

Workers Covered Jointly by Old-Age and Survivors Insurance and the Railroad Retirement Program, 1937-52

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To determine the employment characteristics of workers covered jointly by old-age and survivors insurance and the railroad retirement program, a sample of the work histories from the Bureau of Old-Age and Survivors Insurance and the Railroad Retirement Board has been analyzed. In the analysis the hypothesis has been developed that, as time progresses, virtually all railroad workers will at some time or other have had old-age and survivors insurance credits.

THE railroad retirement and old-age and survivors insurance programs are partially coordinated as a result of amendments to the Railroad Retirement Act enacted in 1946 and in 1951.¹ As a part of this coordination the 1951 law specifies that funds shall be transferred between the two systems so that, at the beginning of each fiscal year, the old-age and survivors insurance trust fund will be in essentially the same position it would have been in if railroad retirement service after 1936 had been covered under the Social Security Act. Furthermore, for administrative and program planning, information is necessary on such matters as the frequency with which long-term railroad workers have extended periods of employment covered by old-age and survivors insurance and the changing relationships of the two programs as they mature.

To meet these needs the Railroad Retirement Board and the Bureau of Old-Age and Survivors Insurance in 1952 coordinated a sample of work-

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¹ See the following *Bulletin* articles: Jack M. Elkin, "1946 Amendments to the Railroad Retirement and Railroad Unemployment Insurance Acts," December 1946; Robert J. Myers and Wilbur J. Cohen, "Railroad Retirement Act Amendments of 1951: Benefit Provisions and Legislative History," February 1952; and Robert J. Myers, "Railroad Retirement Act Amendments of 1951: Financial and Actuarial Aspects," March 1952.

history data for the period 1937-50.² Data for 2 more years have now been added. These data show changes in dual coverage between 1950 and 1952 brought about by both the further maturing of the old-age and survivors insurance program and the 1951 extension of coverage under the 1950 amendments to the Social Security Act. Present plans are that, from time to time, the sample will be brought up to date to show the current status of the employment records of workers in this joint coverage area.

The 1937-52 study, like the previous one, dealt with a 0.02-percent sample of persons who had worked during the given period in employment covered by the Railroad Retirement Act. Information on their insured status under old-age and survivors insurance at the beginning of 1953, on their benefit status under the railroad retirement program, and on their last year of employment under each program was obtained for the first time. Retired and deceased workers were identified and excluded from tabulations whenever their records were irrelevant. Complete records on railroad service before 1937 were not available for this sample. Consequently, the cumulative figures given for railroad service-months refer to service performed since the beginning of 1937.

² See Irwin Wolkstein, "Railroad Retirement and Old-Age and Survivors Insurance Work-History Records, 1937-50," *Social Security Bulletin*, April 1953.

The Railroad Retirement Board furnished 1,796 work histories, representing 8,980,000 persons,³ which were combined with the corresponding work histories for these accounts in the old-age and survivors insurance records. An estimated 895,000 persons—roughly 10 percent of the total—were reported to have retired or died during the 16-year period. It is known that there were some unreported deaths among the remaining 8,085,000 workers, particularly in

Table 1.—Number of workers with railroad service, 1937-50 and 1937-52, by status at end of 1952

[Number in thousands; based on 0.02-percent sample]

Status at end of period	Type of employment			Percent with dual coverage
	Total	Railroad only	Railroad and OASI	
Total, 1937-50.....	8,425	2,005	6,420	76
Total, 1937-52.....	8,980	1,955	7,025	78
Living, nonentitled.....	8,085	1,525	6,560	81
Dead.....	330	90	240	73
Retired.....	565	340	225	40
Railroad benefits only.....	405	330	75	19
OASI benefits only.....	120	10	110	92
Railroad and OASI benefits.....	40	-----	40	100

the first few years after 1936. Under the assumption, however, that the number involved is relatively small, no adjustment was made for incomplete reporting of deaths.

Changes in Characteristics, 1950-52

About 76 percent of all workers—living and dead—who had railroad employment in the period 1937-50

³ This number was obtained by direct inflation of the 0.02-percent sample. The Railroad Retirement Board reports actual service credits for 8,955,000 workers during this period. For the sake of convenience, and without any great sacrifice in accuracy, directly inflated figures are shown throughout this report.

Table 2.—Workers with railroad service, 1937-52, ¹ by months of railroad service and by quarters of coverage under old-age and survivors insurance

Months of railroad service	Total number of railroad workers (in thousands)	Percentage distribution					
		Total	No OASI credits	Workers with OASI credits			
				Less than 6 quarters of coverage	6-19 quarters of coverage	20-39 quarters of coverage	40 or more quarters of coverage
Total.....	8,085	100	19	13	24	29	15
Less than 120.....	7,280	100	14	13	25	31	17
1-3.....	3,490	100	18	10	24	29	19
4-12.....	1,875	100	18	12	20	34	20
13-39.....	1,340	100	6	14	32	34	14
60-119.....	575	100	10	27	29	31	3
120 or more.....	805	100	62	17	15	5	1
120-191.....	495	100	44	23	23	8	1
192.....	310	100	90	8	2	-----	-----

¹ Excludes workers who have retired or died.

also had old-age and survivors insurance credits; for 1937-52 the corresponding figure was 78 percent (table 1). The increase over the 2-year period, while not significantly large, reflects at least partly the extended coverage in 1951.

When the records of persons who had retired or died are excluded from the 1937-52 sample, the proportion of railroad workers with dual coverage is increased from 78 percent to 81 percent. This is a significant change that reflects the relatively small amount of employment covered by old-age and survivors insurance among the older railroad workers and the shorter period of time during which the now deceased persons could have shifted from railroad service to jobs under old-age and survivors insurance. The proportion of retired (older) workers on the Railroad Retirement Board benefit rolls who had old-age and survivors insurance credits was rather low—only 19 percent—at the end of 1952. As time progresses and persons who were in the younger age groups when the program started in 1937 retire, the percentage with dual coverage should approximate perhaps 90 percent or more under the coverage provisions effective in 1951. The extension of old-age and survivors insurance coverage under the 1954 amendments, which resulted in the coverage of about 90 percent of all employment, will further increase the percentage of railroad retirement workers with dual coverage. It is anticipated that eventually most railroad workers, regardless of the dura-

tion of their railroad service, will at some time or other have had employment covered by old-age and survivors insurance.

This trend may also be noted from an examination of dual-coverage employment among employees with 120 or more months of service. In 1950, 73 percent of the employees with at least 10 years of railroad service had no old-age and survivors insurance credits. Table 2 shows that even as little as 2 years later—at the end of 1952—this proportion was reduced to 62 percent. It is reasonable to surmise that the present tendency for persons with an extended period of railroad service to have few or no quarters of coverage under old-age and survivors insurance will become less and less noticeable.

Because records on service before 1937 are not available for this sample, the length of railroad service for individual workers and thus the num-

ber of workers with 120 or more service-months are underestimated. The bias probably reduces the proportion of employees in this group who have old-age and survivors insurance credits, since the percentage of dual-coverage workers among the group with less than 120 service-months is larger than that for workers with more than 120 service-months. The comparison between 1950 and 1952 is not invalidated, however, since the same bias is present in both sets of data.

Table 3 shows the age distribution of workers by coverage status. There was no significant difference in the age distributions of all the workers for the two periods. As a percent of the total, however, employees aged 65 and over with dual coverage increased substantially, from 31 percent in 1937-50 to 37 percent in 1937-52. This increase is indicative of the expected long-term increase in the proportion of older railroad workers who also have old-age and survivors insurance credits.

An estimated 2,038,000 persons were employed by the railroads in 1950; 505,000 or 25 percent also had covered employment under old-age and survivors insurance in that year. For 1952, 2,021,000 persons were employed by the railroads, and 620,000 or 31 percent had dual coverage. Table 4, which gives the distributions of dual-coverage workers by the amount of their earnings in 1950 and 1952, also indicates a general shift to employment covered by old-age and survivors insurance. During 1952, 34 percent of the dual-coverage workers had earned as much as \$1,200

Table 3.—Workers with railroad service, 1937-50 and 1937-52, by age and by dual-coverage status

Age in terminal year	Total		Workers with railroad earnings only		Workers with railroad and OASI earnings		Dual-coverage workers as percent of total	
	1937-50	1937-52	1937-50	1937-52	1937-50	1937-52	1937-50	1937-52
Total number (in thousands) ¹	8,425	8,980	2,005	1,955	6,420	7,025	-----	-----
Total percent.....	100	100	100	100	100	100	76	78
Under 25.....	13	9	5	3	15	10	92	93
25-44.....	54	57	29	26	60	64	89	91
45-54.....	15	15	19	19	14	14	75	76
55-64.....	10	10	22	19	7	8	64	63
65 and over.....	7	10	25	32	3	4	31	37

¹ Persons of unknown age are included in total number of workers but not in percentage distribution.

from railroad employment, while 44 percent had comparable income from work under old-age and survivors insurance.

The increase in earnings under old-age and survivors insurance is further shown when cumulative earnings under each system during 1937-50 are compared with those for 1937-52. While there was no significant increase in the proportion of workers who had as much as \$15,000 in railroad compensation through 1950, the number with \$15,000 or more in cumulative old-age and survivors insurance earnings rose from 19 percent in 1950 to 31 percent in 1952. Table 5 gives the cumulative earnings, 1937-52, under each system for living, nontitled workers. In any comparison of old-age and survivors insurance and railroad retirement earnings, it is important to note that before 1951 the annual taxable and creditable limit was higher in the railroad retirement program than in old-age and survivors insurance. The higher earnings credited under old-age and survivors insurance are therefore of particular significance.

Benefit Status

Table 1 shows that 565,000 railroad workers were retired at some time during the period 1937-52. Minor old-age and survivors insurance credits were reported for 405,000 retired workers who received benefits under the Railroad Retirement Act only. The 1951 amendments to that act made it possible for an estimated 10,000 workers to retire in 1951 and 1952 under old-age and survivors insurance on the basis of their railroad service alone. Even though railroad workers with less than 120 service-months could retire and receive old-age and survivors insurance benefits on the basis of their railroad employment alone, the majority of the 120,000 workers with railroad experience who retired with benefits coming only from the old-age and survivors insurance program also had some employment covered under that program.

Insured Status Under OASI, January 1, 1953

Because of the provision that, following the 1951 amendments to the Railroad Retirement Act, the benefits

Table 6.—Workers with railroad service, 1937-52, by insured status under old-age and survivors insurance, January 1, 1953, and by duration of railroad service¹

[Continental United States; numbers in thousands]

Insured status, OASI	Total	Less than 120 railroad service-months	120 or more railroad service-months
Total.....	8,085	7,280	805
Uninsured:			
Total.....	1,345	1,345	-----
No quarters of coverage.....	900	900	-----
Some quarters of coverage.....	445	445	-----
Insured: ²			
Total.....	6,740	5,935	805
On basis of OASI quarters of coverage alone.....	5,485	5,320	165
On basis of railroad service alone.....	1,070	430	640
On basis of combined record but not on basis of either record separately.....	185	185	-----

¹ Excludes workers who have died or retired.
² Based on 6 or more quarters of coverage as of Jan. 1, 1953. At later dates, more than 6 quarters of coverage are required for insured status.

of railroad workers with less than 10 years of service be administered by the Bureau of Old-Age and Survivors Insurance, it is necessary in estimating the administrative workload in this area to study the insured status of these workers under the old-age and survivors insurance system.

Of all living, nontitled railroad workers at the beginning of 1953, about 6,740,000 had sufficient combined earnings to attain insured status. Table 6 shows, however, that 640,000 workers who were insured on the basis of railroad retirement credits alone had 10 or more years of railroad service but insufficient quarters of coverage under old-age and survivors insurance to attain insured status. Such cases would therefore not be processed by the Bureau of Old-Age and Survivors Insurance in the event of retirement benefit action. Of the 7,280,000 workers with less than 120 railroad service-months, 5,935,000 (about 82 percent) were insured under old-age and survivors insurance as of January 1, 1953, on the basis of combined credits.

About 5,320,000 workers were fully insured on the basis of old-age and survivors insurance credits alone. Supplemental tabulations show that 1,440,000 were permanently insured on the basis of old-age and survivors

Table 4.—Workers with railroad service and old-age and survivors insurance earnings, by amount of earnings, 1950 and 1952

Earnings	Combined railroad and OASI earnings		Railroad earnings only		OASI earnings only	
	1950	1952	1950	1952	1950	1952
Total number of workers.....	505,000	620,000	505,000	620,000	505,000	620,000
Total percent.....	100	100	100	100	100	100
Less than \$600.....	15	10	48	51	47	46
600-1,199.....	12	15	15	15	21	10
1,200-2,399.....	36	23	25	15	22	21
2,400-3,599.....	29	31	12	10	11	17
3,600 or more.....	9	21	1	9	-----	6

Table 5.—Workers with railroad service and old-age and survivors insurance earnings, by cumulative earnings under each system, 1937-52¹

[Workers in thousands]

Cumulative railroad compensation	Cumulative earnings credits under OASI					
	Total	Less than \$300	\$300-4,999	\$5,000-14,999	\$15,000-24,999	\$25,000 and over
Total.....	6,560	445	2,025	2,040	1,340	710
Less than \$300.....	2,905	140	825	830	685	425
300-4,999.....	2,340	125	660	815	510	230
5,000-14,999.....	645	50	190	240	110	55
15,000-24,999.....	320	55	160	80	25	-----
25,000 or more.....	350	75	190	75	10	-----

¹ Excludes workers who have retired or died.

Table 7.—Workers with railroad service, 1937-52, by year of last railroad employment and year of last old-age and survivors insurance employment¹

[Workers in thousands]

Year of last railroad service	Total	Workers with no employment under OASI	Year of last employment under OASI							
			Total	1946 or earlier	1947	1948	1949	1950	1951	1952
Total.....	8, 085	1, 525	6, 560	825	185	190	165	225	520	4, 450
1946 or earlier.....	4, 040	775	3, 265	415	80	75	35	65	155	2, 440
1947.....	495	25	470	20	20	15	10	15	30	360
1948.....	535	75	460	10	10	20	30	20	60	310
1949.....	345	20	325	15	-----	10	5	30	30	235
1950.....	295	20	275	5	-----	10	10	15	40	195
1951.....	375	5	370	5	-----	5	15	10	40	295
1952.....	2, 000	605	1, 395	355	75	55	60	70	165	615

¹ Excludes workers who have died or retired.

insurance credits alone and 3,880,000 were fully but not permanently insured. An additional 430,000 workers were insured on the basis of only railroad service, and 185,000 were insured on the basis of their combined old-age and survivors insurance and railroad retirement records though uninsured under either program separately.

The remaining 1,345,000 workers were uninsured since they had less than the equivalent of 6 quarters of coverage (based on actual and deemed quarters of coverage). They probably included most of the 775,000

workers who had no old-age and survivors insurance credits and whose last railroad service was before 1947.

Last Employment

While the cross-classification of "last year of employment" under each program does not give the complete picture of employee-service patterns under both programs, it does indicate certain significant features of the most recent employment of railroad workers. Table 7 shows that about 50 percent of the living, non-entitled workers having railroad employment at some time during 1937-

52 did not work in such employment after 1946. It cannot be assumed that they had withdrawn from the labor force, since the majority had quarters of coverage under old-age and survivors insurance as late as 1952. The shift to employment covered by old-age and survivors insurance is clear when it is noted that for 4.5 million railroad workers the year of last employment under old-age and survivors insurance was more recent than the year of last railroad employment.

Eighty percent of the 6,560,000 railroad workers who had old-age and survivors insurance credits at some time during 1937-52 were actively employed under one or the other program in 1952. Of these dual-coverage workers, 1,395,000 had railroad employment in 1952; 4,450,000 workers had old-age and survivors insurance credits, and of these about 615,000 also had railroad employment in that year. In contrast, only 40 percent of the 1,525,000 workers with no old-age and survivors insurance credits were employed during 1952. Complete withdrawal from employment thus appears to be a major factor in failure to earn old-age and survivors insurance credits.

Notes and Brief Reports

Money Income Sources for Young Widows and Orphans, Mid-1955*

Old-age and survivors insurance benefits were being paid in mid-1955 to more than half of all paternal orphans under age 18 in the continental United States and to almost two-fifths of the widows with children (table 1). In the event of the death of the family breadwinner, some 50 million of the Nation's 56 million children are assured of monthly benefits under the old-age and survivors insurance program until they reach age 18. Old-age and survivors insurance also helps to protect 90 percent of the married women with children under age 18 against

the loss of support because of the husband's death. The amount of life insurance now in force under the program for these mothers and children is estimated at some \$270 billion.¹

Almost half the 700,000 widowed mothers under age 65 in the continental United States were entitled to old-age and survivors insurance benefits in mid-1955, but the benefits of about one-fifth of those entitled were withheld—characteristically because of employment. About one-fifth of the 340,000 who were entitled to benefits at the end of June 1955 had become entitled during the

preceding 12 months; about 15 percent of those entitled to benefits at the end of June 1954 had their benefits terminated before June 1955. (During the calendar year 1954, attainment of age 18 by the last entitled child was responsible for the termination of the mother's benefits in more than half the cases and remarriage of the mother in about two-fifths.) This high rate of turnover for the widowed mothers entitled to benefits and the large number of beneficiary families in which only children draw benefits² mean that the program helps more widows during a year than would appear from the number of beneficiaries at any one date. It is clear not only that the old-

² In June 1955 there were some 270,000 beneficiary groups composed of children under age 18 with mother not entitled. Included among the child survivors were about 45,000 maternal orphans who received benefits on the basis of the mother's wage record.

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¹ T. N. E. Greville, *Estimated Amount of Life Insurance in Force as Survivor Benefits Under OASI—1955* (Actuarial Study No. 43), Division of the Actuary, Social Security Administration, September 1955. See also pages 13-15 of this issue.