

based on a percentage of the budget deficit (requirements minus income) the reduction in assistance represented only this percentage of the increase in old-age and survivors insurance benefit, even though the entire increase was considered. Thus if a recipient's expenses were \$50 and his only income the minimum old-age and survivors insurance benefit of \$10, his former assistance payment should have been \$40. If the State was paying only 50 percent of the budget deficit, his payment was actually only \$20. Under the amendments his benefit was raised to \$25, leaving a budget deficit of \$25, half of which (\$12.50) is paid by the assistance agency. Therefore, although the increase in the insurance benefit was \$15, the decrease in assistance was only \$7.50. This anomaly explains the above-average disparity between the amounts of the benefit increases and the reductions in assistance payments in some of the States with low fiscal capacity.

More numerous and more drastic percentage reductions in payments for aid to dependent children than in old-age assistance were among the reasons for the greater disparity in aid to dependent children than in old-age assistance between the total increase in insurance benefits and the total decrease in assistance for all States.

No Change in Payments

No decrease in assistance payments followed the increase in old-age and survivors insurance benefits in some cases because the recipients' unmet

need had been as large as the increase in benefit. These were usually cases in which State maximums had prevented larger payments. Although the proportion of recipients whose assistance payments were not reduced was small for all States combined—6 percent for old-age assistance and about 11 percent for aid to dependent children—these percentages were much higher in States that had been making high proportions of all payments at the State maximums. Such States included a few wealthy States with unusually high standards and maximums as well as some where both are low. High proportions of payments that were not reduced was another reason for the greater disparity in some States than in others between the increase in insurance and the decrease in assistance.

Total Savings in Assistance

The total reduction in assistance payments because of the increase in old-age and survivors insurance benefits was approximately \$4 million a month for old-age assistance and was about \$800,000 for aid to dependent children. These totals represent 92 percent of the amount of the benefit increases for aged recipients and 83 percent for aid to dependent children families.

Gain to Recipients

The advantage to the beneficiary-recipients that resulted from the increase in their old-age and survivors insurance benefits in the month that the assistance agency took initial action is shown by the difference be-

tween the increase in monthly benefits and the decrease in assistance payments.

In Pennsylvania, for example, the sum of the old-age and survivors insurance benefit plus the old-age assistance payment was \$45.60 after the change (\$34.58 from insurance; \$11.02 from assistance) as compared with \$45.01 (\$18.55 plus \$26.46) before the change (chart 1). In Kentucky, a State that based payments on only 69 percent of the budget deficit, the average for insurance plus assistance increased from \$29.64 (\$15.15 plus \$14.49) to \$35.00 (\$28.82 plus \$6.18). For families on the aid to dependent children rolls the combined average in Pennsylvania increased from \$100.46 to \$102.22 and in Kentucky, where payments were 48 percent of the budget deficit, from \$65.84 to \$78.54.⁵

The Pennsylvania assistance agency in October 1950 increased the amounts it allowed for food and shelter, and the Kentucky agency in February 1951 increased its maximum payments.

To the extent that these changes, and similar changes in some other States, were made possible by the savings in assistance funds resulting from the increase in insurance benefits, all recipients have profited from the increases in old-age and survivors insurance benefits.

⁵ Data for Pennsylvania from the *Public Assistance Review* (Pennsylvania Department of Public Assistance), December 1950; data for Kentucky from the *Statistical Journal* (Kentucky Department of Economic Security), November 1950.

Notes and Brief Reports

Employers, Workers, and Wages, First Quarter, 1951

The 1950 amendments to the Social Security Act extended coverage, effective January 1, 1951, to certain groups formerly without the protection of old-age and survivors insurance. This extension is reflected in the estimates of the number of employers and workers and the amount of wages in the first quarter of 1951, shown in the accompanying table. The impact of

defense preparations also contributed significantly to the sharp increases noted in this quarter.

The number of workers in covered employment during January-March 1951, not including the newly covered self-employed, is estimated at 47 million, and their taxable wages are estimated at \$31 billion. These totals are 24 percent and 31 percent higher, respectively, than in the corresponding quarter of 1950. Of the 9-million increase in the number of workers

during the quarter, probably about half can be attributed to the expansion in economic activity and the other half to extension of coverage. It is estimated that an additional 4.5 million urban self-employed, from whom no returns have as yet been received under the provisions of the new law, had taxable earnings under the program during the quarter.

Average taxable wages, estimated at \$660 in January-March 1951, were 6.3 percent higher than in January-March 1950. This increase is smaller than it would have been if coverage had not been extended because the

Old-age and survivors insurance: Estimated number of employers¹ and workers and estimated amount of wages in covered industries, by specified period, 1940-51

[Corrected to Aug. 1, 1951]

Year and quarter	Employers reporting wages ² (in thousands)	Workers with taxable wages during period ² (in thousands)	Taxable wages ²		All workers employed in covered industries during period ² (in thousands)	Total payrolls in covered industries ³	
			Total (in millions)	Average per worker		Total (in millions)	Average per worker
1940	2,500	35,393	\$32,974	\$932	35,393	\$35,668	\$1,008
1941	2,646	40,976	41,848	1,021	40,976	45,463	1,110
1942	2,655	46,363	52,939	1,142	46,363	58,219	1,256
1943	2,394	47,656	62,423	1,310	47,656	69,653	1,462
1944	2,469	46,296	64,426	1,392	46,296	73,349	1,584
1945	2,614	46,392	62,945	1,357	46,392	71,560	1,543
1946	3,017	48,845	69,088	1,414	48,845	79,290	1,623
1947	3,246	48,908	78,372	1,602	48,908	92,449	1,890
1948	3,298	49,018	84,122	1,716	49,018	102,255	2,086
1949 ⁴	3,316	47,200	81,808	1,733	47,200	99,989	2,118
1950 ⁴	3,350	49,200	87,600	1,780	49,200	109,900	2,234
1943							
January-March	1,971	36,537	15,462	423	36,537	15,760	431
April-June	2,008	37,483	16,661	442	37,557	17,400	463
July-September	1,998	37,682	15,838	420	38,057	17,498	460
October-December	2,001	36,016	14,562	404	37,593	18,995	505
1944							
January-March	2,010	36,326	17,362	478	36,326	17,696	487
April-June	2,048	36,893	17,284	468	36,992	18,185	492
July-September	2,038	37,301	16,243	435	37,752	18,359	486
October-December	2,039	35,629	13,537	380	37,789	19,109	506
1945							
January-March	2,076	35,855	17,874	499	35,855	18,262	509
April-June	2,149	35,854	17,541	489	35,949	18,558	516
July-September	2,176	35,684	14,982	420	36,285	17,261	476
October-December	2,199	33,598	12,548	373	35,973	17,478	486
1946							
January-March	2,287	36,038	16,840	467	36,038	17,397	483
April-June	2,416	38,055	17,845	469	38,153	19,079	500
July-September	2,478	39,670	17,709	446	40,228	20,222	503
October-December	2,513	37,945	16,694	440	39,930	22,562	565
1947							
January-March	2,509	38,765	20,805	537	38,765	21,497	555
April-June	2,587	39,801	20,655	519	40,175	22,245	554
July-September	2,617	40,255	19,555	486	41,155	23,035	560
October-December	2,609	37,448	17,357	463	40,748	25,672	630
1948							
January-March	2,588	39,560	23,080	583	39,560	23,923	605
April-June	2,690	40,245	22,708	564	40,524	24,668	609
July-September	2,699	40,585	21,150	521	41,675	25,700	617
October-December	2,661	36,790	17,184	467	41,540	27,964	673
1949							
January-March ⁴	2,639	38,500	23,376	607	38,500	24,254	630
April-June ⁴	2,693	39,370	22,571	573	39,660	24,570	620
July-September ⁴	2,697	38,805	20,160	520	40,005	24,971	624
October-December ⁴	2,692	35,400	15,701	444	39,700	26,194	660
1950							
January-March ⁴	2,670	38,000	23,600	621	38,000	24,400	642
April-June ⁴	2,750	39,700	24,200	610	40,000	26,400	660
July-September ⁴	2,750	41,000	22,500	549	42,300	28,300	669
October-December ⁴	2,730	36,400	17,300	475	40,600	30,800	759
1951 ⁵							
January-March ⁴	3,500	47,000	31,000	660	47,000	32,000	681

¹ Number corresponds to number of employer returns. A return may relate to more than 1 establishment if employer operates several separate establishments but reports for concern as a whole.

² Quarterly and annual data for 1937-39 were presented in the *Bulletin* for February 1947, p. 31; quarterly data for 1940 were presented in the *Bulletin* for August 1947, p. 30; quarterly data for 1941 and 1942 were presented in the *Bulletin* for February 1948, p. 31.

³ A description of these series and quarterly data for 1940 were presented in the *Bulletin* for August 1947, p. 30; quarterly data for 1941 and 1942 were presented in the *Bulletin* for February 1948, p. 31.

⁴ Preliminary.

⁵ Includes data for new coverage under the 1950 amendments, except for newly covered self-employed persons and their earnings.

relatively low wage rates of the newly covered domestic and agricultural workers tended to depress the overall average. The total and average amount of taxable and nontaxable wages received by workers in covered industries—estimated at \$32 billion and \$681, respectively—were 31 percent and 6.1 percent higher than in January-March 1950.

The estimated number of employers reporting payment of taxable wages was 3.5 million, a 31-percent increase over the number in the corresponding quarter of the preceding year.

SOCIAL SECURITY IN REVIEW

(Continued from page 2)

The State trends underlying the national picture for aid to dependent children were unusually divergent. While a large group of States was restoring cuts, making cost-of-living increases, and raising assistance standards, some other States were sharply reducing their payments and restricting eligibility provisions. A few States moved first in one direction and then in the other within the year. The June-to-June shift in monthly expenditures for the program ranged from a 43-percent drop in Mississippi to a 52-percent increase in Oklahoma.

In aid to the blind the number of recipients climbed slowly but steadily to an all-time peak of 97,500 persons in November 1950 and then turned downward. Changes in most months were small, so that the June 1951 total was only 0.5 percent less than the November peak and about 1.7 percent higher than in June 1950.

As the result of a specific provision in the 1950 amendments, Pennsylvania submitted its plan for aid to the blind for approval by the Social Security Administration. Missouri and Alaska have passed enabling legislation for that purpose. Pennsylvania's plan was approved and became effective retroactively to February 1951; the program added some 15,000 blind persons to the count of recipients in States with plans approved, though payments to about 5,100 of these recipients were made without Federal participation.

The new program for aid to the