

# HIGHER EDUCATIONAL INSTITUTIONS AND THE SOCIAL SECURITY ACT

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LARGE NUMBERS OF employees in institutions of higher education are today without definite protection against dependency due to old age. There are approximately 1,120 such institutions which, as far as could be ascertained, do not have formal retirement plans providing benefits in event of old age, death, or disability; this group employs some 43 percent of the total professional staff in institutions of higher education.<sup>1</sup> Within some 580 institutions which have formal plans, a fourth or more of all employees, both professional and non-professional, may possibly remain outside the scope of the plan. It seems likely, therefore, that a considerable proportion of the professional staff and a larger proportion of all nonacademic employees of these institutions lack systematic provisions for retirement.

Members of formal retirement plans, moreover, may desire the additional protection afforded by the Social Security Act. The Social Security Board has found that a much greater number of workers move in and out of covered employments than was anticipated at the time the act was passed.<sup>2</sup> It is likely that many of the persons now employed by higher institutions will spend part of their working life in other occupations. They may also accumulate Federal old-age insurance credits through intermittent employment—during the summer, after hours, or on week-ends—in private schools operated for profit. If employment in both public and private schools could be covered by some comprehensive plan, a

more rational program of old-age protection would result for such individuals.

Accordingly, when reporting to President Roosevelt on December 30, 1938, the Social Security Board recommended, among many other proposals, that nonprofit educational institutions be included under the old-age and survivors insurance provisions of the Social Security Act.<sup>3</sup> Even before the Board made its recommendations to the President and the Congress, an amendment (H. R. 101) was introduced in the House on January 3, 1939, by Representative Caroline O'Day, to remove from title VIII (now part of the Internal Revenue Code) and title II those sections that exclude from coverage certain types of nonprofit organizations. The House Ways and Means Committee, to whom the bill was referred, subsequently decided not to recommend any immediate action for extension of coverage to employment in nonprofit institutions. With respect to the exclusion of employment by States and their political subdivisions, the Board declared in its report that a number of State and municipal officials had indicated a desire for coverage, but the Board felt that further study was necessary of the constitutional and actuarial problems involved. No legislative action was taken.

The Social Security Board has continued to assemble data on these and other excepted employments, in order that future proposals or action toward extending coverage may be based upon adequate knowledge of the current situation. This article summarizes information now available.

Several bills were introduced in 1940 to extend coverage to nonprofit institutions, in general. These bills were: H. R. 8118, (O'Day, January 24); S. 3579, (Walsh, March 14); S. 4269 (Wagner, August 14), and H. R. 10384 (McCormack, August 20). The Walsh bill would confine the proposed extension to coverage under old-age and survivors insurance only, and would not

\*Bureau of Old-Age and Survivors Insurance. This article is based on data compiled for an address presented before the Association of University and College Business Officers at Ann Arbor, May 15, 1939, by Mr. Murray, Assistant Director of the Bureau, in charge of the Analysis Division. The discussion has been brought up to date as far as possible, from sources of information at hand and recent publications.

<sup>1</sup> Includes colleges and universities, professional schools, teachers colleges, normal schools, junior colleges, and Negro colleges. The data on the number of institutions having plans and the proportion of professional staff members affected were estimated by the Office of the Actuary, Social Security Board, from information provided by U. S. Office of Education and other agencies. These data represent approximations which may be refined upon detailed study of the several types of plans operating within separate institutions and the number of employees making up the professional staff.

<sup>2</sup> About 5.6 million persons worked in covered employment in 1937 but not in 1938 and about 4 million persons in 1938 but not in 1937. Thus, in the 2-year period, almost 10 million persons, or about 27 percent of the total 36.8 million who worked in covered employment at some time during 1937 and 1938, moved in and out of such employment.

<sup>3</sup> Social Security Board, *Proposed Changes in the Social Security Act. A Report of the Social Security Board to the President and to the Congress of the United States*, January 1939, pp. 9-10.

attempt to extend unemployment compensation to nonprofit institutions. The Wagner and McCormack bills would remove the exclusion of State and local governmental employment from old-age and survivors insurance coverage. A subcommittee of the Senate Finance Committee has been created to study provisions of the Social Security Act, as amended, and other bills or proposals on this general subject.

### Institutions in the Field of Higher Education

Approximately how many higher educational institutions are now in operation? Differences are apparent among classifications of educational institutions according to whether or not certain schools were counted as institutions of higher education. This article uses the classification provided by the United States Office of Education. It is reported that in 1939 there were 1,700 institutions of higher learning.<sup>4</sup> The geographic distribution of these institutions, which include colleges and universities, professional schools, teachers colleges, normal schools, junior colleges, and Negro colleges, is shown in table 1. A little less than one-third of these were under Federal, State, district, or city control; more than two-thirds were under private, including denominational, control (table 2).

The only reasonably complete data on employment in higher institutions relate to personnel employed in a professional capacity. During the academic year 1938-39, it is estimated, the professional staffs of the 1,700 institutions numbered approximately 130,000.<sup>5</sup> These include administrative officers, teachers (rank of instructor and above), extension and research workers, and other groups of professional employees. This figure does not include the clerical and maintenance employees counted among the nonprofessional staff members in subsequent paragraphs. Public institutions probably employed about 47 percent of these 130,000 staff members; private institutions, about 53 percent.<sup>6</sup>

There is little information available for any year, in either published or unpublished form, to indicate other than roughly the number of nonpro-

fessional staff members (clerks, maintenance workers, custodians, and administrative employees not in executive positions) or the proportion which this group forms of the entire staff in the various institutions. Tentatively, it may be estimated that these nonprofessional employees represent slightly less than 30 percent of the total staff in all higher institutions, public and private, taken as a group. In public institutions, nonprofessional employees probably represent about one-fourth

Table 1.—Number of institutions of higher education in the United States, by type of institution and by State

State or Territory	Total	Colleges and universities	Professional schools	Teachers colleges	Normal schools	Junior colleges	Negro institutions
Total.....	1,600	673	256	169	58	435	108
Alabama.....	27	0	2	4	1	3	8
Arizona.....	5	1	—	2	—	2	—
Arkansas.....	25	0	2	2	—	7	5
California.....	103	25	21	7	—	50	—
Colorado.....	17	6	4	3	—	4	—
Connecticut.....	27	7	5	5	2	8	—
Delaware.....	3	1	—	—	—	—	1
District of Columbia.....	26	0	5	1	2	7	2
Florida.....	14	7	—	—	—	3	4
Georgia.....	46	14	5	1	—	15	11
Idaho.....	8	3	—	—	2	3	—
Illinois.....	99	35	33	0	3	19	—
Indiana.....	41	22	10	4	1	4	—
Iowa.....	64	24	3	1	—	36	—
Kansas.....	41	19	1	2	—	21	1
Kentucky.....	40	11	6	5	—	16	2
Louisiana.....	22	10	—	—	1	5	5
Maine.....	15	6	1	1	5	2	—
Maryland.....	31	14	6	3	—	4	4
Massachusetts.....	68	27	13	12	6	10	—
Michigan.....	40	10	6	6	—	10	—
Minnesota.....	30	15	5	0	2	8	—
Mississippi.....	31	8	—	2	—	18	6
Missouri.....	65	14	11	7	—	21	2
Montana.....	10	4	1	2	1	2	—
Nebraska.....	24	12	3	4	1	4	—
Nevada.....	1	1	—	—	—	—	—
New Hampshire.....	8	4	—	2	—	2	—
New Jersey.....	34	11	9	7	—	7	—
New Mexico.....	7	2	1	2	—	2	—
New York.....	102	47	30	3	16	6	—
North Carolina.....	53	18	—	4	1	19	11
North Dakota.....	11	4	—	5	—	2	—
Ohio.....	66	46	14	2	—	3	1
Oklahoma.....	36	10	1	6	—	18	1
Oregon.....	20	10	2	—	5	3	—
Pennsylvania.....	97	60	25	13	—	7	2
Rhode Island.....	6	3	2	1	—	—	—
South Carolina.....	33	16	3	—	—	3	12
South Dakota.....	16	7	1	1	3	4	—
Tennessee.....	47	22	4	4	1	8	8
Texas.....	86	25	6	7	—	36	12
Utah.....	9	4	1	—	—	4	—
Vermont.....	10	6	—	—	3	1	—
Virginia.....	43	14	6	4	—	12	7
Washington.....	22	10	—	4	—	8	—
West Virginia.....	20	9	—	5	—	3	3
Wisconsin.....	34	14	5	10	1	4	—
Wyoming.....	1	1	—	—	—	—	—
Alaska.....	1	1	—	—	—	—	—
Canal Zone.....	1	—	—	—	—	1	—
Hawaii.....	1	1	—	—	—	—	—
Philippine Islands.....	8	6	1	—	1	—	—
Puerto Rico.....	2	1	1	—	—	—	—

Source: U. S. Office of Education, *Educational Directory, 1940*, Bulletin 1940, No. 1, pt. III, p. 6.

<sup>4</sup> U. S. Office of Education, *Educational Directory, 1940*. Bulletin 1940, No. 1, pt. III, p. 7.

<sup>5</sup> Estimated on basis of data compiled by U. S. Office of Education. Data given in terms of full-time employees.

<sup>6</sup> Estimate based on table 1 in advance summary of "Statistics of Higher Education, 1937-38," released June 1940, by U. S. Office of Education.

the total employees; in private institutions, however, the proportion is well over one-third.<sup>7</sup>

Data are also incomplete with regard to the total number of staff members. In the 1,700 institutions, the 1938-39 total for both professional and nonprofessional staff was probably about 185,000.

Women constituted 23.8 percent of the professional staff in universities, colleges, and professional schools (excluding teachers colleges, normal schools, and junior colleges), in 1937-38. On the staffs of teachers colleges and normal schools, women outnumber the men by 33 percent. They represent 52 percent of the professional staff in the nondegree-granting institutions (normal schools and junior colleges).<sup>8</sup>

### **Legal Considerations**

Extension of coverage to higher educational organizations cannot be considered fully without first recognizing the possible legal obstacles to such inclusion. Principles of constitutional law have been applied to exempt from Federal taxation salaries or wages received from State governments and their political subdivisions and instrumentalities. Recent decisions have upheld the power of the Federal Government to levy a nondiscriminatory tax upon income derived from employment by a State-owned corporation which does not discharge a function essential to the continued existence of the State government.<sup>9</sup> Although the doctrines of intergovernmental immunity from taxation are undergoing a process of limitation, it is as yet unsettled or undecided whether governments (or governmental agencies or instrumentalities) are subject to direct tax as employers. If the exception of nonprofit educational organizations were eliminated by amendment, difficulties would still be presented by proposed coverage for public educational institutions.

The Board has studies in progress on possible methods of extending the provisions of old-age and survivors insurance to public employees, including educational employees. The simplest method, if legally possible, would be compulsory coverage. Alternative plans under consideration include the

<sup>7</sup> Based on 1937-38 data collected by U. S. Office of Education and analyzed by National Income Division, Department of Commerce.

<sup>8</sup> See footnote 6.

<sup>9</sup> *Helvering v. Gerhardt*, 304 U. S. 405; decided May 23, 1938. See also: *Graves et al. v. N. Y. ex rel. O'Keefe*, 306 U. S. 466; decided Mar. 27, 1939; U. S. Dept. of Justice, *Taxation of Government Bondholders and Employees: The Immunity Rule and the Sixteenth Amendment*, 1939, pp. vi, 9-10; and Fuller, Edgar, "Federal Taxation of Public School Activities." American Council on Education, *Eighth Yearbook of School Law*, 1940, pp. 152-156.

use of voluntary compacts between the Federal Government and individual States or even with political subdivisions.

Extension of coverage to employees of private institutions is complicated by the fact that Federal revenue acts customarily exempt from Federal taxation those nonprofit organizations which are operated chiefly for educational, religious, and other purposes, as specified. Fear has been expressed that extension of social security taxes to them would set a precedent for taxation for other purposes in the future. Establishment of such a precedent seems unlikely, however, especially since Congress in 1939 adopted the recommendations of the Advisory Council and the Secretary of the Treasury in transforming the old-age reserve account into a trust fund under a board of trustees, and in providing that taxes received under the Federal Insurance Contributions Act and covered into the Treasury shall be automatically appropriated to the trust fund. The Walsh bill would provide a further guarantee, by requiring that taxes collected from groups to which the bill would extend coverage should be paid directly into this trust fund, without being previously covered into the Treasury. Nonprofit organizations are already required to assist their employees in the event of injury on the job, through payments to State workmen's compensation funds, a requirement which may be considered a form of taxation for special social purposes.

### **Coordination With Existing Retirement Plans**

The effect upon present retirement systems for college and university staff members is perhaps the most important consideration in contemplating coverage of such institutions by Federal old-age and survivors insurance. The prior existence of these systems constituted an important reason, next to the legal barriers, for the initial exclusion of educational institutions.

This article does not attempt to outline the features of the various systems. Their general characteristics have already been described in a survey by the Office of Education in 1937,<sup>10</sup> and in two studies by Rainard B. Robbins.<sup>11</sup> The recently published study by Robbins outlines the present status and evolution of college plans,

<sup>10</sup> Flanagan, Sherman E., *Insurance and Annuity Plans for College Staffs*, U. S. Office of Education, Bulletin 1037, No. 5, 83 pp.

<sup>11</sup> Robbins, Rainard B., *College Plans for Retirement (Income, 1940, 253 pp., and Retirement Plans for College Faculties, 1934, 68 pp.*

describes briefly selected plans, and tabulates variations among plans at institutions using contracts of the Teachers Insurance and Annuity Association.<sup>12</sup> Payments may be made under group-annuity contracts with commercial insurance companies, or under the various arrangements possible with the T. I. A. A. The payments may represent retiring allowances still available to a limited group of teachers from the Carnegie Foundation for the Advancement of Teaching, or allowances under general State retirement systems and certain retirement systems for teachers. Again, they may represent pensions from funds accumulated by religious organizations, or payments under special plans administered entirely by the employing institution. In many institutions, where none or only part of the professional staff are protected by some formal plan, each person retiring may be voted a special pension. The large extent to which such informal arrangements are in effect is not always realized.

At present, about 580 institutions of higher education operate formal retirement plans.<sup>13</sup> These institutions employ on the aggregate about 74,000 teachers and other professional staff members. This number represents approximately 57 percent of the professional staff in all higher institutions, or about 66 percent of the professional staff in 350 public institutions, 48 percent in 230 private institutions. The number of teachers who are members of the retirement plans is somewhat lower. This differential may be partly offset by informal plans in certain of the private institutions. About 180 of these 580 institutions, which in some cases also have other retirement arrangements, participate in deferred annuities under the T. I. A. A. plan. In several hundred additional institutions, teachers deposit with this Association annual contributions toward retirement, which,

<sup>12</sup> A nonprofit corporation, operated under the supervision of the department of insurance of New York. The Association was established to issue individual deferred-annuity contracts to employees of colleges and universities, these annuities to be purchased by the combined contributions of teacher and college. Individuals may also take out their own retirement annuities, toward which the institution does not contribute, and they can also take out insurance policies with the Association.

<sup>13</sup> See footnote 1. In 1910 Robbins queried 755 higher institutions (including some in Canada and Newfoundland) and found at least 337 with retirement income plans. No information could be obtained from 123 institutions, and 200 reported that there was no plan. The 755 institutions included, in general, colleges and universities (accredited schools plus some others), but not teachers colleges unless they used T. I. A. A. contracts or were covered by plans extending to other colleges and universities (and were accredited by American Association of Teachers Colleges); they also did not include junior colleges and normal schools, which institutions are among the 1,700 considered in the present article.

Table 2.—Institutions of higher education in the United States, by type and by legal control

Type of institution	Total	Public control		Private control		
		State	District or city	Nondenominational	Protestant	Roman Catholic
Total.....	1,690	354	202	453	484	206
White, total.....	1,591	323	196	439	428	205
Colleges or universities.....	673	96	43	170	255	139
Professional schools.....	256	118	1	153	45	19
Teachers colleges.....	169	117	5	12	1	4
Normal schools.....	58	30	5	16	3	4
Junior colleges.....	435	32	172	88	101	39
Negro, total.....	108	31	6	14	56	1
Colleges or universities.....	61	15	2	6	37	1
Professional schools.....	7	1	.....	4	2	.....
Teachers colleges.....	12	9	3	.....	.....	.....
Normal schools.....	4	.....	.....	1	3	.....
Junior colleges.....	24	6	1	3	14	.....

<sup>1</sup> Includes 3 under Federal control.

Source: U. S. Office of Education, *Educational Directory, 1910*. Bulletin 1910, No. 1, pt. III, p. 7.

however, are not supplemented by amounts from the employing institutions.

Publicly controlled institutions with formal retirement plans, numbering 350 of the 580 institutions, employ about 40,000 professional staff members. More than a fourth of these are employed by institutions which help their teachers pay premiums for deferred annuities under contracts with the T. I. A. A. Many of the others are employed by institutions in which the staff are members of State and municipal retirement systems. Some of them, however, are employed by institutions which provide retirement benefits through other means, such as group annuities from commercial insurance companies. The 230 private institutions with formal retirement plans have on their staff, it is estimated, about 34,000 professional employees. Of this number, more than half have annuities with the T. I. A. A., purchased by joint premiums paid by the individual and the institutions. The others are protected by church pension plans, by commercial group annuity contracts, special funding plans, scheduled payments by the institution out of current income, or by some other method.

General State retirement systems and some State and municipal plans for teachers apply to all persons on the pay roll. Likewise, church pension funds frequently protect all employees of affiliated institutions. Group life insurance and group health and accident insurance plans generally include both the professional and nonpro-

fessional staff. The old-age retirement plans, however, were adopted primarily for faculty members and usually include administrative officers along with teachers. On the other hand, instructors are not included with the faculty of some institutions, and administrative employees other than officers are sometimes counted as maintenance workers.

Eighty-two percent of the institutions reporting to the Office of Education in 1937 as having such plans, provided only for the faculty. Of course, a few retirement plans have for years covered non-faculty members, and a few plans have been adopted especially for them. Robbins distinguishes three groups of staff members—teachers, administrative officers, and maintenance workers—and reports that public institutions more generally than private institutions have provided for the maintenance employees. He found that 27 institutions using T. I. A. A. contracts provide old-age income for maintenance workers; an additional 53 institutions with other plans (of which 33 were public institutions) cover this latter group. At least five private institutions without T. I. A. A. contracts have separate retirement plans for such workers. Interest in extending old-age retirement provisions to custodians, clerks, and other nonprofessional employees is widespread at the present time.<sup>14</sup>

The existing retirement plans could be adjusted to make them supplementary to the Federal system. This should be the normal procedure rather than abandonment of existing plans, if coverage were extended to higher educational institutions. The Social Security Act aims to provide only basic protection to employees. Benefits are relatively larger for lower-salaried employees than for those receiving higher incomes. Earnings in excess of \$3,000 are excluded from consideration. Undoubtedly, institutions would wish to continue existing plans to provide supplementary benefits for the academic staff, who would be likely to find benefits inadequate under the Federal plan. In addition, the nonprofessional staff, less regularly protected by existing pension provisions, would have at least the protection of Federal old-age and survivors insurance. The T. I. A. A. has pointed out that "the annuity

<sup>14</sup> Flanagan, Sherman E., op. cit., p. 64; Robbins, Rainard B., *College Plans*, op. cit., pp. 4, 6-7; and "Economic Security in Institutions of Higher Education," *Proceedings, 1939*, Vol. XI, Institute for Administrative Officers of Higher Institutions, 1939, p. 139.

contracts of this Association will lend themselves conveniently to whatever adjustments may be appropriate if it is desired to use them to supplement the provisions of an amended Social Security Act." The Association also suggests that, because of the apparent longevity of annuitants and also on account of decreasing returns on investments of institutions, extension of the act might seem to offer alleviating provisions to some institutions.<sup>15</sup>

If past experience with private industrial pension plans is a guide, extension of the act to higher educational institutions would probably give rise to additional private plans or supplementation of such plans, rather than elimination. Very few industrial concerns have abandoned their previous retirement plans since 1935, when the Social Security Act was passed. A number of companies have rewritten their pension plans or inaugurated new ones: included among these are the International Harvester Company, the American Telephone and Telegraph Company, the Standard Oil Company of New Jersey, the Western Union Telegraph Company, the Public Service Corporation of New Jersey, and the United States Steel Corporation.<sup>16</sup> In some measure, revisions in private industrial plans have consisted of providing supplementary benefits for employees with salaries of \$3,000 or more, a development which, in the case of educational institutions, would safeguard the equities of higher-paid faculty members who are already members of retirement plans. Payments under such plans are not subject to social security taxes, since the 1939 amendments exclude from the definition of "wages" all payments made by an employer to or on behalf of an employee under a plan or system providing for retirement, for sickness or accident disability, or for medical and hospitalization expenses in connection with such disability. Dismissal payments and, with certain reservations, death payments are also excluded from the definition.

<sup>15</sup> Teachers Insurance and Annuity Association of America, *Twentieth Annual Report to Policyholders, 1938*, pp. 29-30. In the *Twenty-first Annual Report to Policyholders*, issued as of Dec. 31, 1939, a comment on p. 3 indicates that the nature of the 1939 amendments to the act do not necessitate change in the earlier statement.

<sup>16</sup> Princeton University, *The Effect of the Social Security Act on Private Pension Plans, 1939*; also, mimeographed list of companies which have revised their pension plans or have inaugurated new plans, issued by the University May 1, 1939. For additional information see: National Industrial Conference Board, Inc., *Company Pension Plans and the Social Security Act*, Studies in Personnel Policy No. 10, 1939, 40 pp.

### **Administrative Problems**

From the Government's standpoint, administration of old-age and survivors insurance might be simplified in some respects if coverage were extended to educational institutions. Questions have arisen as to whether certain educational institutions are nonprofit organizations "no part of the net earnings of which inures to the benefit of any private shareholder or individual," within the meaning of sections 209 (b) (8) and 1607 (c) (8) of the Social Security Act Amendments of 1939. The necessity for specific rulings differentiating between profitmaking and non-profitmaking higher educational organizations would disappear if the act were extended to nonprofit colleges and universities. However, in some instances, the question might still remain whether some institution, because of money received from public funds, might be considered an instrumentality of either the Federal or local government. Simultaneous extension of coverage to both private and public institutions, however, would remove this problem.

On the other hand, questions may arise as to whether certain individuals on the staffs of educational institutions are "employees" within the meaning of the act. On at least one occasion, a profit-making college covered by the act has asked the Bureau of Internal Revenue to decide whether certain instructors and substitutes were employed on a contractual basis and hence excluded from coverage, or were in the requisite employer-employee relationship for old-age insurance purposes.<sup>17</sup> Furthermore, as amended, the act now does not cover service performed for an organization exempt from income tax (under section 101 of the Internal Revenue Code), if performed by a student enrolled and regularly attending classes at a school, college, or university, or service performed in any calendar quarter for a school, college, or university not exempt from income tax, under section 101, if performed by a student enrolled and regularly attending such school and if the remuneration does not exceed \$45, exclusive of room, board, and tuition. The continuance of such exemptions would complicate the auditing by the Bureau of Internal Revenue of tax reports from institutions of higher education.

An additional problem is created by the fact

<sup>17</sup> Unemployment Compensation Interpretation Service, 391-S. S. T. 311. The decision was that the individuals constituted employees.

that the institutions sometimes provide remuneration in the form of rent, board, and lodging to certain employees. The value of perquisites granted in 10 Negro land-grant colleges in 1936, for example, varied from \$240 to \$1,200 per year.<sup>18</sup> Problems involved in evaluating wages in kind are not peculiar to this employment and are already being handled successfully by the Bureau of Internal Revenue, in other employment situations.

### **Economic Considerations**

Salary data compiled for 25,530 full-time faculty members in 252 colleges and universities showed that, in 1936, typical (median) salaries for full professors hired on a 9-month or 12-month basis in public institutions, varied from \$1,562 to \$3,951, and from \$1,662 to \$5,733 in the case of full professors in private institutions (table 3). No comprehensive report is available of changes occurring over the past 3 or 4 years in the distribution of staff members by salary.

Few institutions take the position that payment of salary relieves them of all further financial responsibility for employees. The necessity of assisting, at some time or other, individual faculty members or their families who are in financial difficulty is a present or potential charge upon college funds. Because of professional requirements and the circumstances of their employment, faculty members, like employees in other occupations, are frequently unable to prepare for financial emergencies created by illness, disablement, or death. In almost every rank, expenditures absorb practically the entire salary, allowing slight opportunity for saving.<sup>19</sup>

Protection against death, sickness, and old age was long considered the personal responsibility of the employee. Nevertheless, the institutions found that aged and disabled faculty members required some assistance, if only in the form of payments in kind;<sup>20</sup> that jobs, special pensions, and gratuities were needed and sought by dependent survivors. Some data bearing on this point have been reported by the Office of Education, for a sample representing 266 higher insti-

<sup>18</sup> Greenleaf, Walter J., *College Salaries, 1936*, U. S. Office of Education, Bulletin 1937, No. 9, p. 6.

<sup>19</sup> Boothe, Vivia, *Salaries and Cost of Living in Twenty-seven State Universities and Colleges, 1913-1932*, 1932, p. 122. Income and expenditures for 96 academic families in Berkeley, Calif., are reported by Jessica B. Polzotto in *Getting and Spending at the Professional Standard of Living*, 1927, 307 pp.

<sup>20</sup> Robbins, Rainard B., *Retirement Plans*, op. cit., pp. 65 and 67.

tutions which, in 1937, had no formal plans for retirement or survivors' payments. Half these institutions paid no benefits; 18 percent paid as much as half salary to the retiring staff member for the rest of his life; a considerable proportion paid the widow a month's full salary. In these institutions, payments were ordinarily made on the basis of individual need. Fifty-three institutions were definitely of the opinion that some form of group insurance or annuity, administered outside the institution, would be a better means of solving the problem than debating each case as it occurred. Most of the institutions without definite plans have made various attempts to solve the problem by supporting legislative proposals or obtaining the services of special agencies.<sup>21</sup>

Under the Federal old-age and survivors insurance provisions, workers who are now old and will soon retire will receive a considerable bonus over the actuarial equivalent of their contributions. The individual who regularly earns \$2,000

<sup>21</sup> Flanagan, Sherman E., op. cit., pp. 55-59.

a year in covered employment would be entitled to a monthly benefit if he attained age 65 after 5 years in such employment—or \$33.25. This benefit would be increased by 50 percent if he had a dependent wife aged 65 or over, with additional amounts payable with respect to unmarried children under age 18. Thus the married man with a wife 65 or over would receive a total monthly benefit of \$49.88. Had he earned \$3,000 a year instead of \$2,000 a year, he himself would be eligible to receive \$42 a month, while an additional \$21 a month would be paid to his wife aged 65 or over—making a total of \$63 a month payable to the family. Under the amended Social Security Act, monthly benefits are payable not only to insured workers who retire at age 65 or later, their wives and children, but to widows, surviving children, or surviving dependent parents who qualify for benefits.

Extension of the Social Security Act to higher educational institutions would meet many present problems of colleges and universities which have

Table 3.—Number and median salaries of faculty members in selected institutions of higher education in the United States, by type of institution and by faculty rank, 1935-36<sup>1</sup>

Type of institution	Number of Institutions	Deans		Full professors		Associate professors		Assistant professors		Instructors	
		Employment on basis of—									
		9 months	12 months	9 months	12 months	9 months	12 months	9 months	12 months	9 months	12 months
Number of faculty members											
Total.....	252	235	744	4,079	3,330	2,200	1,085	3,344	2,301	4,211	2,741
Public:											
White land-grant.....	51	52	379	1,879	1,505	1,045	831	1,658	1,220	2,050	1,215
Negro land-grant.....	17	5	41	30	128	15	58	28	62	95	158
State universities.....	16	70	91	724	177	425	100	559	120	649	198
State colleges.....	15	9	32	110	134	128	62	121	143	118	90
Private:											
Men's colleges.....	16	8	16	60	200	48	150	66	139	69	214
Women's colleges.....	38	24	20	551	150	210	37	302	39	310	58
Large universities.....	7	4	53	301	387	104	254	209	328	337	469
Medium-sized universities.....	16	17	54	410	232	137	113	288	198	308	272
Small colleges.....	76	46	52	608	267	142	80	113	43	260	67
Median salary											
Public:											
White land-grant.....	51	\$1,300	\$4,859	\$3,951	\$3,869	\$2,973	\$3,017	\$2,486	\$2,574	\$1,792	\$2,012
Negro land-grant.....	17	2,062	2,094	1,502	1,705	1,208	1,580	1,328	1,419	1,103	1,173
State universities.....	16	4,075	3,913	3,564	3,281	2,720	2,827	2,305	2,463	1,803	1,609
State colleges.....	15	3,125	3,375	2,886	2,797	2,171	2,444	1,860	2,082	1,582	1,578
Private:											
Men's colleges.....	16	4,083	4,375	3,583	4,313	3,000	3,354	2,688	2,792	2,052	2,027
Women's colleges.....	38	3,000	4,000	3,150	2,700	3,026	2,228	2,512	2,023	1,785	1,578
Large universities.....	7	4,500	6,863	5,143	5,733	3,625	3,947	2,944	3,051	2,284	2,154
Medium-sized universities.....	16	4,375	5,167	3,950	4,125	3,215	3,198	2,673	2,583	1,811	1,406
Small colleges.....	76	1,591	2,083	1,602	1,879	1,420	1,670	1,375	1,478	1,015	1,190

<sup>1</sup> Figures based on data for 25,530 full-time staff members in 252 colleges and universities. Of the 25,530 staff members, 14,729 are on 9-month basis (i. e., employed for 9 months, whether or not pay checks are received over period of 12 months) and 10,801 are on 12-month basis (i. e., employed for period of 12 months, with 1 month or more for vacation).

Source: Greenleaf, Walter J., *College Salaries, 1936*, U. S. Office of Education, Bulletin 1937, No. 9, p. 7. For scope of study and definition of terms see pp. 1-6.

no retirement plan or an inadequate plan, since a large part of the accrued burden of caring for aged staff members would be shouldered by the Federal old-age and survivors insurance program.

The colleges confront the need of providing a retirement plan for members of the nonacademic staff, such as mechanics, janitors, and domestic employees. At the present time, a commercial college, a barber college, a correspondence school, and other educational, profitmaking organizations are covered by the Federal act; their employees are therefore building up wage credits under the act toward retirement benefits and protection for their survivors. If the Social Security Act continues to exempt non-profitmaking private and public institutions, these institutions may find it desirable to provide some system of retirement benefits for their nonacademic employees which will yield benefits at least equal to those under the act. Otherwise, institutions without a satisfactory retirement plan may find it increasingly difficult to compete in the labor market for qualified employees. One college president has concluded that, "Wrestling with such problems, a constantly growing number of college executives are coming to the belief that inclusion under Federal Social Security is both necessary and inevitable."<sup>22</sup>

Extension of the Social Security Act would also assist in meeting problems of the colleges in relation to the retirement of employees who have rendered service in many different institutions or in colleges and in nonacademic pursuits. State retirement plans sometimes make special provision for transfer between public institutions within a

<sup>22</sup> Stanford, Edward V., "Social Security, the Dilemma of the Colleges," *The Catholic Educational Review*, Vol. 38, No. 6 (June 1940), p. 351.

single State. According to the various provisions of the Teachers Insurance and Annuity Association, several alternatives are available to persons leaving active service temporarily or transferring to another institution. Most educational employees, however, would be seriously affected by frequent shifts between institutions within or without the boundaries of a single State. This situation would result from loss of employers' contributions, service credits, and interest accumulations under retirement plans; and also from ill-advised exercise of cash settlement privileges which these plans offer an employee upon separation. Extension of the Federal plan would render it less likely that equities established under the institutional retirement plans would have the effect of deterring employees from making a shift for the better. In addition, the institutions might more readily add to their staff older professors of established reputation and in this and other ways might find the retirement program a more effective adjunct to the maintenance of academic standards.

At the present time many professional and other employees of institutions of higher education are without systematic protection of the types provided by the Federal old-age and survivors insurance system. Extension of coverage under the Social Security Act could make provision for such persons and their families and could supplement the present provision made by private retirement plans. While such an extension would entail certain legal, administrative, and financial problems, it is believed that it would also promote solution of present problems of at least equal magnitude.