10,160            | 69              |
| 1967 | 8,791         | 5,854             | 67              | 1984 | 14,531        | 9,985             | 69              |

<sup>1</sup>Data for 1951-80 are for employment in the first quarter of the year, and data for 1981-84 are for employment during the year.