

A Comparative Study of Old Age Insurance and Old Age Assistance

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The number of workers covered under the old age and survivors' insurance program has risen steadily since 1939, the first year complete figures on covered workers were available. The increase during the twelve year period from 1939 to 1950 was from 22,900,000 to 45,700,000 or almost 100 per cent. The steady rise in the number of insured workers was due primarily to World War II during the first part of the twelve year period, and to the great stimulus for industrial goods in the aftermath of the war in the latter part of the period.

The influence of the War and its aftermath on the steady increase in the number of covered workers can be clearly seen when it is noted that during the same twelve years there was an almost identical increase in the number of workers not covered under the program. The number of uninsured workers rose from 17,800,000 in 1939 to 34,900,000 in 1949. In other words, the increase in both the number of insured and uninsured workers rose by approximately 100 per cent during the same period.

A study by years of the *proportion* of all workers who were insured reflects the same general picture as indicated by the numbers who were insured. With the exception of the years 1941, 1942 and 1943, the proportion of covered workers to the total of all workers remained practically stationary. The range in the proportion of all workers covered was from a low of 53.3 per cent of the total to a high for the twelve year period of 57.0 per cent in 1944.

However, a significant change in the number and proportion of covered workers to the total was registered as a result of the enlargement of the range of eligibility in the 1950 amendments to the old age and survivors' insurance act. The number of workers covered under the program rose from 45,700,000 in 1949 to 60,000,000 in 1950. This was an increase of 30 per cent in the one year period. The proportion of covered workers to the total of all workers increased correspondingly, from 56.7 per cent in 1949 to 72.7 per cent in 1950. In other words, it may be inferred from these figures that, at the present time, slightly over seven workers in ten are working in covered lines of work. A recent study in this connection reveals that approximately 90 per cent of all workers are now covered by some form of public or private retirement system. About one worker in six is covered by some retirement plan other than old age and survivors' insurance.

However, there has been a steady year to year increase in the number of old age and survivors' insurance beneficiaries, whereas in four of the ten years of the decade there was a decline in the number of old age assistance recipients over the number for the preceding year. This year by year decline in the number of persons receiving old age assistance occurred from 1941 to 1945 and was due primarily to the vastly increased volume of industrial activity occasioned by World War II. The great increase in the number of jobs and the high rates of pay provided an unprecedented opportunity for many elderly persons to receive much higher wages than the amount of relief they were receiving from the old age assistance program. For this reason, many persons, especially in the highly industrialized states, went to work and were dropped from the old age assistance rolls. A second reason for the decline in the number of old age assistance recipients during the war years was due to the higher level of income in the general population. That fact enabled many family groups to support aged relatives who formerly had been on old age assistance rolls.

**NUMBER OF PARTICIPANTS IN THE OLD AGE AND
SURVIVORS' INSURANCE AND OLD AGE ASSISTANCE
PROGRAMS BY YEARS 1940—1950.**

There was a steady increase in the number of persons receiving benefits under the old age and survivors' insurance program from 1940 to 1950. During the decade under consideration the actual number of beneficiaries rose from 222,000 to 3, 477, 000. This was an increase of 682 per cent.

During the same period there was also some increase in the number of persons receiving old age assistance. The number of old age assistance recipients rose from 2,066,000 in 1940 to 2,786,000 in 1950. This was an increase of slightly over one third (34%) in the decade. In other words, the rate of increase in the number of old age and survivors' insurance beneficiaries was approximately twenty times greater than the rate of increase in the number of old age assistance recipients during the period under consideration.

It should also be noted in this connection that in some of the predominantly rural states there was likewise some decline in the number of old age assistance recipients, indicating that the prosperity of the war years was felt to an appreciable degree among the farm population as well as among the urban, industrial, population. The decline was noted, furthermore, in some of the states which have had the highest proportion of recipients to the number 65 and over in the general population.

The same factors, on the other hand, which tended to cause a decrease in the number of old age assistance recipients would tend to cause an increase in the number of workers covered, and the number of persons receiving benefits under the old age and survivors' insurance program. The greater the volume of business activity, the greater the number of persons employed in the lines of work covered under old age and survivors' insurance. Since increased job opportunities were available to workers in all age groups, the number of persons eligible for retirement under the old age and survivors' insurance program would tend to increase from year to year.

**PROPORTION OF OLD AGE AND SURVIVORS' INSURANCE BENEFICIARIES
TO OLD AGE ASSISTANCE RECIPIENTS**

Since the beginning of the operation of the retirement feature of the old age and survivors' insurance program, there has been a steady increase in the proportion of beneficiaries under this program to the number of recipients of old age assistance. In 1940 the number of persons receiving monthly old age insurance stipends composed only 9.7 per cent of the total number of persons receiving grants under both old age insurance and old age assistance. There has been a steady rise in the proportion of old age insurance beneficiaries to the total for each succeeding year over the proportion for the preceding year; by 1942 the proportion of old age insurance beneficiaries had increased to slightly over one-fifth of the total for both programs and by 1946 to two-fifths of the total under the two programs. It was not until 1949, however, that the number of old age and survivors' insurance beneficiaries actually exceeded the number of old age assistance recipients for the first time. By 1950 there were approximately three-fourths million more old age and survivor beneficiaries than old age assistance recipients. The great increase in the number under the insurance program from 1949 to 1950 was due primarily to the inclusion of additional lines of work in the program. These revisions were placed in operation for the first time in 1950.

OLD AGE INSURANCE AND OLD AGE ASSISTANCE IN CERTAIN STATES.

Significant differences prevail at the present time in the rates by states in the number of old age beneficiaries and old age assistance recipients per

1000 persons in the general population 65 and over years of age. In February, 1951 there were 225.8 persons per 1000 over 64 years of age receiving old age insurance in the United States as a whole. In other words, about one person in four over 64 years of age in the United States received an old age insurance retirement check in February, 1951.

The state with the largest number of old age beneficiaries per 1000 persons over 64 is Rhode Island. In February of this year, 393.6 persons, or almost two in every five, over 64 years of age in that state received a retirement check. At the other extreme was North Dakota. At that time the rate per 1000 of the population over 64 years of age was 7.8. This is a ratio of only one person in every 143.

Oklahoma was among the group of states which ranked considerably below the United States average in the ratio of old age insurance beneficiaries to the total population over 64. In February of this year 127.1 persons for every 1000 persons over 64 in the state, or about one in every eight, received a retirement check.

In general, the greater the proportion of the population of a state which gets its living directly from the soil, the lower the number of old age insurance beneficiaries. Conversely, the higher the proportion of the population of a state that gets its living from employment in stores, factories, and in mining industries, the higher the proportion of the population over 64 included under the benefits of the old age insurance program. This conclusion points to the fact that, aside from farm laborers, the farm operators and their families constitute the largest occupational group in the population that is still not eligible to participate in the old age and survivors' insurance program.

The old age and survivors' insurance and old age assistance rates were almost exactly identical for the country as a whole in February, 1951. The number of persons per 1000 over 64 participating in the two programs was 225.8, and 223.4, respectively. The range in old age assistance reciprocity between the several states, however, was about as great as the range in the old age insurance rate. New Jersey had the lowest rate with only 58.4 persons on the old age assistance rolls per 1000 persons over 64. Louisiana, which had 727.6 persons on the old age assistance rolls per 1000 persons over 64, had the highest rate. Stated by ratios, it may be said that the range in rate by states was from a low of only one in 17.0 in New Jersey to a high of one in every 1.4 in Louisiana. Oklahoma, with 512.4 persons in every 1000 over 64 on the old age assistance rolls, had the second highest rate among the states.

NUMBER OF OLD AGE ASSISTANCE RECIPIENTS PER 100 OLD AGE BENEFICIARIES

A slightly different means of measuring the relative degrees to which the old age and survivors insurance and old age assistance programs affect the aged population is through the study of the number of participants in one program per 100 persons in the other program. For the United States as a whole, there were 99 old age assistance recipients for every 100 old age beneficiaries in February of this year. Oklahoma, which had 463 old age assistance recipients per 100 old age beneficiaries, showed the greatest preponderance of relief clients over old age insurance beneficiaries. New Jersey, with only 19 old age assistance recipients per 100 old age beneficiaries, on the other hand, had the smallest ratio of relief clients to old age insurance beneficiaries. Louisiana, with 444 old age assistance recipients to every 100 old age insurance beneficiaries ranked second in the degree of preponderance of relief clients over old age insurance beneficiaries.

**AVERAGE MONTHLY GRANTS UNDER OLD AGE
INSURANCE AND OLD AGE ASSISTANCE**

For the United States in general, the average old age assistance grant slightly exceeded the average old age insurance payment in June, 1951. Old age assistance recipients received an average grant of \$43.56. However, prior to 1950 the average old age assistance grant exceeded considerably the average old age insurance grant. For example, in 1940, old age assistance recipients received an average of \$20.26 per month as compared with a payment to old age insurance beneficiaries of \$18.33 per month.

In 1946, old age assistance recipients received an average monthly grant of \$35.33 as compared to a monthly stipend of only \$18.92 for old age insurance beneficiaries. A more liberal formula based on earnings that has been put into operation in the last two years has largely equalized the payments under the two programs.
