

Old-Age Assistance and Aid to Dependent Children, 1940-50

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During the decade from 1940 to 1950, the number of persons benefiting under programs of public aid dropped from 15 million to 6 million, mainly as a result of improved economic conditions, the consequent discontinuance of Federal work programs, and the development of old-age and survivors insurance and unemployment insurance. The downward trend in the total bill for public aid was curbed appreciably by other social and economic factors—notably, the increase in the aged and child population and rising living costs. This article is limited to a discussion of the two major public aid programs still in operation—aid to dependent children, which aided about 3 out of every 100 children in 1950, and old-age assistance, which provided income for about 20 out of every 100 aged persons. The article points out how costs for these programs have been affected by social, economic, and population changes from 1940 to 1950.

IN 1950, Federal, State, and local governments together spent much larger sums for old-age assistance and aid to dependent children than they did in 1940. The largest part of the added costs was the inevitable result of higher living costs, the growing number of old people and children in our population, and other social and economic changes. Thus, most of the extra cost in 1950 resulted from factors beyond the control both of the legislatures making public assistance laws and of the agencies administering the programs. Only a relatively small part of the increase reflected State or Federal action to aid a larger percent of the aged and child population or to improve the level of living provided for recipients.

Since public assistance is a residual program for income maintenance, costs are also affected by what is done under other programs to provide for the basic needs of the non-earning population. Thus, between 1940 and 1950, residual need for old-age assistance and aid to dependent children was increased by the discontinuance of the Federal work program and certain other Federal aids. On the other hand, development of the in-

urance programs tended to reduce the residual need the public assistance programs are designed to meet. It is difficult to determine what the net effect of these two factors was on the increase in old-age assistance and aid to dependent children.

During the decade, all levels of government—Federal, State, and local—increased their expenditures. The increase in Federal funds that resulted from the 1946 and 1948 amendments amounted, in most States, to an average increase of \$10 a month per recipient for old-age assistance and \$6 a month per child for aid to dependent children. This additional money—about \$438 million—met almost a third of the total rise in costs for the two programs from 1940 to 1950. The States and localities also put up considerably more money in 1950—almost three times¹ the amount in 1940. The additional money from these sources, with the matching Federal funds, paid for the other two-thirds of the increase in total costs over the 10 years.

None of the individual causes un-

¹ The net increase in expenditures, particularly for aid to dependent children, was actually less than this rate, because more general assistance funds were used to supplement old-age assistance and aid to dependent children payments in 1940 than in 1950.

derlying the rising cost of old-age assistance and aid to dependent children would in itself have resulted in a startling rise in assistance expenditures. When several factors, each causing an increase, occur in the same period, however, their interaction results in a multiplication rather than a mere sum of their individual costs. The combined effect of the several factors influencing public assistance during the decade 1940-50 was to triple old-age assistance expenditures and almost quadruple those for aid to dependent children.

The simplified example in the following tabulation may serve to show how causal factors interact in raising costs. The example shown assumes that a State starts with 100 cases, each getting \$10 a month, at a total cost of \$1,000. Adding 50 cases to the rolls at \$10 a month raises costs by \$500 or 50 percent; raising assistance for the original 100 cases by \$5 also would increase costs by \$500 or 50 percent. If both changes occurred at the same time, however, the total additional cost would not be \$1,000 but \$1,250—\$500 for adding the 50 cases at \$10; \$500 for raising payments by \$5 for the original 100 cases; and \$250 for giving the 50 new cases the extra \$5. Thus, to find the total increase in cost (125 percent) of making both changes at once, we must add not only the increase in cost for each change (50 percent plus 50 percent) but also the increase resulting from

| Action | Number of recipients | Average payment | Total expended | Increase | |
|---|----------------------|-----------------|----------------|----------|---------|
| | | | | Amount | Percent |
| Base period..... | 100 | \$10 | \$1,000 | | |
| Caseload goes up, average payment stays same. | 150 | 10 | 1,500 | \$500 | 50 |
| Average payment goes up, caseload stays same. | 100 | 15 | 1,500 | 500 | 50 |
| Caseload and average payment go up. | 150 | 15 | 2,250 | 1,250 | 125 |

*Bureau of Public Assistance, Division of Program Statistics and Analysis.

the increase (32 percent in old-age assistance costs and 79 percent in costs for aid to dependent children) beyond the change that is explained by cost-of-living rises and population growth. Although none of the influences accounting for these increases is individually measurable, each had its varied effect among programs as well as among States. A look at this variegated pattern of change therefore gives a good backdrop for analysis of its several causes.

State Variations in Change

For both old-age assistance and aid to dependent children, average payments in terms of 1940 dollars went up a little less than a third. For recipient rates (that is, for recipients per 1,000 population in the age group at risk), the Nation-wide increase for old-age assistance was only 1 percent, while for aid to dependent children² it was 36 percent.

Changes in assistance levels for old-age assistance over the 10-year period ranged from an upward shift of \$16.07 per recipient in Washington to a decrease of \$2.50 in the District of Columbia (table 2). Nationally, the average increase amounted to \$5.57 per recipient. For aid to dependent children, the change between December 1940 and June 1950 varied from a decrease of less than \$1.50 in two States to a rise of \$11.13 in Idaho (table 3); the increase for the United States was \$3.31.

State variation in changes in recipient rates was equally wide. For old-age assistance a few more States had decreases than had increases (table 4). The extremes of variation occurred in Alabama, where recipient rates trebled, and in Delaware, where they decreased by more than one-half. In more than half the States, however, the recipient rate changed, upward or downward, by one-fourth or less of the 1940 rate. For aid to dependent children, on the other hand, 14 States reported decreases and the other 28 increases (table 5). Florida, which had the largest increase, aided more than 5 times as many children in 1950 as in 1940, while in New Jersey, which had the largest percentage decrease,

the 1950 rate was less than half the 1940 figure.

When the States are arrayed according to the amount of change from 1940 to 1950 in the adjusted average payments and in recipient rates, certain facts became evident.

First, the changes for old-age assistance differed considerably from those for aid to dependent children. For old-age assistance, about three-fifths of the States changed their rank among States in recipient rates and/or average payments by as much as five places. For aid to dependent

children all but five States changed position significantly for recipient rates, while two-thirds of the States maintained about the same position in 1950 as they had in 1940 for average payments despite the 29-percent national increase.

Second, the wealthiest States made the largest assistance payments in 1940 and had the largest dollar increases from 1940 to 1950. Because the 1940 base was comparatively high in these States, their percentage increases in assistance levels generally were among the smallest recorded.

Table 3.—Aid to dependent children: Amount of average payment per child and rank of States, December 1940 and June 1950,¹ and change June 1950 from December 1940; percent of total expenditures paid from Federal funds, fiscal year 1949-50; and rank of States in per capita income, 1950

| State (ranked by amount of change in average payment per child, June 1950 from December 1940) ² | Average payment per child | | | | Percent of aid to dependent children payments from Federal funds, fiscal year 1949-50 | Rank of States in— | | | |
|--|---------------------------|-----------------------------------|----------|---------------------------|---|---------------------------|---------------|--------------------------------------|-----------------------------------|
| | December 1940 | June 1950 (adjusted) ¹ | | Change from December 1940 | | Average payment per child | | Per capita income, 1950 ³ | |
| | | Total | Amount | | | Percent | December 1940 | | June 1950 (adjusted) ¹ |
| Idaho..... | \$11.87 | \$23.00 | +\$11.13 | +93.8 | 35.0 | 23 | 6 | 1 | 29 |
| Washington..... | 13.43 | 24.35 | +10.92 | +81.3 | 27.5 | 17 | 5 | 3 | 9 |
| North Dakota..... | 11.23 | 21.43 | +10.20 | +90.8 | 35.0 | 29 | 11 | 2 | 28 |
| California..... | 19.45 | 28.40 | +8.95 | +46.0 | 27.6 | 3 | 1 | 13 | 7 |
| Wyoming..... | 12.83 | 21.67 | +8.84 | +68.9 | 37.2 | 18 | 9 | 5 | 18 |
| Oregon..... | 17.04 | 24.80 | +7.76 | +45.5 | 33.4 | 5 | 4 | 14 | 16 |
| New Jersey..... | 13.86 | 21.32 | +7.46 | +53.8 | 39.0 | 16 | 13 | 10 | 8 |
| Montana..... | 11.76 | 18.96 | +7.20 | +61.2 | 42.0 | 25 | 18 | 7 | 10 |
| Minnesota..... | 14.54 | 21.24 | +6.70 | +46.1 | 37.6 | 13 | 14 | 12 | 26 |
| Wisconsin..... | 16.61 | 22.97 | +6.36 | +38.3 | 34.0 | 7 | 7 | 20 | 21 |
| Arizona..... | 11.32 | 17.67 | +6.35 | +56.1 | 42.9 | 28 | 19 | 8 | 33 |
| Nebraska..... | 14.14 | 20.45 | +6.31 | +44.6 | 38.2 | 14 | 15 | 16 | 19 |
| Hawaii..... | 11.37 | 17.54 | +6.17 | +54.3 | 39.4 | 27 | 20 | 9 | (4) |
| Michigan..... | 16.83 | 22.77 | +5.94 | +35.3 | 35.5 | 6 | 8 | 21 | 12 |
| Rhode Island..... | 16.25 | 21.62 | +5.37 | +33.0 | 36.5 | 8 | 10 | 23 | 14 |
| Colorado..... | 12.40 | 17.21 | +4.81 | +38.3 | 44.0 | 21 | 21 | 18 | 24 |
| Utah..... | 14.81 | 19.56 | +4.75 | +32.1 | 36.5 | 11 | 16 | 24 | 32 |
| Pennsylvania..... | 15.01 | 19.44 | +4.43 | +29.5 | 38.4 | 10 | 17 | 26 | 17 |
| Arkansas..... | 5.43 | 9.54 | +4.11 | +75.7 | 68.7 | 41 | 39 | 4 | 48 |
| Oklahoma..... | 6.42 | 10.43 | +4.01 | +62.5 | 65.2 | 39 | 36 | 6 | 39 |
| Massachusetts..... | 23.79 | 27.56 | +3.77 | +15.8 | 27.2 | 2 | 2 | 35 | 11 |
| Maryland..... | 11.83 | 15.53 | +3.70 | +31.3 | 46.8 | 24 | 23 | 25 | 15 |
| Tennessee..... | 7.33 | 10.63 | +3.30 | +45.0 | 66.7 | 36 | 35 | 15 | 43 |
| Virginia..... | 6.79 | 9.98 | +3.19 | +47.0 | 64.7 | 38 | 37 | 11 | 37 |
| New Hampshire..... | 18.20 | 21.36 | +3.16 | +17.4 | 37.3 | 4 | 12 | 33 | 30 |
| Delaware..... | 12.13 | 14.83 | +2.70 | +22.3 | 52.2 | 22 | 24 | 29 | 2 |
| North Carolina..... | 6.85 | 9.18 | +2.33 | +34.0 | 69.7 | 37 | 40 | 22 | 44 |
| Indiana..... | 13.87 | 16.18 | +2.31 | +16.7 | 50.7 | 15 | 22 | 34 | 20 |
| Georgia..... | 8.47 | 10.72 | +2.25 | +26.6 | 67.6 | 35 | 33 | 27 | 42 |
| Missouri..... | 10.24 | 12.42 | +2.18 | +21.3 | 63.8 | 30 | 29 | 30 | 23 |
| South Carolina..... | 5.46 | 7.56 | +2.10 | +38.5 | 74.4 | 40 | 41 | 19 | 47 |
| New York..... | 23.85 | 25.94 | +2.09 | +8.8 | 30.0 | 1 | 3 | 39 | 4 |
| Florida..... | 8.69 | 10.66 | +1.97 | +22.7 | 66.2 | 33 | 34 | 28 | 34 |
| Louisiana..... | 9.19 | 11.14 | +1.95 | +21.2 | 56.3 | 31 | 31 | 31 | 41 |
| New Mexico..... | 9.15 | 11.02 | +1.87 | +20.4 | 60.1 | 32 | 32 | 32 | 38 |
| Alabama..... | 4.69 | 6.54 | +1.85 | +39.4 | 74.3 | 42 | 42 | 17 | 46 |
| Kansas..... | 12.80 | 14.56 | +1.76 | +13.8 | 41.6 | 19 | 26 | 37 | 25 |
| Dist. of Col..... | 12.68 | 14.31 | +1.63 | +12.9 | 48.0 | 20 | 27 | 38 | 1 |
| West Virginia..... | 8.59 | 9.78 | +1.19 | +13.9 | 66.0 | 34 | 38 | 36 | 40 |
| Vermont..... | 11.68 | 11.78 | +0.10 | +0.9 | 65.2 | 26 | 30 | 40 | 35 |
| Maine..... | 15.42 | 14.75 | -0.67 | -4.3 | 54.3 | 9 | 25 | 41 | 36 |
| Ohio..... | 14.65 | 13.21 | -1.44 | -9.8 | 56.1 | 12 | 28 | 42 | 13 |

¹ Adjusted to represent actual purchasing power in terms of the average value of the dollar during 1940, based on the consumers' price index prepared by the Bureau of Labor Statistics.

² 42 States with approved plans for full calendar year 1940.

³ Ranking among the 49 States for which income data are available (Department of Commerce, *Survey of Current Business*, August 1951).

⁴ Per capita income data not available.

² For the 42 States with comparable data in 1940 and 1950.

Table 4.—Old-age assistance: Number of persons aided per 1,000 population aged 65 and over¹ and rank of States, June 1940 and June 1950

| State (ranked by percentage change in recipient rates, June 1950 from June 1940) ² | Recipient rate per 1,000 population | | | | Rank of States in — | | | Per capita income, 1950 ³ |
|---|-------------------------------------|-----------|----------------------------------|---------|-------------------------------------|-----------|---|--------------------------------------|
| | Number | | Change, June 1950 from June 1940 | | Recipient rate per 1,000 population | | | |
| | June 1940 | June 1950 | Number | Percent | June 1940 | June 1950 | Percentage change, June 1950 from June 1940 | |
| Alabama..... | 150 | 409 | +259 | +172.7 | 40 | 8 | 1 | 46 |
| Georgia..... | 182 | 461 | +279 | +153.3 | 34 | 3 | 2 | 42 |
| Louisiana..... | 274 | 681 | +407 | +148.5 | 12 | 1 | 3 | 41 |
| Arkansas..... | 185 | 448 | +263 | +142.2 | 33 | 4 | 4 | 48 |
| Mississippi..... | 193 | 429 | +236 | +122.3 | 31 | 7 | 5 | 49 |
| New Mexico..... | 192 | 302 | +110 | +57.3 | 32 | 13 | 6 | 38 |
| South Carolina..... | 251 | 366 | +115 | +45.8 | 19 | 9 | 7 | 47 |
| Washington..... | 269 | 349 | +80 | +29.7 | 14 | 10 | 8 | 39 |
| Texas..... | 342 | 430 | +88 | +25.7 | 4 | 6 | 9 | 31 |
| California..... | 254 | 309 | +55 | +21.7 | 18 | 11 | 10 | 7 |
| Rhode Island..... | 124 | 147 | +23 | +18.5 | 46 | 39 | 11 | 14 |
| Tennessee..... | 237 | 279 | +42 | +17.7 | 22 | 17 | 12 | 43 |
| North Carolina..... | 232 | 273 | +41 | +17.7 | 23 | 18 | 13 | 44 |
| Kansas..... | 173 | 201 | +28 | +16.2 | 36 | 28 | 14 | 25 |
| Kentucky..... | 258 | 288 | +30 | +11.6 | 17 | 16 | 15 | 45 |
| Vermont..... | 157 | 173 | +16 | +10.2 | 38 | 34 | 16 | 35 |
| West Virginia..... | 176 | 193 | +17 | +9.7 | 35 | 29 | 17 | 40 |
| Missouri..... | 282 | 309 | +27 | +9.6 | 10 | 12 | 18 | 23 |
| New Hampshire..... | 118 | 129 | +11 | +9.3 | 47 | 42 | 19 | 30 |
| Florida..... | 270 | 292 | +22 | +8.1 | 13 | 15 | 20 | 34 |
| Oklahoma..... | 498 | 520 | +22 | +4.4 | 1 | 2 | 21 | 39 |
| Colorado..... | 431 | 437 | +6 | +1.4 | 3 | 5 | 22 | 24 |
| Michigan..... | 221 | 222 | +1 | +0.5 | 28 | 25 | 23 | 12 |
| Massachusetts..... | 229 | 223 | -6 | -2.6 | 24 | 24 | 24 | 11 |
| Hawaii..... | 136 | 129 | -7 | -5.1 | 42 | 41 | 25 | (*) |
| Maine..... | 171 | 161 | -10 | -5.8 | 37 | 38 | 26 | 36 |
| Idaho..... | 280 | 263 | -17 | -6.1 | 11 | 19 | 27 | 29 |
| Arizona..... | 342 | 302 | -40 | -11.7 | 5 | 14 | 28 | 33 |
| Oregon..... | 206 | 179 | -27 | -13.1 | 30 | 33 | 29 | 16 |
| Wyoming..... | 269 | 233 | -36 | -13.4 | 15 | 22 | 30 | 18 |
| Connecticut..... | 132 | 111 | -21 | -15.9 | 43 | 43 | 31 | 5 |
| North Dakota..... | 223 | 186 | -37 | -16.6 | 27 | 30 | 32 | 28 |
| Virginia..... | 114 | 92 | -22 | -19.3 | 48 | 46 | 33 | 37 |
| Wisconsin..... | 211 | 170 | -41 | -19.4 | 29 | 35 | 34 | 21 |
| Iowa..... | 240 | 181 | -59 | -24.6 | 21 | 32 | 35 | 22 |
| Ohio..... | 226 | 166 | -60 | -26.5 | 26 | 37 | 36 | 13 |
| New York..... | 128 | 94 | -34 | -26.6 | 45 | 45 | 37 | 4 |
| Nevada..... | 334 | 242 | -92 | -27.5 | 7 | 20 | 38 | 3 |
| Pennsylvania..... | 144 | 102 | -42 | -29.2 | 41 | 44 | 39 | 17 |
| Minnesota..... | 294 | 207 | -87 | -29.6 | 9 | 27 | 40 | 26 |
| Nebraska..... | 262 | 183 | -79 | -30.2 | 16 | 31 | 41 | 19 |
| Illinois..... | 242 | 168 | -74 | -30.6 | 20 | 36 | 42 | 6 |
| Montana..... | 335 | 232 | -103 | -30.7 | 6 | 23 | 43 | 10 |
| South Dakota..... | 331 | 220 | -111 | -33.5 | 8 | 26 | 44 | 27 |
| Indiana..... | 229 | 145 | -84 | -36.7 | 25 | 40 | 45 | 20 |
| District of Columbia..... | 82 | 50 | -32 | -39.0 | 50 | 50 | 46 | 1 |
| New Jersey..... | 109 | 60 | -49 | -45.0 | 49 | 49 | 47 | 8 |
| Utah..... | 449 | 239 | -210 | -46.8 | 2 | 21 | 48 | 32 |
| Maryland..... | 150 | 74 | -76 | -50.7 | 39 | 47 | 49 | 15 |
| Delaware..... | 131 | 64 | -67 | -51.1 | 44 | 48 | 50 | 2 |

¹ Based on population data for persons aged 65 and over from Census enumerations. Where tabulations for 1950 were incomplete, estimates derived from data available Oct. 1, 1951.

² Excludes Alaska; recipient rates not available.

³ Ranking among the 49 States for which income data are available (Department of Commerce, *Survey of Current Business*, August 1951).

⁴ Per capita income data not available.

Most of their additional expenditures were met primarily from State and local funds. With few exceptions, among the States in the upper half in dollar increase in the average payment, Federal funds met a smaller share of the bill for old-age assistance and aid to dependent children in 1950 than in 1940. Increased Federal participation, however, may have influenced liberalization of assistance standards among the richer States.

While rises in average payments were generally largest among these States, growths in recipient rates were smallest; 4 out of 5 States with per capita income higher than the average reported a smaller proportion of aged persons aided in 1950 than in 1940; only about 2 out of 5 of these States gave assistance to a smaller percent of their child population.

Third, the pattern of change was reversed in the least wealthy States.

Although their dollar increases in average payments over the 10 years were among the smallest, their percentage rises were among the highest, because their 1940 payments were low. In Arkansas, for example, a \$4.11 upward change for aid to dependent children added almost 76 percent to the average of \$5.43 per child spent in 1940. Greater Federal participation undoubtedly was the chief facilitating factor in payment rises in the low-income States. Growth in recipient rates in these States was large; only a third of the States with less-than-average income reported declines over the decade in recipient rates for the aged while only a sixth had decreases for aid to dependent children.

Factors Exaggerating the Record

The growth in the number of eligible persons and the improvement in standards actually were less than the record on average payments and recipient counts seems to indicate. Among the factors responsible are the nonmeasurable effect of price rises on average payments, the 1940-50 decrease in the amount of supplementation of old-age assistance and aid to dependent children from general assistance funds, the decrease in arbitrary reductions of assistance payments, changes in recipient counts as a result of amendments to the Federal matching formula, and Federal laws and policies on disposing of applications. If the effect of each of these could be measured, it would be found that the increase in recipient rates would be less than 1 percent for old-age assistance and 38 percent for aid to dependent children and that, similarly, States have not revised upward as much as 31 or 29 percent the assistance standards they deem necessary for healthful and decent living.

Nonmeasurable effect of rising living costs on average payments.—Increases of 31 and 29 percent remained in the old-age assistance and aid to dependent children assistance levels after the 1950 averages had been adjusted on the basis of a 69-percent increase in the Bureau of Labor Statistics consumers' price index for all items. For the lowest income groups, however, the largest proportion of income—larger than for more fortunate

groups—goes perforce for food, the price of which went up 110 percent in the decade. To meet the increase in the cost of living for assistance families, therefore, a larger increase than 69 percent would be needed. Except for the limitations imposed by inadequate State and local funds for public assistance, the larger increase for food costs probably would have greatest effect in the least wealthy States; in these States, payments often provide for only the most basic items of need, of which food would represent the largest part. As it is, however, States with enough funds to raise assistance levels commensurate

with living costs were better able to take into account the greater change in costs of food. Because it is difficult to determine what the adjustment for the 110-percent increase in food should be, the adjusted 1950 average referred to in this article has been corrected only for the combined 69-percent rise in all items.

Decrease in general assistance supplementation.—More States used general assistance funds to supplement payments under the special types of public assistance—particularly for aid to dependent children—in 1940 than in 1950. Further, those States supplementing payments for

both years used more general assistance funds for that purpose in 1940. By 1950, in all but a few States, recipients of the special types of public assistance were paid all or almost all their assistance³ under the special programs—even in aid to dependent children, for which, of all programs, Federal matching maximums were farthest from adequacy.⁴ Cases receiving supplementation represented a minor proportion of the national total in 1950.

The decrease in general assistance supplementation affected costs in aid to dependent children more than in old-age assistance. Among individual States, its effect was generally greatest among those States that had maximums on aid to dependent children payments, and had, at the same time, enough general assistance funds to provide supplementation. These States, generally speaking, were in the middle income group, including neither the richest nor the least wealthy.

Decrease in arbitrary reductions in individual assistance payments.—Inadequacy of State and local funds makes it necessary for many of the least wealthy States to meet less than 100 percent of budgeted need under the State's assistance standard. From 1940 to 1950, however, greater Federal participation and an improvement in the States' fiscal capacity have relieved somewhat the stringency of funds for the public assistance programs. As a result, increases have been made in some States in the percent of total requirements or budgeted needs met by the assistance payments. In these States, therefore, increases in average payments from 1940 to 1950 meant only that assistance came closer to meeting need as defined under standards—not an appreciable increase in the standards themselves.

Payments for aid to dependent children have always been more limited by inadequate funds than have payments to the aged. In the least

³ Except for costs of vendor payments for medical care, much of which is still met from general assistance funds.

⁴ As of October 1, 1950, the extension of Federal matching to assistance payments up to \$27 a month provided to the adult in families receiving aid to dependent children substantially increased maximums for this program.

Table 5.—Aid to dependent children: Number of children receiving aid to dependent children per 1,000 population under 18 years of age¹ and rank of States, June 1940 and December 1950

| State (ranked by percentage change in recipient rates, December 1950 from June 1940) ² | Recipient rate per 1,000 population | | | | Rank of States in— | | |
|---|-------------------------------------|---------------|--------------------------------------|---------|-------------------------------------|---------------|--------------------------------------|
| | Number | | Change, December 1950 from June 1940 | | Recipient rate per 1,000 population | | Per capita income, 1950 ³ |
| | June 1940 | December 1950 | Number | Percent | June 1940 | December 1950 | |
| Florida | 16 | 82 | +66 | +412.5 | 30 | 1 | 34 |
| Georgia | 8 | 35 | +27 | +337.5 | 42 | 18 | 42 |
| Arkansas | 16 | 69 | +53 | +331.2 | 34 | 5 | 48 |
| Alabama | 15 | 43 | +28 | +186.7 | 35 | 11 | 46 |
| Maine | 14 | 38 | +24 | +171.4 | 37 | 16 | 36 |
| Hawaii | 24 | 61 | +37 | +154.2 | 23 | 6 | (4) |
| West Virginia | 29 | 72 | +43 | +148.3 | 13 | 4 | 40 |
| Rhode Island | 16 | 39 | +23 | +143.8 | 31 | 14 | 14 |
| Missouri | 24 | 55 | +31 | +129.2 | 22 | 8 | 23 |
| New Hampshire | 12 | 27 | +15 | +125.0 | 39 | 27 | 30 |
| South Carolina | 11 | 23 | +12 | +109.1 | 40 | 30 | 47 |
| Virginia | 10 | 20 | +10 | +100.0 | 41 | 39 | 37 |
| California | 22 | 43 | +21 | +95.5 | 26 | 10 | 7 |
| District of Columbia | 18 | 35 | +17 | +94.4 | 29 | 17 | 1 |
| New Mexico | 24 | 46 | +22 | +91.7 | 21 | 9 | 38 |
| North Carolina | 16 | 29 | +13 | +81.2 | 33 | 23 | 44 |
| Louisiana | 42 | 75 | +33 | +78.6 | 2 | 2 | 41 |
| Vermont | 14 | 23 | +9 | +64.3 | 36 | 31 | 35 |
| Tennessee | 34 | 56 | +22 | +64.7 | 9 | 7 | 43 |
| New York | 20 | 32 | +12 | +60.0 | 27 | 20 | 4 |
| Washington | 26 | 41 | +15 | +57.7 | 18 | 13 | 9 |
| Oklahoma | 51 | 74 | +23 | +45.1 | 1 | 3 | 39 |
| Pennsylvania | 28 | 38 | +10 | +35.7 | 15 | 15 | 17 |
| Oregon | 16 | 21 | +5 | +31.2 | 32 | 38 | 16 |
| Ohio | 14 | 17 | +3 | +21.4 | 38 | 40 | 13 |
| Delaware | 18 | 21 | +3 | +16.7 | 28 | 34 | 2 |
| Arizona | 38 | 41 | +3 | +7.9 | 6 | 12 | 33 |
| Michigan | 28 | 29 | +1 | +3.6 | 16 | 24 | 12 |
| Massachusetts | 26 | 25 | -1 | -3.8 | 19 | 28 | 11 |
| Montana | 33 | 31 | -2 | -6.1 | 10 | 22 | 10 |
| Kansas | 27 | 23 | -4 | -14.8 | 17 | 29 | 25 |
| Minnesota | 25 | 21 | -4 | -16.0 | 20 | 35 | 26 |
| Colorado | 41 | 34 | -7 | -17.1 | 3 | 19 | 24 |
| Utah | 40 | 32 | -8 | -20.0 | 4 | 21 | 32 |
| North Dakota | 28 | 22 | -6 | -21.4 | 14 | 32 | 28 |
| Maryland | 36 | 27 | -9 | -25.0 | 7 | 26 | 15 |
| Idaho | 39 | 29 | -10 | -25.6 | 5 | 25 | 29 |
| Wyoming | 23 | 17 | -6 | -26.1 | 25 | 41 | 18 |
| Nebraska | 29 | 21 | -8 | -27.6 | 11 | 36 | 19 |
| Wisconsin | 29 | 21 | -8 | -27.6 | 12 | 37 | 21 |
| Indiana | 35 | 22 | -13 | -37.1 | 8 | 33 | 20 |
| New Jersey | 23 | 10 | -13 | -56.6 | 24 | 42 | 8 |

¹ Based on population data for persons under age 18 from Census enumerations; where tabulations for 1950 Census were incomplete, estimates derived from data available Sept. 15, 1951. Data for 1940 corrected for underenumeration of children under age 5; for 1950, uncorrected. 1950 recipient rates and the change from the 1940 recipient rates are therefore slightly overstated.

² 42 States with approved plans for full calendar year 1940.

³ Ranking among the 49 States for which income data are available (Department of Commerce, *Survey of Current Business*, August 1951.)

⁴ Per capita data not available.

wealthy States, however, percentage cuts in payments have been applied to all programs in order to make assistance costs fit appropriations. As State per capita income has increased with continuing prosperity, the percent of need met has been increased in some States for both old-age assistance and aid to dependent children.

Changes in recipient counts.—The change in the Federal formula in 1946 resulted in larger counts of recipients without changing the number of persons whose needs were covered by the assistance payment. In that year the matching provisions were changed for all programs, and the formula is now worded so that States may receive more Federal money if they count separately every aged recipient and every child whose needs are met by the assistance payment. Formerly, if a payment covered the needs of both the aged recipient and his spouse and was less than the Federal maximum, many States counted the payment as a joint grant and reported only one recipient. Similarly, in families receiving aid to dependent children, many States counted only the number of eligible children necessary to keep the total payment for the family from going above the Federal maximum of \$27 for one child and \$18 for each additional child. Thus, if the payment to a family including three eligible children was \$45, only two children needed to be counted to obtain maximum Federal participation.

Among individual States, the change in count had its greatest effect among the lowest income group, where maximums generally were low and only one member of an aged couple or only one or two children in a family needed to be listed as recipients for maximum payments to be granted.

Federal laws and policies on applications.—In 1940, many of the States with least resources kept waiting lists of persons and families who were eligible to receive aid but for whom, if the States were to continue assistance payments at the prevailing level, no money was available. These "waiting list" applicants were put on the rolls only as others moved off. Under present Federal policy, all eligible recipients must be accepted for assistance and individual assistance pay-

ments must be cut, if necessary, to keep expenditures within available funds. This policy is reenforced by the 1950 amendment to the Federal law requiring prompt disposition of applications. Federal action did not, of course, create need or expand the States' definition of need in any way. It only ensured that all persons eligible under a State's definition receive equal treatment.

The abolition of waiting lists affected assistance rolls for aid to dependent children more than those for old-age assistance. Few, if any, of the relatively more wealthy States were affected. Undoubtedly, however, the change has been an important factor in the shift in position of some of the poorest States from among the lowest third in recipient rates in 1940 to the highest third in 1950. Granting assistance to all needy eligible persons has also contributed to the necessity, among these States generally, to make comparatively low payments.

In summarizing these points it should be noted that almost all the factors that exaggerated recipient counts and assistance costs have affected aid to dependent children more than old-age assistance. In addition, the poorest States have been the ones most affected by all factors except the decrease in general assistance supplementation.

Factors Increasing Need for Public Assistance

Beyond the influence of the four factors just discussed, undoubtedly a real increase occurred nationally between 1940 and 1950 in assistance standards for both aid to dependent children and old-age assistance and in recipient rates for aid to dependent children. These increases, as well as the slight change in old-age assistance recipient rates, are the result of a number of interacting factors—among them the nonmeasurable effect of rising living costs on recipient rolls, the increase in family breakdown during the forties, changes in the relief and insurance structure, and the inadequacy of 1940 assistance standards, particularly for aid to dependent children.

Nonmeasurable effect of rising living costs on assistance rolls.—In-

creased living costs, since they are the primary factor raising assistance payments, are also an important influence toward larger assistance rolls. With any improvement in assistance standards, inevitably more families become eligible for aid. To give a highly simplified example: Assume that a State's standard for requirements for a needy aged person added up to \$50 a month. In that State, all aged persons whose income equaled or exceeded \$50 would be ineligible for assistance. If the State raised its total requirements to \$60, a new group of the aged would become eligible—those with income from \$50 to \$60. In this way, a rise in standards or an increase in maximums results in a growth in assistance rolls.

The largest increase in caseloads for these reasons comes in the lowest income States, where a large part of the population is concentrated at the lowest income levels. In the richer States, smaller proportions of the population are at or near assistance levels in the amount of their income.

Increase in family breakdown.—In aid to dependent children, caseloads and costs have been particularly influenced since 1940 by the increasing number of broken families in the war and postwar years. Many forms of social maladjustment are aggravated in periods of tension and crisis, when normal living patterns are disrupted. As would be expected, therefore, illegitimacy and broken homes due to divorce and desertion increased during World War II and its aftermath. The number of divorces went up from 264,000 in 1940 to a peak of 610,000 in 1946, and then dropped to 397,000 in 1949. The number of illegitimate births also rose sharply from 1940 to 1947 but seemed to level off in 1948, the latest year for which data are available.

Aid to dependent children is designed especially to help children in homes where one parent is incapacitated or is absent because of death, divorce, desertion, or illegitimacy. The development in the last few years of survivor benefits under old-age and survivors insurance and the growth in Veterans Administration programs for war orphans have lessened the need for public aid to children whose fathers are dead. It is not surprising,

therefore, that children fatherless because of divorce, desertion, or illegitimacy have represented an increasingly large proportion of the aid to dependent children rolls.

Public concern over the increasing proportion of deserted or abandoned children on the assistance rolls prompted the Congress in 1950 to require State plans, effective July 1, 1952, to "provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent." The intent of this amendment is not to deny assistance to this group of needy children in order to punish their parents for neglect of their duties. Rather it is meant to facilitate the process of bringing to the attention of law-enforcement officials, for such action as is indicated under State law, those cases in which the parent has failed to assume his legal responsibility.

The exact effect of trends in family breakdown on aid to dependent children rolls and costs cannot be measured. State differences are also difficult to determine, since there seems to be relatively little relationship in individual States between the rate of family breakdown and the number of children in broken families receiving aid to dependent children. High rates of divorce, desertion, and illegitimacy seem to occur in States with stringent policies on aid to children with living fathers not in the home as well as in States with liberal policies.

Changes in the relief and insurance structure.—There is some tendency to assume that the increased recipient rates for the special types of public assistance represent the actual increase between 1940 and 1950 in the number of persons dependent on public funds. The assumption is inaccurate. Much of the increase—particularly in aid to dependent children—has been a shift of responsibility from general assistance and other public aid and work programs. In 1950 the public assistance rolls included many persons and families who, under programs and policies in effect in 1940, would have received general assistance. Some also might have received earnings under some of the other pro-

grams then in operation.⁵ Thus, the development of the special types of public assistance results, in part, from the abolition of other programs and is, in part, responsible for the declining costs of general assistance.

On the other hand, an important factor in the decrease in recipient rates, particularly for old-age assistance, has been the development of the old-age insurance program and the extension of coverage to dependents and survivors. Many who would have once been forced to apply for assistance, especially in the wealthy, industrial States, are now receiving old-age, dependent's, and survivor benefits under old-age and survivors insurance. Delaware, for example, which had the largest percentage decrease in recipient rate for old-age assistance from 1940 to 1950, was among the 14 top States in 1950 in number of aged insurance beneficiaries per 1,000 population. The lowest-income States, being primarily agricultural, have so far benefited relatively little from old-age and survivors insurance. Georgia, for example, which had the third highest recipient rate for old-age assistance in June 1950, was among the 11 lowest States in aged beneficiary rate. Further extension of old-age and survivors insurance, particularly to agricultural groups, would be expected to result in decreased recipient rates in the low-income States.

Inadequacy of 1940 assistance standards.—For the calendar year 1940, assistance expenditures for aged persons averaged \$19.84 a month or 66 cents a day; averages for aid to dependent children were lower—\$13.33 a month per child or about 44 cents a day.

Citizen groups, as well as welfare associations and administrators, had long expressed much concern about the obviously inadequate average payments for aid to dependent children, and deliberate efforts were made to raise them. It was to be hoped and

expected, therefore, that if the children were to have any real increase in living standards in the 10-year period, the rise in individual payments would exceed that in living costs. For the fiscal year 1950, the \$29.17 average per child, for 42 States⁶ combined, amounted to 97 cents a day or, in 1940 dollar value, about 57 cents. In California, the State paying the highest average per child for 1950, the amount totaled \$1.65 per day—98 cents in 1940 value. In South Carolina, the lowest among the 42 States, payments averaged 38 cents per child a day—in 1940 value, 22 cents. Thus, assistance levels for aid to dependent children were still low in 1950 despite the increase, which looks sizable only in relation to the low levels of payments in 1940.

The above figures relate assistance payments to the need of the child only; in most families, however, one adult, and sometimes two, have to meet their needs from the assistance payment, so that even less than the amounts indicated is available per person in families receiving aid to dependent children. In California, for example, payments are intended to cover the needs not only of the mother but also of the incapacitated father, if he is in the home.

In connection with the increases from 1940 to 1950 in assistance levels it is interesting to note that during the 10-year period, while adjusted average payments for old-age assistance and aid to dependent children increased somewhat less than 31 and 29 percent, respectively, national per capita income payments adjusted for cost-of-living increases went up more than 47 percent. Thus the rise in payments for assistance families, although starting from a low level—particularly for aid to dependent children—was smaller than the increase in real income enjoyed by the population as a whole.

Summary

On the basis of the data set forth, several facts are apparent in connection with the trebling of old-age assistance costs and the quadrupling

⁶ States for which comparable data are available for both 1940 and 1950.

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Table 9.—Amount of vendor payments for medical care for recipients of public assistance, by program and State, June 1951¹

| State ² | Old-age assistance | Aid to dependent children | Aid to the blind | Aid to the permanently and totally disabled | General assistance ³ |
|--------------------|--------------------|---------------------------|------------------|---|---------------------------------|
| Calif.----- | | | | (4) | \$37,648 |
| Conn.----- | \$166,019 | \$94,196 | \$4,153 | (5) | (6) |
| Del.----- | | 1,711 | | | (6) |
| Ill.----- | 434,490 | 41,491 | 10,696 | \$11,670 | 369,873 |
| Ind.----- | 275,450 | 55,559 | 9,611 | (4) | 130,176 |
| Iowa----- | | | | (4) | 124,838 |
| Kans.----- | 107,344 | 24,505 | 1,845 | 12,618 | 52,302 |
| La.----- | | 2,499 | 141 | 1,188 | 522 |
| Maine----- | | | | (4) | 39,885 |
| Mich.----- | | | | | 69,287 |
| Minn.----- | 588,921 | 36,936 | | (4) | (5) |
| Mont.----- | | | | | 102,369 |
| Nebr.----- | 147,898 | 8,480 | 631 | (4) | (5) |
| Nev.----- | | | | (4) | 4,358 |
| N. H.----- | 61,337 | 16,509 | 2,896 | (4) | (5) |
| N. J.----- | | 11,946 | | (4) | 96,653 |
| N. Y.----- | 870,582 | 358,467 | 31,965 | 273,428 | (6) |
| N. Dak.----- | 23,038 | 8,285 | 535 | 1,446 | 22,239 |
| Ohio----- | 252,077 | 7,983 | 4,133 | | 432,360 |
| Oreg.----- | | | | | 250,828 |
| R. I.----- | | | | | 44,361 |
| V. I.----- | 41 | 11 | 1 | | 26 |
| Va.----- | | | | | 5,897 |
| Wis.----- | 337,959 | 80,011 | 6,881 | 4,853 | 88,994 |

¹ For June data excluding vendor payments for medical care, see the *Bulletin*, September 1951.

² Excludes States that either made no vendor payments for medical care for June or did not report such payments.

³ In all States except California, Illinois, Louisiana, Nevada, New Jersey, and the Virgin Islands includes payments made on behalf of recipients of the special types of public assistance.

⁴ No program for aid to the permanently and totally disabled.

⁵ Data not available.

Table 10.—Average payments including vendor payments for medical care and average amount of vendor payments per assistance case, by program and State, June 1951¹

| State ² | Old-age assistance | | Aid to dependent children (per family) | | Aid to the blind | | Aid to the permanently and totally disabled | | General assistance ³ | |
|--------------------|--------------------|----------------------------------|--|----------------------------------|------------------|----------------------------------|---|----------------------------------|---------------------------------|----------------------------------|
| | All assistance | Vendor payments for medical care | All assistance | Vendor payments for medical care | All assistance | Vendor payments for medical care | All assistance | Vendor payments for medical care | All assistance | Vendor payments for medical care |
| Calif.----- | | | | | | | (4) | (4) | \$45.94 | \$1.21 |
| Conn.----- | \$68.94 | \$8.35 | \$124.61 | \$17.02 | \$79.54 | \$13.75 | (4) | (4) | (5) | (6) |
| Del.----- | | | 73.70 | 2.40 | | | | | (5) | (6) |
| Ill.----- | 47.36 | 3.69 | 99.88 | 1.79 | 50.52 | 2.54 | \$50.81 | \$8.52 | 57.01 | 11.82 |
| Ind.----- | 40.30 | 5.55 | 70.29 | 5.45 | 43.05 | 5.19 | (4) | (4) | \$30.23 | \$15.36 |
| Kans.----- | 51.70 | 2.78 | 85.68 | 5.05 | 52.96 | 2.84 | 51.75 | 4.91 | 50.33 | 17.79 |
| La.----- | | | 49.70 | .10 | 44.29 | .07 | 31.34 | .08 | 30.14 | .09 |
| Mich.----- | | | | | | | | | 37.81 | 3.01 |
| Minn.----- | 52.95 | 10.64 | 94.98 | 4.68 | | | (4) | (4) | (5) | (6) |
| Nebr.----- | 52.25 | 6.46 | 89.11 | 2.52 | 63.41 | .85 | (4) | (4) | (5) | (6) |
| Nev.----- | | | | | | | (4) | (4) | 20.96 | 6.27 |
| N. H.----- | 52.85 | 8.53 | 112.34 | 10.28 | 58.82 | 9.28 | (4) | (4) | (5) | (6) |
| N. J.----- | | | 94.74 | 2.25 | | | (4) | (4) | \$57.27 | \$12.11 |
| N. Y.----- | 60.99 | 7.46 | 113.56 | 6.55 | 70.07 | 7.84 | 69.43 | 10.98 | (5) | (6) |
| N. Dak.----- | 52.68 | 2.54 | 112.92 | 4.56 | 57.32 | 4.78 | 55.80 | 3.59 | 85.80 | 51.72 |
| Ohio----- | 46.70 | 2.10 | 76.93 | .54 | 46.64 | 1.08 | | | (7) | (7) |
| Oreg.----- | | | | | | | | | 67.36 | 34.29 |
| R. I.----- | | | | | | | | | 54.67 | 9.30 |
| V. I.----- | 10.88 | .07 | 15.30 | .06 | 10.49 | .01 | | | 9.39 | .11 |
| Va.----- | | | | | | | | | 24.93 | 1.56 |
| Wis.----- | 49.56 | 6.49 | 114.91 | 9.11 | 54.48 | 5.01 | 69.91 | 6.35 | \$59.16 | \$16.13 |

¹ For June data excluding vendor payments for medical care, see the *Bulletin*, September 1951. All averages based on cases receiving money payments, vendor payments for medical care, or both.

² Excludes States that made no vendor payments for medical care for June or did not report such payments. Also excludes States for which count of cases is believed to be incomplete.

³ In all States except California, Illinois, Louisiana, Nevada, New Jersey, and the Virgin Islands averages based on totals that include cases of the special types of public assistance for which medical bills were paid from general assistance funds.

⁴ No program for aid to the permanently and totally disabled.

⁵ Data on vendor payments for medical care not available.

⁶ Based on figures that include cases receiving burial only and total payments for these services.

⁷ Not computed because count of cases believed to be incomplete.

⁸ Based on figures that include cases receiving burial only.

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of those for aid to dependent children from 1940 to 1950.

1. The increases were, in largest part, due to a complex of social and economic change beyond the control of legislators and administrators, yet creating greater need for public assistance even in an expanding economy.

2. The increased costs present an exaggerated picture of what happened, in that the increase in recipient counts and in average payments was larger than the actual growth in the number of eligible persons and improvement in the States' assistance standards.

3. At the same time, the facts indicate a real growth in the number of persons covered by the programs and a true upward change in the standard

of living provided assistance recipients.

Examination of the facts shows also that most of the factors pushing costs upward had their greatest effect in the aid to dependent children program and among the States with lowest fiscal ability. On the other hand, the factors decreasing costs had their greatest influence on the old-age assistance program and among the wealthiest States. How the effects of these factors were translated into changes in the public assistance programs was determined primarily by the relative fiscal ability of the States and differences in community attitudes and living patterns.

This conclusion is strengthened by two facts: (1) Where necessary to maintain the program at the relative level that the State can afford and is

willing to support, many States have supplemented the maximum payments in which the Federal Government will share with considerable amounts of State-local funds; (2) the amount of increase in assistance payments since 1940 has varied among the States making such increases according to their fiscal ability and community standards—the richest States, generally, making the largest dollar increases and the lowest-income States, the smallest. Recognition of this apparently controlling influence of relative fiscal ability and relative community living standards strengthens the conclusion that, in most States, the change in public assistance from 1940 to 1950 was the result of all the factors mentioned, tempered by the States' fiscal ability and attitude toward public assistance.