

# ESTIMATED NUMBERS OF PERSONS IN EMPLOYMENTS EXCLUDED FROM OLD-AGE INSURANCE

HARRY J. WINSLOW and WILLIAM K. SHAUGHNESSY \*

The recent recommendations submitted in the final report of the Advisory Council on Social Security to the President and the report on proposed changes in the Social Security Act forwarded by the Social Security Board to the President and the Congress have focused attention on persons in employments excluded from coverage under the old-age insurance provisions of the Social Security Act. The following employments are not at present included under titles II or VIII of the act:

- (1) Agricultural labor;
- (2) Domestic service in a private home;
- (3) Casual labor not in the course of the employer's trade or business;
- (4) Service performed by an individual who has attained the age of 65;
- (5) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country;
- (6) Service performed in the employ of the United States Government or of an instrumentality of the United States;
- (7) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;
- (8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The Advisory Council has recommended<sup>1</sup> that employees of private, nonprofit religious, charitable, and educational institutions should be brought into coverage immediately and farm and domestic employees by January 1940. The Council also recommended that additional groups should be included as soon as feasible and that

studies should be made of the administrative, legal, and financial problems involved in the coverage of self-employed persons and governmental employees.

The Social Security Board in its recommendations<sup>2</sup> also advised that the exceptions in relation

Table 1.—Estimates of numbers of persons who will be employed in jobs covered or excluded from the Federal old-age benefits program some time during the calendar year 1939<sup>1</sup>

Numbers of persons	Minimum-maximum estimates
A. Total number of persons who will have obtained a job covered by Federal old-age security plans.....	34,400,000-35,650,000
1. Title II, Social Security Act.....	32,000,000-33,000,000
2. Railroad Retirement Act.....	1,700,000-1,800,000
3. Federal Government employee plans.....	600,000-1,000,000
B. Total number of persons in employments for which immediate coverage was recommended by the Social Security Board and the Advisory Council.....	1,850,000-2,400,000
1. Federal instrumentalities.....	200,000-300,000
2. Maritime employment <sup>2</sup> .....	150,000-200,000
3. Employment after age 65.....	800,000-1,000,000
4. Nonprofit organizations.....	700,000-900,000
C. Total number of persons who will have obtained jobs in other occupations.....	25,300,000-27,100,000
1. Agricultural laborers.....	2,500,000-3,500,000
2. Farm operators.....	6,800,000-7,000,000
3. Unpaid family workers in agriculture.....	4,000,000-5,000,000
4. Domestic servants in private homes.....	2,200,000-2,500,000
5. Self-employed persons: owners, operators, and professional workers.....	4,000,000-4,500,000
6. Public employees (including public school teachers).....	2,500,000-2,700,000
7. Casual employees.....	1,000,000-3,000,000
8. Workers under work-relief programs.....	3,500,000-4,500,000

<sup>1</sup> The sum of the workers in all categories of the major groups in covered and noncovered employments is greater than the total number of persons receiving jobs in each major group. This is due to shifts of workers in each of these two groups. The shift in jobs covered by the amendments recommended (in B above) is believed to be so negligible that it has not been included in these estimates.

<sup>2</sup> Includes persons employed on documented vessels in domestic ports and persons employed on documented fishing boats.

to agricultural labor, domestic service, maritime employment, and services for private nonprofit religious, charitable, and educational organizations be withdrawn. At the same time it proposed that service performed for the Federal Government or its instrumentalities and service performed after age 65 should be included but that the casual labor

\* Bureau of Research and Statistics, Divisions of Unemployment Composition Research and of Old-Age Benefits Research, respectively.

<sup>1</sup> Advisory Council on Social Security. *Final Report*. December 10, 1938.

<sup>2</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*. 1939.

exception should remain. The Board withheld any recommendation for extending coverage to the self-employed.

In making these recommendations both the Council and the Board required estimates of the numbers of persons in employments covered by or excepted from the old-age insurance system. The estimates in table 1 are those most recently developed in the Bureau of Research and Statistics and presented to the Board.

Estimates of this kind vary according to the date or period of time to which they relate. The present estimates relate to employment at any time within the calendar year 1939 and have been developed particularly to include allowance for the turn-over between covered and noncovered employment. The shifting of workers from jobs in one occupation or group to jobs in another makes for duplication in the count. The sum of the workers in all categories of each major group is greater, therefore, than the total number of different persons receiving jobs in that major group. For example, the sum of the frequencies

in groups 1 to 8 of the excluded group is greater than the total number of persons who will obtain noncovered employment.

Many workers are employed in two or more occupations within a year; a man engaged in unpaid family work part of the year may change to farm employment for the rest of the year. Workers shift during a year from covered to noncovered jobs. Some have a primary occupation in a noncovered industry and a secondary occupation in a covered industry, and vice versa. In this tabulation, therefore, the sum of the number of workers in both covered and noncovered groups is greater than the total number of gainful workers.

Estimates for each group were prepared from the most recent data available on employment within these groups. The amount of labor turn-over that would occur in the year was then calculated. The number of wage items tabulated for each half year of 1937 together with the number of different workers paying taxes under title VIII in that year served as a guide in developing the estimates.