

Notes and Brief Reports

State and Local Government Employees Covered Under Social Security, 1977-81*

This note presents the latest data available on Social Security coverage of State and local government employees under the elective provisions of the Social Security Act. Data are shown on the extent of coverage, the characteristics of covered workers, and the extent of coverage terminations.

Extent of Coverage

On March 31, 1979, approximately 9.3 million, or about 71 percent, of the 13 million¹ State and local government jobs in the 50 States were covered by the Social Security program (Old-Age, Survivors, and Disability Insurance—OASDI). Between 1974 and 1979, total State and local government employment increased 13 percent, but the percentage of those jobs covered by the OASDI program remained about the same (table 1).

The number of State and local government jobs, and the number and percent of jobs covered are shown in table 2 for each of the 50 States. In 15 States, coverage is virtually complete, exceeding 95 percent. In only five States are less than 25 percent of the jobs covered.

Although 9.3 million State and local government jobs are under Social Security, the number of persons employed in those jobs is slightly less—9.1 million. For nearly 8.9 million persons, the covered State or local government job was their major job—that is, it produced more earnings than any other job.

The number of covered jobs was derived from the number of wage items reported by employers for the first quarter of 1979. A relationship between employment over the quarter and employment as of a point in time was calculated for each State from the 1977 1-percent employee/employer statistical file.² The percentage

* By Bert Kestenbaum, Division of OASDI Statistics, Office of Research and Statistics, Office of Policy, Social Security Administration.

¹ The total employment of 13 million is based on Department of Commerce, Bureau of the Census, **Compendium of Public Employment, 1977**, table 10; the Bureau of the Census, **Public Employment in 1978 and Public Employment in 1979**; and Bureau of Labor Statistics' monthly series on State and local government employment.

² For a description of the sample design and generalized tables of sampling error, see Robert H. Finch, Jr., **Sampling Variability in the 1-Percent Continuous Work History Sample** (SSA Publication No. 77-11904), Office of Research and Statistics, 1977.

of first-quarter workers reported by the same employer in the second quarter or reaching the maximum taxable earnings amount in the first quarter was the determining factor. This file, because it contains information on all of an individual's covered wage and salary employment in 1977, was also the basis for estimating both the number of persons in covered State and local government jobs and the number for whom such employment was the major job.

Characteristics of Covered Workers

State and local government employees under the OASDI program have a distinctive demographic composition, as shown in table 3. The data for 1977 reveal that women make up 54 percent of workers whose major OASDI-covered job was in State and local government. (About 42 percent of all OASDI-covered wage

Table 1.—OASDI coverage of State and local government employees, 1951-81 (first calendar quarter)

[Numbers in thousands]

Year	Number of employees	Number of covered employees	Percent covered
1951.....	3,623	414	11
1952.....	4,053	622	15
1953.....	4,053	782	19
1954.....	4,145	944	23
1955.....	4,807	1,088	23
1956.....	5,004	1,418	28
1957.....	5,223	2,047	39
1958.....	5,558	3,021	54
1959.....	5,841	3,252	56
1960.....	6,037	3,561	59
1961.....	6,334	3,823	60
1962.....	6,668	4,278	64
1963.....	6,948	4,495	65
1964.....	7,278	4,860	67
1965.....	7,688	5,041	66
1966.....	8,292	5,528	67
1967.....	8,791	5,854	67
1968.....	9,185	6,261	68
1969.....	9,463	6,531	69
1970.....	9,824	6,876	70
1971.....	10,265	7,288	71
1972.....	10,693	7,699	72
1973.....	11,160	8,035	72
1974.....	11,481	8,266	72
1975.....	11,976	8,623	72
1976.....	12,178	8,768	72
1977.....	12,252	8,796	72
1978.....	12,889	9,230	72
1979.....	12,983	9,259	71
1980 ¹	13,194	9,368	71
1981 ¹	13,257	9,412	71

¹ Preliminary data.

and salary workers are women.) By race, 15 percent are black. (The percentage of blacks among all State and local governments employees, however, is lower because some States with large numbers of noncovered employees have relatively small black populations—Massachusetts and California, in particular.³)

Less than 20 percent of covered non-Federal public employees are under age 25, compared with more than 30 percent for other covered wage and salary workers. This contrast is reflected in differential insuredness for OASDI program benefits: Relatively more State and local government workers (91 percent) than other workers (89 percent) had acquired sufficient quarters of coverage to be insured on January 1, 1978—at least for survivor benefits.

Of covered non-Federal public workers, 69 percent earned four quarters of coverage in 1977 and 12 percent earned the then maximum taxable amount—\$16,500. The corresponding ratios for other workers are 64 percent and 14 percent, respectively.

Cumulative Extent of Coverage Terminations

State and local government employers may request termination of their Social Security coverage. The termination, which is irreversible, becomes effective on

³ Department of Commerce, Bureau of the Census, "Government Workers," **Subject Reports: 1970 Census of Population**, June 1973, table 2.

December 31 of the second full calendar year after the request is made, unless the request is withdrawn during the 2-year period.

Table 3.—Percentage distribution of OASDI-covered wage and salary workers, by selected characteristics, 1977¹

Characteristic	State and local government workers	Other workers
Sex, total	100	100
Male	46	58
Female	54	42
Race, total	100	100
Black	15	10
All others	85	90
Age, total	100	100
Less than 25	19	31
25-34	28	25
35-44	19	16
45-54	17	14
55 and over	16	13
Insured status, January 1, 1978, total	100	100
Insured for survivor benefits	91	89
Not insured	9	11
Quarters of coverage in 1977, total	100	100
None or one	10	11
Two or three	21	25
Four	69	64
Wage and salary earnings, total	100	100
Less than \$16,500	88	86
\$16,500 or more	12	14

¹ Data from the 1977 1-percent employer/employee statistical file. Includes employment in Puerto Rico and the Virgin Islands.

Table 2.—Estimates of OASDI coverage of State and local government jobs, March 1979

[Numbers in thousands]

State (ranked by number of jobs)	Number of jobs	Number of jobs covered	Percent covered	State (ranked by number of jobs)	Number of jobs	Number of jobs covered	Percent covered
Total	12,983	9,259	71	Iowa	180	175	98
California	1,442	562	39	Oklahoma	179	155	87
New York	1,093	1,045	96	South Carolina	177	177	100
Texas	751	428	57	Connecticut	161	97	60
Illinois	589	237	40	Kansas	161	146	90
Pennsylvania	570	570	100	Oregon	161	154	96
Ohio	567	...	0	Arizona	157	147	93
Michigan	551	505	92	Mississippi	150	148	99
Florida	498	427	86	Arkansas	119	114	96
New Jersey	422	422	100	Nebraska	111	106	95
North Carolina	357	323	90	West Virginia	109	104	96
Georgia	345	279	81	New Mexico	87	71	81
Massachusetts	337	...	0	Utah	86	78	91
Virginia	307	307	100	Maine	72	23	32
Indiana	293	263	90	Montana	67	48	71
Wisconsin	284	256	90	Idaho	60	58	96
Missouri	279	198	71	Hawaii	58	41	71
Minnesota	258	182	71	New Hampshire	53	47	89
Tennessee	253	207	82	Rhode Island	52	38	74
Maryland	252	252	100	Nevada	49	3	6
Louisiana	244	49	20	South Dakota	47	42	90
Washington	230	230	100	North Dakota	44	38	85
Alabama	218	218	100	Alaska	36	25	70
Colorado	185	45	24	Wyoming	35	32	91
Kentucky	181	137	75	Delaware	34	22	63
				Vermont	28	28	99

As of December 31, 1981, 881 employers, including the Alaska State government, had terminated their Social Security coverage (table 4). Of these employers, 75 percent are in three States—California, 36 percent; Louisiana, 23 percent; and Texas, 16 percent. The total number of workers affected (based on the number of wage items reported by employers terminating their coverage) is approximately 170,000, or about 1.8 percent of the current covered State and local government workforce.

Another 308 employers, with approximately 149,000 workers, have coverage terminations scheduled for 1982 and 1983. The three States having the most employers with pending terminations are California, Texas, and Georgia. Undoubtedly, some of these terminations will not take place. During 1980 and 1981, 76 employers with 51,000 workers rescinded their notices before the effective date. As of the end of 1981, a total of 206 employers with 538,000 workers rescinded notices of termination.

Table 4.—Number of effective and pending OASDI coverage terminations, by State and local government employers, December 1981

State	Employers	Workers
Effective terminations, 1959-81		
Total	881	171,741
Alaska	11	15,424
California	316	49,230
Georgia	46	19,705
Louisiana	203	46,122
Texas	144	32,914
All others	161	8,346
Pending terminations, 1982-83		
Total	308	148,628
Alaska	12	1,783
California	85	88,180
Georgia	45	29,742
Louisiana	18	933
Texas	53	11,022
All others	95	16,968

Benefits and Beneficiaries Under Public Employee Retirement Systems, 1979*

During calendar year 1979, the number of persons receiving benefits from civilian and military Federal, State, and local employee retirement systems rose to 5.5 million, a figure 4.9 percent higher than in the previous year. The amount of these benefits was \$35.1 billion, or 13.6 percent more than in 1978. Retirement systems covering Federal employees, including members of the Armed Forces, accounted for about two-thirds of the benefit payments and slightly more than half the beneficiary population. These Federal shares have remained constant since the mid-1960's.

Table 1 presents 1979 data on the amount of benefits and number of beneficiaries for each retirement system, arranged according to the category of benefit received. Table 2 shows the percentage distribution of this data by benefit category and level of government. The State and local government figures are aggregated from the 3,075 separate retirement systems surveyed by the Census of Governments. Nearly three-fourths of all the benefits in the "State and local" category, however, were paid by the 197 State systems included in the sample. The 2,878 local systems accounted for only 28 percent of the total.

Table 3 shows the average annual benefit amount in each category of receipt for both Federal and State-local systems. Average benefits are shown in both current and

constant dollars for selected years in the period 1969-79. Throughout this period, Federal benefits have increased significantly more than State and local benefits, partly because of the automatic cost-of-living increases built into the Federal systems. Age and service benefits involve the highest payments at both levels of government, although this is a relatively recent phenomenon for the State and local systems. Traditionally high benefit provisions for police and firefighters kept State and local disability benefits higher than age and service benefits from 1955 to 1976. In current dollars, the average State and local age and service benefit was 0.5 percent higher than the disability benefit in 1977; by 1979 the gap had widened to 4.8 percent.

Despite the large increases in all but one of the current-dollar benefit categories, "Federal survivor benefits" was the only category to increase more than 40 percent in constant dollars from 1969 to 1979. Two of the three categories under State and local administration declined in real value during the period, the survivor benefit losing nearly 38 percent of its value.

Tables 4 and 5 provide time series data on public employee retirement systems—table 4 by category of risk, and table 5 by level of government. Data for the Federal Civil Service and Armed Forces retirement systems are also shown separately in table 5.

Data on the beneficiaries of State and local government retirement systems are available only through the quinquennial Census of Governments, last performed in 1977. The data presented for intercensal years are estimated by the Office of Research and Statistics. Changes in the beneficiary population should therefore be measured from one Census year to another—1962-67,

* By Ann Kallman Bixby, Division of Retirement and Survivors Studies, Office of Research and Statistics, Office of Policy, Social Security Administration.