

# Concurrent Receipt of Public Assistance and Old-Age, Survivors, and Disability Insurance

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*Because of the increasing attention given in recent years to the needs of both our aged population and our children, the relationship between the income-maintenance programs established under the Social Security Act for these two groups has been growing in importance. Since 1950, reports have been obtained each year from State welfare agencies on the extent to which aged persons and families with dependent children are receiving payments under the two programs. The article that follows is based on the reports for early 1959. It includes an explanation of some of the similarities in and differences between the old-age, survivors, and disability insurance and the old-age assistance programs.*

**T**ODAY old-age, survivors, and disability insurance benefits are the most common source of the income received by aged persons and a source of support for nearly two-thirds of the Nation's paternal orphans. The growing importance of these benefits since 1950 has been accompanied by declines in the number of aged persons and of paternal orphans who receive public assistance. In 1950 there were more recipients of old-age assistance among the aged than there were beneficiaries of old-age and survivors insurance. Today there are more than four times as many aged insurance beneficiaries as there are recipients of old-age assistance—approximately 10 million compared with 2.4 million. In addition, many families that formerly would have received financial assistance under the program for aid to dependent children are now receiving benefits under the insurance program. Only a small part of the program of aid to dependent children is currently concerned with meeting need because of the death of a father—the major risk to children for which old-age, survivors, and disability insurance makes provision. In the early days of the assistance program more than a third of the families received aid because the father was

dead. At present, with the decline in the number of paternal orphans and with the survivor protection provided by the insurance program, only about 11 percent of the families receiving aid to dependent children are on the rolls because of the father's death.

Because both the insurance program and public assistance are designed to maintain income for the aged and for paternal orphans, and because the assistance payment supplements the insurance benefit when such benefits, with other resources, fail to meet the beneficiary's needs, the relationship between the programs is of continuing interest. To measure the extent to which aged persons and families with dependent children are receiving payments under the two programs, once a year all State welfare agencies submit reports based on a sample of assistance recipients. These reports show the numbers of aged and child beneficiaries of old-age, survivors, and disability insurance who also receive public assistance and the amounts of the benefits and assistance payments they receive.

State reports for early 1959 reflect both the increased benefit amounts provided by the Social Security Amendments of 1958 and the adjusted assistance payments to recipients who also received insurance benefits. Because all adjustments in assistance payments were not ex-

pected to be completed in February,<sup>1</sup> States were given the alternative of preparing the report as of February or March 1959. About two-thirds of the States reported data for the month of March. State data concerning the insurance beneficiaries aged 65 and over and under age 18 were provided by the Bureau of Old-Age and Survivors Insurance and represent the numbers as of the end of February 1959. The following article relates the data on assistance recipients from this year's State reports to the data on insurance beneficiaries. It also explains some of the similarities in and differences between the insurance and old-age assistance programs.

## Similarities in and Differences Between OASDI and OAA

Although the programs of old-age, survivors, and disability insurance and of old-age assistance differ in many important respects, their goal is similar: to provide security against want in old age through provision of a basic income. Each program is nationwide in coverage, and each gives certain rights to persons receiving payments under its provisions. The individual possesses a right to freedom in the use of his cash payment, a right to a fair hearing, and a right to privacy in his personal affairs. Until November 1956, each program also used a minimum age of 65 as one test of eligibility. Beginning November 1956, however, the minimum qualifying age for insurance benefits for women without young or disabled children in their care was reduced to 62.

A major difference between the two programs is in the number of persons each is serving—currently about 10

<sup>1</sup> The Social Security Act amendments of 1958 provided that persons on the beneficiary rolls in December 1958 would receive increases for January 1959 in their February checks.

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million aged insurance beneficiaries and less than 2½ million old-age assistance recipients. Despite the large number of aged beneficiaries, some older persons—today more than a fourth of the population aged 65 or over—fail to qualify for insurance benefits because they or the workers upon whom they were or are dependent (1) had died or retired before the work they were doing became covered, (2) had spent the greater part of their working lives in employment not covered by the insurance program, or (3) had not been members of the labor force. Some aged persons who qualify for benefits do not receive them because they have earnings above the annual and monthly amounts permitted under the retirement test in the Social Security Act.<sup>2</sup> Some aged persons who qualify for and receive insurance benefits need additional income because their benefits are small or they have unusual needs. Thus old-age assistance serves as both a residual and supplementary program by providing cash payments not only to needy old persons who are not eligible for insurance benefits but also to aged insurance beneficiaries who are in need under the assistance standards established by the State in which they live.

There are also important differences in the financing, administration, and eligibility requirements of the two programs. Benefits under the insurance programs are paid from an earmarked trust fund supported by direct contributions from wage earners and their employers and from the self-employed in their own behalf. Old-age assistance payments are noncontributory and are financed from State and local appropriations, supplemented by Federal grants un-

<sup>2</sup> Beneficiaries aged 72 and over are paid full benefits regardless of the total amount of their earned income in a year. For persons under age 72, if earned income is \$1,200 or less in a year, full benefits are paid every month in the year; if earned income is more than \$1,200 in a year, full benefits will always be paid for any month in which wages are \$100 or less and there is no substantial engagement in self-employment. For those in the latter group whose earnings are between \$1,200 and \$2,080, benefits may also be paid for other months even though wages are more than \$100 or there is substantial self-employment.

der the matching provisions specified in the Social Security Act.

The insurance program is federally administered, and policies and standards of operation are uniform throughout the country. In old-age assistance, on the other hand, each State is responsible, within the requirements of the Social Security Act, for developing its own State plan and for making its own decisions regarding the administration and financing of the program. Some States share responsibility for these decisions with local governments. Eligibility requirements, program coverage, and levels of assistance standards and payments vary from one State to another depending upon State laws, policies, and fiscal resources.

There are basic and important differences in the eligibility requirements of the two programs. The assumption underlying the insurance program is that, for the great majority of insured workers, income will be reduced substantially by retirement. The benefit helps protect the individual against the risk of becoming needy by providing at least a reduced income for him and his family after retirement, or for his surviving family when he dies. Under the insurance program a retired worker may receive a cash benefit by reason of his earnings record; his aged wife or, if he dies, his aged widow may also receive a cash benefit.<sup>3</sup> Eligibility for benefits is determined primarily on the basis of his earnings in and regular attachment to covered employment. Unless the period spent in covered employment is substantial, the covered worker will not qualify for an insurance benefit even if he is in need. The size of the benefit is calculated, within fixed minimum and maximum amounts, in relation to the individual's previous earnings by means of a statutory benefit table. The amount of the benefit is thus individualized even though the same basis for determining the benefit amount is used for everyone in the same class of beneficiaries. The benefit amount therefore differs from per-

<sup>3</sup> The wife or widow of a retired or deceased worker also may receive benefits at any age if she has in her care children entitled to benefits.

son to person and from family to family because of variations in total earnings and number of dependents. The total income of retired beneficiaries shows wide variations since nonearned income has no effect on the benefit payment.

Old-age assistance is based on the assumption that some aged persons will be in need because they have no income or because their income is insufficient to meet their minimum requirements. Eligibility is determined primarily on the basis of the applicant's lack or insufficiency of income in relation to the State assistance standard. Unless this determination proves he is in need, he cannot qualify even though he meets State requirements on age, residence, and citizenship. The amount of assistance needed is calculated by determining the budgetary requirements of the applicant under the State assistance standard and subtracting his income from the sum of his requirements. In principle, the amount of the assistance payment should be the same as the amount of need. In many States, however, establishment of a maximum or the application of a percentage or flat-amount reduction may lower the amount of the assistance payment to less than determined need. A maximum limits the amount of assistance that may be paid to individuals whose determined need exceeds that maximum, and percentage or flat-amount reductions usually affect all payments.

Even though payments under the insurance program and under old-age assistance tend to fall within somewhat fixed limits, the range in benefit payments is narrower than that for assistance payments on a national basis. In States, however, that set low maximums on monthly payments or otherwise limit amounts of assistance because of insufficient funds, the range is undoubtedly narrower for assistance payments than for benefit payments.

In contrast, there is a far greater range in the total incomes of insurance beneficiaries than of old-age assistance recipients since only income from earnings may affect the benefit amount, and all currently available income and resources must

be considered in the determination of the amount of the old-age assistance payment. Moreover, States define limits below which an individual's total income must fall before he can be eligible for assistance.

### Concurrent Receipt of PA and OASDI

#### OASDI Amendments in 1958

The 1958 amendments to the Social Security Act<sup>4</sup> included some changes in the old-age, survivors, and disability insurance program that had an immediate impact on the public assistance programs and others that will have more of a long-range effect. The amendments increased benefits for all beneficiaries, raised the amounts of total earnings that could be taxed and credited for benefit purposes, provided benefits for certain dependents of disabled workers, and provided a stepped-up schedule for future tax-rate increases. The new law also included provisions relating to the disability freeze and disability benefits, as well as a number of minor provisions. Although no special report was requested of State welfare agencies to measure the effect of these amendments on public assistance programs, the following analysis of the most recent data available on concurrent receipt of public assistance and old-age, survivors, and disability insurance includes some information of this kind.

#### Aged Persons Receiving OAA and OASDI

The growth in the total population aged 65 and over from the middle of 1948 to early 1959 is shown in the accompanying chart. The chart also shows the number in the aged population who were receiving old-age, survivors, and disability insurance benefits and the number who were recipients of old-age assistance. The total number of persons aged 65 and over increased by a third, or 3 percent a year, during this period. The number of insurance beneficiaries aged 65 and over was almost six and a half times larger in early 1959 than

it was in the middle of 1948—9.4 million compared with 1.5 million. The old-age assistance rolls rose somewhat from 1948 to 1950 but started to decline in the latter part of 1950, after the 1950 amendments to the insurance program were passed. The decrease in the number of recipients of old-age assistance from September 1950 to March 1959 amounted to more than 13 percent—from 2.8 million to 2.4 million. The number of persons aged 65 and over receiving both insurance benefits and assistance payments advanced from 146,000 in June 1948 to 648,000 in March 1959, a rise of 344 percent.

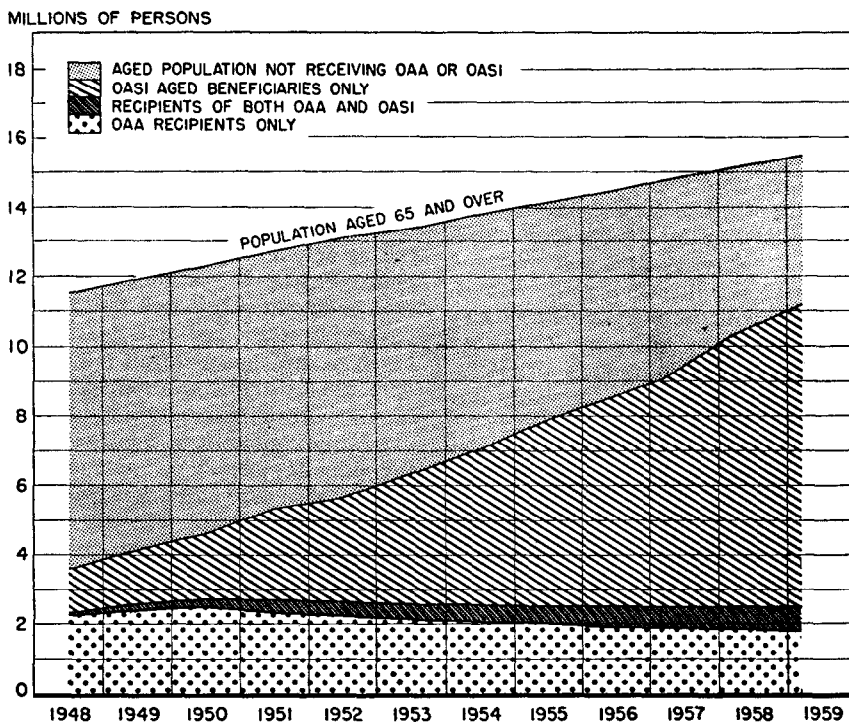
A clearer picture of the change in the roles of the insurance program and the old-age assistance program is obtained from a comparison of the changes in the proportion of the aged population receiving payments under each program. From September 1950 to March 1959 the proportion of the aged population receiving old-age, survivors, and disability insurance benefits rose 244 percent—from 177

per 1,000 persons aged 65 and over to 608 per 1,000. During the same period the proportion receiving old-age assistance receded from 226 per 1,000 aged persons to 158 per 1,000, or 30 percent.

Only Louisiana and the Virgin Islands now have more old-age assistance recipients per 1,000 aged persons in the population than aged insurance beneficiaries. In June 1948 more than three-fourths of the States had a higher recipient rate than beneficiary rate.

Although the old-age assistance recipient rate is declining, the number of aged recipients who also get benefits under the insurance program continues to increase. In March 1959 almost 648,000 (42 persons per 1,000 aged population) were receiving both types of payments, an increase of 135 percent from the number in September 1950 (table 1). Annual increases were generally between 20,000 and 40,000. A substantial number of the insurance benefits awarded in 1950 and 1951 to persons who became

Population aged 65 and over in the United States and persons receiving payments under the Social Security Act programs for the aged, 1948-59<sup>1</sup>



<sup>1</sup> Data for aged OASDI beneficiaries include a few persons receiving benefits as dependents of disabled workers; data for beneficiary-recipients may therefore include a few such persons.

<sup>4</sup> See Charles I. Schottland, "Social Security Amendments of 1958: A Summary and Legislative History," *Social Security Bulletin*, October 1958.

**Table 1.—Aged persons and families with children receiving both OASDI <sup>1</sup> benefits and assistance payments, 1948–59**

Month and year	Aged persons receiving both OASDI and OAA			Families with children receiving both OASDI and ADC		
	Number	Percent of—		Number	Percent of—	
		Aged OASDI beneficiaries	OAA recipients		OASDI beneficiary families with children	ADC families
June 1948.....	146,000	10.0	6.1	21,600	6.7	4.8
September 1950.....	276,200	12.6	9.8	32,300	8.3	4.9
August 1951.....	376,500	11.9	13.8	30,700	6.7	5.0
February 1952.....	406,000	12.0	15.1	30,000	6.1	5.0
February 1953.....	426,500	10.7	16.3	30,600	5.7	5.3
February 1954 <sup>2</sup> .....	463,000	9.7	18.0	31,900	5.4	5.9
February 1955.....	488,800	8.7	19.2	32,100	4.9	5.2
February 1956 <sup>3</sup> .....	516,300	8.0	20.4	32,600	4.6	5.3
February 1957.....	555,300	7.8	22.2	31,900	4.2	5.1
February 1958.....	596,500	7.1	24.2	37,200	4.5	5.4
March 1959 <sup>4</sup> .....	647,900	6.9	26.7	41,900	4.6	5.4

<sup>1</sup> Beginning September 1958, monthly benefits are payable to the dependents of persons who are receiving disability insurance benefits. The classes of dependents eligible for these benefits are the same as dependents of old-age insurance beneficiaries.

<sup>2</sup> November 1953 data for ADC.

<sup>3</sup> For ADC, March data for 20 States, November 1955 data for 1 State, and May 1956 data for 1 State.

<sup>4</sup> For OAA, February data for 18 States, April data for 1 State, and May data for 1 State. For ADC, February data for 17 States and April data for 1 State.

newly eligible under the 1950 amendments were at or close to the minimum. With the minimum payable to a retired worker then set at \$20, a considerable number of old-age assistance recipients who were getting benefits for the first time continued to need public aid.

At the same time that the number of aged beneficiaries who also receive assistance was increasing, the percentage that such beneficiaries represent of all aged beneficiaries continued to decline. Of the 9.4 million persons aged 65 and over getting old-age, survivors, and disability insurance benefits in March 1959, less than 7 percent received supplementary assistance. In September 1950, August 1951, and February 1952, the proportion was about 12 percent.

Although the old-age assistance caseload shows a continuing decline, the number of recipients of old-age assistance who also have insurance benefits continues to increase. As a result the proportion of the aged recipients who also receive benefits under the insurance program has gradually risen. This increase is to be expected since, with the expansion of the insurance program and benefit awards to many persons with relatively brief periods of covered work, more beneficiaries are found in the group potentially eligible for old-age assistance. By March 1959, almost 27

percent of the recipients of old-age assistance were also receiving benefits, compared with about 10 percent in September 1950.

The present old-age assistance caseload consists largely of individuals who never had an opportunity to obtain coverage under the insurance program. Half the recipients of old-age assistance are at least 75 years of age, and many of these individuals had retired before the Social Security Act was passed. The caseload also includes needy aged persons who worked in employment not covered, or only recently covered, by the insurance program. Among the present assistance recipients, also, are wives and widows of uninsured workers. About 3 out of every 5 recipients are women, and probably most of them have had no recent attachment to the labor force.

*State changes, February 1958–March 1959.* — Although in most States old-age assistance caseloads were smaller in March 1959 than they had been in February 1958, the number of recipients who also had insurance benefits was larger in all but five States and represented a somewhat higher proportion of all recipients in all but two States.<sup>5</sup> Four

<sup>5</sup> Puerto Rico and the Virgin Islands, where few recipients of old-age assistance also receive insurance benefits, are excluded from the State analysis.

of the five States with fewer beneficiary-recipients in early 1959 had percentage decreases in their total assistance caseloads from February 1958 that exceeded the national average.

The States with the largest relative increases in the number of recipients who also received insurance benefits were in the South: Mississippi reported 41 percent more beneficiary-recipients, Arkansas 29 percent, Georgia 26 percent, and North Carolina 24 percent. These States possess a large concentration of agricultural workers and farm operators, many of whom did not gain coverage under the insurance program until 1954. It is for the same reason that increases from February 1958 to March 1959 in the proportion of aged beneficiaries who also received old-age assistance were reported by the Southern States. Alabama, Arkansas, Georgia, Mississippi, and New Mexico all reported significant increases in the proportion of all aged beneficiaries receiving supplementary old-age assistance payments.

*State differences.*—The proportion of aged persons receiving both types of payments in March 1959 ranged from 47.7 percent in Nevada to 6.1 percent in South Carolina (table 2). In general, the percentage of recipients of old-age assistance who also receive benefits tends to be small in States with relatively small proportions of beneficiaries among the aged population. In addition, aged persons receiving benefits are less likely to be eligible for assistance in States where low assistance standards and limited funds result in low assistance payments.

This combination of circumstances accounts for the fact that in 11 States fewer than 20 percent of the old-age assistance recipients also receive insurance benefits. All are agricultural States and have many farm workers and operators who did not gain insurance coverage until recent years; all except two (North Dakota and New Mexico) are Southern States. In six of the 11 States the aged beneficiary rate was considerably less than the national rate of 608 per 1,000 aged persons in the population, ranging from 437 to 527 per 1,000. The other five States in this group

also had beneficiary rates below the national average. The average assistance payments for most of the 11 States were considerably less than the March 1959 average of \$64.34 for the country as a whole.

Data for the States with relatively more aged insurance beneficiaries showed much higher proportions of beneficiaries among recipients of old-

age assistance. In 11 of the 15 States with 650 or more aged beneficiaries per 1,000 aged persons, such beneficiaries made up a third or more of the assistance caseloads, with the proportion at least 40 percent in five of these States. In all but three of the 15 States, the average assistance payments exceeded the national average.

Most of the 17 States in which as

many as 30 percent of the recipients of old-age assistance also receive insurance benefits have a high degree of industrialization and are located in the Northeast and West, although a few States scattered among other regions—Delaware, Florida, and Michigan—are also included. Among the 17 States are those ranking at the top in the amount of the average assistance payment; only four (Alaska, Florida, Maine, and Vermont) had payments less than the national average. Only four States (Alaska, Colorado, Vermont, and Wyoming) had beneficiary rates below the national average. These circumstances account for the relatively high proportion of the recipients who are also receiving insurance benefits.

In the remaining 23 States, 20-29 percent of the old-age assistance recipients were also getting insurance benefits. In two-thirds of these States the beneficiary rates were below the national average, and in half the average assistance payments were less than that for the Nation.

The percentage of aged beneficiaries getting old-age assistance also varied widely among the States (table 3). In 21 States fewer than 5 percent of the persons getting benefits received assistance; Virginia reported the smallest proportion—slightly less than 1 percent. In seven States, more than 15 percent of the aged persons with insurance benefits received supplementary assistance; the proportion was highest—35 percent—in Louisiana. As would be expected, the proportions of beneficiaries getting assistance were low in all States with relatively low recipient rates for old-age assistance and were comparatively high in all but a few of the States providing old-age assistance to a larger proportion of the aged population.

For the Nation as a whole in March 1959, there were 158 recipients of old-age assistance per 1,000 persons aged 65 and over. In all 14 States with old-age assistance recipient rates lower than 100, less than 5 percent of the aged persons receiving insurance benefits were on the old-age assistance rolls. Relatively few aged persons in these States, therefore, in either the beneficiary or nonbeneficiary group were on the assistance

Table 2.—Number of aged OASDI beneficiaries per 1,000 population aged 65 and over and percent of OAA recipients with OASDI benefits, March 1959

State and beneficiary-rate group	OASDI beneficiaries per 1,000 population aged 65 and over <sup>1</sup>	Percent of OAA recipients with OASDI benefits			
		Less than 20	20-29	30-39	40 and over
Total, 53 States.....	608	26.7			
Less than 550:					
Virgin Islands <sup>2</sup> .....	259	0.2			
Puerto Rico <sup>2</sup> .....	413	( <sup>3</sup> )			
Alaska.....	427			35.6	
Louisiana.....	429		26.3		
New Mexico <sup>2</sup> .....	437	13.8			
Georgia <sup>2</sup> .....	456	14.6			
Oklahoma.....	457		21.9		
District of Columbia.....	464		25.1		
Mississippi.....	472		20.0		
South Carolina.....	474	6.1			
Arkansas.....	479	13.1			
Texas <sup>2</sup> .....	486		20.3		
Alabama.....	488	19.3			
Tennessee.....	527	9.9			
Colorado <sup>2</sup> .....	544			37.0	
550-599:					
Arizona <sup>4</sup> .....	558		28.6		
Hawaii <sup>2</sup> .....	559		20.1		
North Carolina.....	560	12.8			
Wyoming <sup>2</sup> .....	563			35.3	
Kentucky <sup>2</sup> .....	565	16.2			
South Dakota.....	565		20.6		
Kansas.....	573		24.3		
North Dakota.....	573	19.1			
Iowa <sup>2</sup> .....	574		26.1		
Missouri.....	577		29.6		
Minnesota.....	578		26.5		
Virginia.....	578	9.0			
Nebraska <sup>2</sup> .....	582		22.6		
Montana.....	593		29.4		
600-649:					
West Virginia.....	601	9.3			
Maryland.....	602		22.2		
Vermont <sup>2</sup> .....	605			31.7	
Illinois <sup>5</sup> .....	609		23.8		
Idaho <sup>2</sup> .....	612		29.3		
Utah <sup>2</sup> .....	615		23.8		
California <sup>2</sup> .....	624			45.8	
Ohio <sup>2</sup> .....	630		27.5		
Florida.....	649			31.3	
650-699:					
Wisconsin.....	651		28.4		
Washington.....	657			40.1	
Pennsylvania.....	663		24.6		
Delaware.....	666		24.4		
New York.....	670			34.5	
Indiana.....	671		22.1		
Maine.....	678			35.9	
New Hampshire.....	682			32.3	
Massachusetts.....	686			46.1	
Michigan.....	687			33.2	
700 or more:					
Oregon.....	700			37.3	
Connecticut.....	709			42.6	
Nevada.....	715			47.7	
New Jersey <sup>2</sup> .....	717			32.5	
Rhode Island <sup>2</sup> .....	727			36.7	

<sup>1</sup> Number of aged beneficiaries as of Feb. 28, 1959. State data, estimated by the Bureau of Old-Age and Survivors Insurance, adjusted to exclude (1) women beneficiaries aged 62-64, (2) wife beneficiaries under age 62 with child beneficiaries in their care, and (3) duplicate counts for beneficiaries receiving both

old-age and wife's or husband's benefits.

<sup>2</sup> February data for OAA.

<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> April data for OAA.

<sup>5</sup> May data for OAA.

rolls. Many of them are industrial States and rank near the top in the proportion of beneficiaries in their aged populations. Because of the generally higher wage levels in industry and the opportunity for continuing work in covered employment, the average insurance benefit is higher than the national average in most of these States.

Of the 17 States with recipient rates of more than 100 but less than the national average, all but West Virginia reported 4-9 percent of the beneficiaries also receiving assistance. In West Virginia, fewer than 2 percent of the aged beneficiaries received supplementary old-age assistance. Because assistance standards and payments in that State are low, only the neediest aged persons are eligible for assistance. Some of the aged beneficiaries in West Virginia are retired mine workers who also receive payments from the United Mine Workers Welfare and Retirement Fund. Their flat \$100 monthly benefit from the fund, in addition to their insurance benefits, would make them ineligible for assistance even if assistance standards and payments were not so limited.

The 20 States (excluding Puerto Rico and the Virgin Islands) in which the proportion of the aged population getting assistance exceeded the national rate present a mixed picture. Included in this group are a number of low-income States where relatively few insurance beneficiaries (less than 1 in 10) are on the assistance rolls. At the other end of the scale are seven States that provide assistance to more than 15 percent of the aged beneficiaries.

### Families With Children Receiving OASDI and ADC

Concurrent receipt of benefits is a less important factor in aid to dependent children than in old-age assistance; relatively few families receive both assistance payments and insurance benefits. The assistance program provides financial aid to children deprived of care or support because of the death, absence from the home, or incapacity of a parent. In early 1959, absence of the father accounted for the dependency of slightly less than two-thirds of the

families receiving aid; in somewhat more than one-fifth of the families the father was incapacitated. Death of the father was the cause of dependency for only 11 percent. In contrast, among the child beneficiaries under age 18, approximately 85 percent were children of deceased covered workers.

As a result of the growth of old-age, survivors, and disability insurance and the decline in recent years in the total number of orphans, the proportion of families needing aid to dependent children because of the death of a parent has been declining. Twenty-four percent of such families were receiving aid to dependent chil-

Table 3.—Number of OAA recipients per 1,000 population aged 65 and over and percent of aged OASDI beneficiaries receiving OAA, March 1959

State and recipient-rate group	OAA recipients per 1,000 population aged 65 and over	Percent of aged beneficiaries receiving OAA <sup>1</sup>			
		Less than 5	5-9	10-14	15 or more
Total, 53 States.....	158	6.9			
Less than 100:					
New Jersey <sup>2</sup> .....	39	1.7			
Delaware.....	46	1.7			
Pennsylvania.....	47	1.7			
District of Columbia.....	48	2.6			
Maryland.....	48	1.8			
Hawaii <sup>2</sup> .....	50	1.8			
New York.....	56	2.0			
Virginia.....	58	.9			
Connecticut.....	69	4.1			
Indiana.....	72	2.3			
New Hampshire.....	81	3.8			
Illinois <sup>3</sup> .....	84	3.3			
Rhode Island <sup>2</sup> .....	85	4.3			
Wisconsin.....	97	4.2			
100-149:					
Nebraska <sup>2</sup> .....	103	4.0			
Ohio <sup>2</sup> .....	107	4.6			
Oregon.....	108		5.7		
Michigan.....	111		5.4		
Iowa <sup>2</sup> .....	113		5.1		
Montana.....	116		5.8		
Maine.....	118		6.3		
West Virginia.....	123	1.9			
Kansas.....	132		5.6		
Vermont <sup>2</sup> .....	134		7.0		
North Dakota.....	136	4.5			
South Dakota.....	136		5.0		
Idaho <sup>2</sup> .....	137		6.5		
Wyoming <sup>2</sup> .....	142		8.9		
Minnesota.....	144		6.5		
150-199:					
Utah <sup>2</sup> .....	153		5.0		
Florida.....	154		7.4		
Massachusetts.....	160			10.8	
North Carolina.....	171	3.9			
Arizona <sup>4</sup> .....	177		9.1		
200-299:					
Tennessee.....	201	3.8			
Nevada.....	201			13.6	
Kentucky <sup>2</sup> .....	206		5.9		
Washington.....	207			12.6	
New Mexico <sup>2</sup> .....	209		6.7		
Alaska.....	212				17.6
California <sup>2</sup> .....	219				16.0
South Carolina.....	227	2.9			
Missouri.....	259			13.3	
Arkansas.....	291		8.0		
300-399:					
Virgin Islands <sup>2</sup> .....	300	.2			
Texas <sup>2</sup> .....	329			13.8	
Colorado <sup>2</sup> .....	333				22.6
Georgia <sup>2</sup> .....	358			11.4	
Puerto Rico <sup>2</sup> .....	382	(5)			
Oklahoma.....	387				18.5
400 or more:					
Alabama.....	413				16.3
Mississippi.....	448				19.0
Louisiana.....	577				35.5

<sup>1</sup> Number of aged beneficiaries as of Feb. 28, 1959. State data, estimated by the Bureau of Old-Age and Survivors Insurance, adjusted to exclude (1) women beneficiaries aged 62-64, (2) wife beneficiaries under age 62 with child beneficiaries in their care, and (3) duplicate counts for beneficiaries receiving both

old-age and wife's or husband's benefits.

<sup>2</sup> February data for OAA.

<sup>3</sup> May data for OAA.

<sup>4</sup> April data for OAA.

<sup>5</sup> Less than 0.05 percent.

dren in 1948, 17 percent in 1953, 13 percent in early 1956, and 11 percent in early 1959. With 9 out of every 10 of the Nation's families protected by the insurance program, few of the paternal orphans in the future will be without an insurance benefit. Aid to dependent children is thus becoming more and more a program meeting need created by the absence of a

parent from the home or by a parent's disability. With dependents of disabled beneficiaries now eligible to receive benefits under the insurance program, fewer families in which a father is disabled may need to apply for aid to dependent children.

In March 1959, about 41,900 families received payments under both the program of aid to dependent children

and the insurance program. Although the great majority of these families were receiving benefits under the insurance program on the basis of the earnings record of a deceased father, some received benefits on the basis of the earnings record of either a retired or a disabled father. A few received benefits on the basis of a deceased mother's earnings record. On the other hand, a family receiving benefits and aid to dependent children concurrently may be receiving insurance benefits based on the earnings record of a father who died but may be receiving aid under the assistance program for a reason other than his death. Different reasons for receipt of insurance benefits and receipt of aid to dependent children by a family usually occur in families for which there are different fathers (natural or adoptive) for the children. Although the number of families receiving payments under both the program of aid to dependent children and the insurance program increased from February 1958 to March 1959, the percentage they represented of all the assistance families remained the same (5.4 percent).

In aid to dependent children, as in old-age assistance, the proportion of beneficiary families receiving assistance has generally declined as the number of such families has increased. In September 1950, more than 8 percent of all beneficiary families with at least one child under age 18 were on the assistance rolls; by early 1959 the percentage was 4.6 percent (table 1).

From September 1950 until February 1954, the proportion of families receiving both types of payments represented a slightly increasing proportion of all families receiving aid to dependent children, rising from 4.9 percent to 5.9 percent. After dropping to 5.2 percent in February 1955, this proportion has changed only slightly in subsequent years.

The families getting both types of payments generally had more children than families receiving only insurance benefits but about the same number of children as families receiving only aid to dependent children. Although only 4.6 percent of the beneficiary families were receiving assistance, these families in-

Table 4.—Concurrent receipt of OASDI benefits and assistance payments by OAA recipients and ADC cases, March 1959

State	Persons receiving OAA and OASDI as percent of—		Cases receiving ADC and OASDI—	
	OAA recipients	OASDI beneficiaries	Families as percent of ADC families	Children as percent of OASDI child beneficiaries <sup>1</sup>
Total, 53 States.....	26.7	6.9	5.4	7.2
Alabama.....	19.3	16.3	5.2	8.9
Alaska.....	35.6	17.6	10.8	19.4
Arizona <sup>2</sup> .....	28.6	9.1	6.0	8.6
Arkansas.....	13.1	8.0	5.6	6.1
California <sup>3</sup> .....	45.8	16.0	5.0	8.2
Colorado <sup>4</sup> .....	37.0	22.6	5.5	7.9
Connecticut.....	42.6	4.1	4.4	4.3
Delaware.....	24.4	1.7	2.9	4.8
District of Columbia.....	25.1	2.6	2.9	5.7
Florida.....	31.3	7.4	7.0	13.3
Georgia <sup>5</sup> .....	14.6	11.4	7.6	6.6
Hawaii <sup>3</sup> .....	20.1	1.8	3.6	4.7
Idaho <sup>3</sup> .....	29.3	6.5	7.3	6.1
Illinois <sup>4</sup> .....	23.8	3.3	3.8	4.4
Indiana.....	22.1	2.3	9.6	6.5
Iowa <sup>3</sup> .....	26.1	5.1	7.0	8.0
Kansas.....	24.3	5.6	5.9	5.4
Kentucky <sup>2</sup> .....	16.2	5.9	11.1	17.1
Louisiana.....	26.3	35.5	5.0	10.7
Maine.....	35.9	6.3	12.6	16.7
Maryland.....	22.2	1.8	2.1	2.6
Massachusetts.....	46.1	10.8	7.1	6.2
Michigan.....	33.2	5.4	6.4	6.7
Minnesota.....	26.5	6.5	9.0	8.7
Mississippi.....	20.0	19.0	6.1	15.3
Missouri.....	29.6	13.3	7.6	13.9
Montana.....	29.4	5.8	7.8	5.7
Nebraska <sup>3</sup> .....	22.6	4.0	6.9	5.7
Nevada.....	47.7	13.6	4.3	6.2
New Hampshire.....	32.3	3.8	9.9	4.5
New Jersey <sup>6</sup> .....	32.5	1.7	5.6	3.8
New Mexico <sup>3</sup> .....	13.8	6.7	6.0	10.7
New York.....	34.5	2.9	3.8	6.0
North Carolina.....	12.8	3.9	6.0	8.3
North Dakota.....	19.1	4.5	10.5	10.6
Ohio <sup>3</sup> .....	27.5	4.6	6.8	5.3
Oklahoma.....	21.9	18.5	5.6	10.7
Oregon.....	37.3	5.7	6.2	4.7
Pennsylvania.....	24.6	1.7	3.4	4.5
Puerto Rico <sup>3</sup> .....	(*)	(*)	.1	.7
Rhode Island <sup>3</sup> .....	36.7	4.3	2.3	4.1
South Carolina.....	6.1	2.9	3.0	3.4
South Dakota.....	20.6	5.0	7.6	12.5
Tennessee.....	9.9	3.8	6.1	10.9
Texas <sup>5</sup> .....	20.3	13.8	7.4	5.9
Utah <sup>3</sup> .....	23.8	5.9	4.7	5.2
Vermont <sup>3</sup> .....	31.7	7.0	11.5	10.5
Virgin Islands <sup>3</sup> .....	.2	.2	1.8	3.6
Virginia.....	9.0	.9	3.7	2.9
Washington.....	40.1	12.6	6.1	6.8
West Virginia.....	9.3	1.9	5.2	10.0
Wisconsin.....	28.4	4.2	8.2	6.9
Wyoming <sup>3</sup> .....	35.3	8.9	5.9	4.1

<sup>1</sup> Data given in terms of children because OASDI data on beneficiary families are not available by State. State data estimated by the Bureau of Old-Age and Survivors Insurance as of Feb. 28, 1959.  
<sup>2</sup> April data for OAA and ADC.

<sup>3</sup> February data for OAA and ADC.

<sup>4</sup> May data for OAA; February data for ADC.

<sup>5</sup> February data for OAA.

<sup>6</sup> Less than 0.05 percent.

cluded 7.2 percent of all child beneficiaries under age 18 in the families with benefits (table 4). In contrast, the beneficiary families also receiving assistance represented 5.4 percent of all families on the assistance rolls but included only 5.2 percent of all children receiving assistance. Under the insurance program, benefits to families with children cannot exceed 80 percent of the average monthly earnings on which the payment is based. Those families receiving benefits based on low average earnings are most likely to need assistance, and their need tends to increase in proportion to the number of child survivors.

State data showing the extent of concurrent receipt of payments under the two programs are presented in table 4. As in old-age assistance, the variations among the States reflect the extent of insurance coverage, differences in the number of needy families, and differences in levels of assistance standards and payments.

### ***Beneficiaries Receiving Other Types of Assistance***

Information on concurrent receipt of assistance and benefits has not been obtained regularly for assistance programs other than old-age assistance and aid to dependent children. State agencies were requested, however, to submit with their 1959 reports whatever available information they had on the number of recipients of other types of assistance who also received benefits under the insurance program.

On the basis of reports from more than a third of the States, it is estimated that 5 percent of the recipients of aid to the permanently and totally disabled and 8 percent of the recipients of aid to the blind, or a total of about 25,000 persons for the two programs, were also receiving benefits under the Federal insurance program in early 1959. Because almost half the recipients of aid to the blind are aged 65 or over, it is safe to assume that a substantial proportion of the insurance beneficiaries on these rolls receive benefits as retired workers or as aged dependents of such workers rather than as disabled workers aged 50-64 under the disabili-

ty provisions of the insurance program.

Since few States reported information on general assistance, no attempt was made to estimate the number on these rolls who may also be insurance beneficiaries. Except for some women aged 62-64, there are likely to be few beneficiaries of old-age, survivors, and disability insurance receiving general assistance; most needy individuals or families among those receiving benefits would usually be eligible for and receive aid under the Federal-State assistance programs. Some beneficiaries who need help in paying medical bills may, however, have such expenses met from general assistance funds in States in which such funds are used for this purpose.

### ***Effect of OASDI on Assistance Costs***

The insurance program, by providing income to large numbers of aged persons, has reduced assistance case-loads and costs. In March 1959, almost 30 percent of the aged who did not have insurance benefits received old-age assistance; less than 7 percent of the insurance beneficiaries were on the assistance rolls—an indication that a substantially larger number of the beneficiaries would have needed assistance if they had not received benefits. Although some beneficiaries need assistance, the average payment to beneficiary-recipients is lower than the average payment to recipients without benefits; thus the cost of the assistance program is further reduced.

The average old-age assistance payment for recipients not getting insurance benefits was \$68.74 in March 1959; the average amount of assistance for recipients getting both insurance benefits and assistance payments was one-fourth lower, or \$51.97. These amounts were \$4.01 higher than the average paid in February 1958 to recipients not getting benefits and \$2.88 higher than the average payment to beneficiary-recipients. In March 1959 the cost to assistance agencies of payments made to or in behalf of aged beneficiary-recipients amounted to \$33.7 million, or slightly more than one-fifth of the total payments made un-

der the old-age assistance program.

The increase in the average assistance payment to each group of recipients may be attributed to changes in State assistance standards and policies made possible by the 1958 amendments to the Social Security Act. Since all income of recipients must be taken into account in determining the amounts of their assistance payments, the increases in benefits (effective for January) under the insurance program had the effect of making additional funds available for assistance payments. The 1958 amendments to the public assistance provisions made additional Federal funds available to each State, beginning October 1958, by revising the basis of Federal financial participation in assistance payments. The subsequent changes resulting in higher assistance payments that were most commonly made by the States were (1) increases in cost standards for certain items (such as food and clothing), (2) addition of new items to the assistance standards, and (3) raising or removing maximums on payments, or making reduction in payments less stringent.<sup>6</sup>

Upward changes in State assistance cost standards tend, of course, to increase the number of insurance beneficiaries on the assistance rolls. Insurance beneficiaries with total incomes equal to or larger than the old assistance standards but smaller than the new standards in States making such changes may become eligible for small assistance payments to supplement their incomes. Increases in insurance benefits have the opposite effect. Beneficiary-recipients with assistance payments equal to, smaller, or—in a few instances—slightly larger than the increases in their insurance benefits are no longer eligible for assistance. For these individuals, the increase in the benefit amount wipes out the deficit between the cost of their requirements as recognized by the State agency and their income, or it reduces the deficit to less than the minimum payment made by the agency. Although the number of cases closed after the 1958

<sup>6</sup> See "Initial Effects of the 1958 PA Amendments on Assistance Payments," *Social Security Bulletin*, September 1959.



increase in benefits is not known, it is estimated to be negligible because many States raised their assistance cost standards about the same time.

The average amount for all beneficiaries aged 65 and over increased almost 10 percent from February 1958 to March 1959, largely because of the higher benefit scale provided by the 1958 amendments. Other contributing factors were the growing proportion of benefits computed on the basis of earnings after 1950 and the increase from \$30 to \$33 in the minimum benefit payable to a sole survivor beneficiary.

The average insurance benefit per beneficiary-recipient in March 1959 was \$43.87, or about 70 percent of the average benefit paid to all beneficiaries aged 65 and over. It was \$3.19 higher than the average in February 1958. This average benefit amount is somewhat overstated because of the inclusion of insurance benefits paid to recipients' wives aged 62-64 whose personal requirements (food, clothing, or medical care, for example) are included in the budget for the recipient. Because the wife's insurance benefit is taken into consideration in determining the amount of the assistance payment to the recipient, the combined benefits of the recipient and his spouse are included here in computing the average.

To adjust for this overstatement and for comparison with the average benefit amount for the comparable group among all aged beneficiaries, States were asked to include in the reports for 1959 the total number of insurance beneficiaries in cases receiving both types of payments. This total includes all beneficiary-recipients as well as their wives aged 62-64 who also receive benefits and whose personal requirements are considered

in the budget for the beneficiary-recipient. On the basis of this information, it is estimated that the average benefit per beneficiary in old-age assistance cases in March 1959 was about \$41.00, or \$2.80 lower than the average benefit obtained when the total benefits of recipients and wives aged 62-64 are divided by the total number of beneficiary-recipients. When wives aged 62-64 receiving benefits either as retired workers or as dependents of retired workers are included, the average benefit per beneficiary in cases on the old-age assistance rolls in March 1959 was about 65 percent of the average for the comparable group among all aged beneficiaries.

There are several reasons why beneficiaries who also receive old-age assistance had, on the average, smaller benefit payments than all aged beneficiaries. Low benefits are usually received by retired workers who either (1) retired many years ago, with their benefits calculated on amounts earned when the general level of wages was lower, or (2) were marginal workers in covered employment in their younger days. Low benefit amounts are also associated with individuals who receive benefits as dependents of insured workers. Findings from the national survey of beneficiaries conducted by the Bureau of Old-Age and Survivors Insurance in the fall of 1957 show that, in comparison with all aged beneficiaries, more of the beneficiary-recipients were widowed, more were aged 75 or over, and fewer were under age 70.<sup>7</sup>

<sup>7</sup> See Sue Ossman, "Characteristics of Aged Old-Age and Survivors Insurance Beneficiaries Who Receive Public Assistance," *Social Security Bulletin*, October 1959.

The insurance program has also led to savings in the program for aid to dependent children. As an increasing number of orphans have received benefits under the old-age, survivors, and disability insurance program, fewer families with children dependent because of the death of a father have received aid to dependent children, and relatively less assistance goes to families receiving insurance benefits than to other families. In March 1959 the average assistance payment to families not receiving insurance benefits was \$109.98; for families receiving insurance benefits and assistance payments the average assistance payment was \$79.09. Total assistance payments to families receiving both insurance benefits and assistance were \$3.3 million and accounted for 4 percent of all payments made to or in behalf of families receiving assistance under the program for dependent children.

Primarily because of the 1958 amendments, the average benefit to families receiving both aid to dependent children and old-age, survivors, and disability insurance was higher in March 1959 than in February 1958—\$72.14 compared with \$66.19. The amendments not only raised benefit amounts but increased the maximum on monthly benefits payable to a family on the basis of an insured worker's earnings record from \$200 to \$254, or twice the new maximum benefit provided for a retired worker. The average family benefit received by all survivor families consisting of widows with at least one child under age 18 in March 1959 was \$153, or more than twice that received by those who were also receiving payments under aid to dependent children.