A STUDY OF THE EFFECTS OF THE 1950 AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT ON THE OLD-AGE ASSISTANCE AND AID TO DEPENDENT CHILDREN PROGRAMS IN INDIANA

A Thesis
Presented to
the Faculty of the Graduate School
Indiana State Teachers College
Terre Haute, Indiana

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
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June 1953
The thesis of Jack Eckhart Heiken, Contribution of the Graduate School, Indiana State Teachers College, Number 748, under the title A Study of the Effects of the 1950 Amendments to Title II of the Social Security Act on the Old-Age Assistance and Aid to Dependent Children Programs in Indiana is hereby approved as counting toward the completion of the Master's degree in the amount of 8 hours' credit.

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Date of Acceptance: June 1, 1953
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CHAPTER I

THE PROBLEM AND DEFINITIONS OF TERMS USED

In August, 1935, on the recommendations of the Committee on Economic Security, the 74th Congress of the United States passed the original Social Security Act. This Act embodied two major principles; first, the establishing of a national program of public assistance for the needy; second, the launching of a long range retirement program for workers 65 years of age and over, which is based on the insurance principle. It was the hope of many that eventually the insurance program would help minimize the need for the national assistance programs.

I. THE PROBLEM

Statement of the problem. It was the purpose of this study: (1) to determine what effect the 1950 Amendments to Title II of the Social Security Act had in reducing, both numerically and financially, the burden of Old-Age Assistance and Aid to Dependent Children in the State of Indiana; (2) to determine if these changes were progressive or retrogressive in terms of adequate coverage, realistic eligibility requirements, and adequate benefits; and (3) to determine the probable future relationship of Old-Age and Survivors
Insurance and Public Assistance as envisioned by the Committee on Economic Security in 1935.

**Importance of the study.** As of December 31, 1952, in the United States there were 5,025,549 persons receiving Old-Age and Survivors Insurance, 2,634,662 persons receiving Old-Age Assistance, and 1,990,819 persons receiving Aid to Dependent Children. These persons received total money payments under these three programs of over $450,000,000 for December, 1952.

As of December 31, 1952, in the State of Indiana there were 145,000 persons receiving Old-Age and Survivors Insurance, 41,590 persons receiving Old-Age Assistance, and 27,028 persons receiving Aid to Dependent Children. These persons received total money payments under these three programs of over $8,022,000 for December, 1952. These figures demonstrate just how vitally these three programs of the Department of Health, Education, and Welfare affect the lives of all of us.

The 1950 Amendments to Title II of the Social Security Act were passed by Congress in August, 1950. They made the following major changes in the Social Security Act: (1) new types of benefits were introduced, (2) a longer retroactive period was established for the effective filing of an application for benefits, (3) total maximum amounts payable to
a family group were increased, (4) restrictions on earnings were modified, (5) the wage base for tax and benefit purposes was increased to $3,600, (6) a new tax schedule was prepared, (7) requirements for eligibility were simplified, (8) a new benefit formula was put into effect, (9) a general benefit raise was given to Old-Age and Survivors Insurance beneficiaries already on the rolls, and (10) Social Security coverage was extended to approximately 10,000,000 additional wage earners and self-employed persons.

It was hoped that these 1950 Amendments to the Old-Age and Survivors Insurance Section of the Social Security Act would have both the immediate and long range effect of reversing the steady trend towards larger groups of needy people in assistance categories. One basic reason for this hope was founded on the manner in which eligibility for benefits in these programs is established. The categorical Public Assistance programs: Old-Age Assistance, Aid to Dependent Children, Permanently and Totally Disabled, and Aid to the Blind are all predicated on need. One must prove he is in need before he can receive aid from any of these programs. On the other hand Old-Age and Survivors Insurance benefits are made without any regard to need. To the insured worker and his family they are made as a matter of right. A person working in a job covered by Social Security can look forward to a definite retirement income,
regardless of his financial status. In the event of his death, his survivors are likewise entitled to fixed benefits. All Old-Age and Survivors Insurance benefits must be earned and there is a direct correlation between the amount of a worker's Social Security tax contributions and the benefits he receives. In terms of self-respect, a system that enables the worker to build up his own estate for his old age and his family, is eminently more desirable than Public Assistance.

A second reason for this hope was founded on the different methods in which these programs are financed. Public Assistance programs are financed entirely out of general taxes and other general revenues. On the other hand since the 1950 Amendments, no portion of the benefits or of the cost of administration of the Bureau of Old-Age and Survivors Insurance may be taken from the general treasury.

Any legislation of the size, scope, and intent of the Social Security Act is an important part of the American way of life. One should be interested in whether a self-supporting program based on insurance principles or a vast public assistance program, with its ever mounting public tax costs, is going to provide the future basis for handling the needy in this country.

II. DEFINITIONS OF TERMS USED

Aid to Dependent Children. This program is provided
for in the Social Security Act to grant assistance to needy children. It is operated by the Indiana State Department of Public Welfare and is financed by Federal, State, and county funds.

**Bureau of Old-Age and Survivors Insurance.** This is the Federal Agency that administers Title II of the Social Security Act.

**Caseload.** This term is used by the Department of Public Welfare to denote the number of assistance cases a specific unit is carrying under a specific program.

**Closure.** This term is used by the Department of Public Welfare to denote the act of closing an active public assistance case.

**Fully insured status.** To be fully insured under Social Security a person must earn at least one quarter of coverage in every two quarters elapsing between January 1, 1951, and the quarter in which he attains age 65 or dies, whichever is first. A minimum of six quarters is needed for insured status. The maximum number of quarters needed is 40. If a person attains age 21 after January 1, 1951, he counts his quarters with the quarter following attainment of age 21. Before September 1, 1950, the starting date for
figuring insured status was January 1, 1937, or the quarter following the attainment of age 21, whichever was latest.

**Old-Age Assistance.** This program is provided for in the Social Security Act and is designed to help our aged needy. It is operated by the Indiana State Department of Public Welfare and is financed by Federal, State, and local funds.

**Old-Age and Survivors Insurance.** This program is provided for in Title II of the Social Security Act and is the national insurance program designed to maintain family income on the death of the breadwinner and to provide retirement income to the retired worker. It is the only program provided for in the Social Security Act that is operated directly by the Federal Government.

**Public Assistance programs.** The Public Assistance programs provided for in the Social Security Act are Old-Age Assistance, Aid to Dependent Children, Blind Assistance, and Aid to the Permanently and Totally Disabled. In Indiana there is no provision for Aid to the Permanently and Totally Disabled. The Aid to the Blind program, because of its small size and unique nature, will not be considered in this study. This study will be concerned only with Old-Age Assistance and Aid to Dependent Children, as they are the
principal assistance programs in Indiana.

**Quarter of coverage.** A quarter of coverage is any three month period beginning January 1, April 1, July 1, or October 1 in which a worker is paid $50. A self-employed person earns four quarters in a year if he has at least $400 net earnings from self-employment.

**Title II.** Title II of the Social Security Act, as amended, is the Title that provides for Federal Old-Age and Survivors Insurance benefits.

**Work clause.** In the 1939 Amendments a work clause was inserted that said no person could receive his Social Security benefits if he was working on a job covered by Social Security and earning over $14.99 a month. The 1950 Amendments raised this figure to $50. A self-employed person is allowed to have average net earnings of $50 a month over his fiscal year. When a person reaches 75, the work clause is removed.

**III. ORGANIZATION OF THE REMAINDER OF THE PAPER**

Chapter II deals with a review of the literature. It contains brief critical reviews of previous investigations of this and intimately related problems. Chapter III deals with the National Social Security Act. Chapter IV deals
with the backgrounds of the Public Assistance and Old-Age and Survivors Insurance programs in the State of Indiana. It contains brief histories of both programs. It also contains an analysis of the combined responsibilities carried by both programs in the State of Indiana. Chapter V deals with the legislative thinking behind the 1950 Amendments. It reviews the major Congressional studies of Social Security. Chapter VI investigates in detail the impact of the 1950 Amendments to Title II of the Social Security Act on the Public Assistance programs in Indiana. Chapter VII contains the summary and conclusions on the problem.
CHAPTER II

REVIEW OF THE LITERATURE

The 1950 Amendments to the Social Security Act are so recent that their importance has not yet been fully evaluated. Moreover, the Social Security Act was further amended in July, 1952. Since the 1952 changes were so recent, it was impossible to get sufficient facts or figures in order to measure their effect on this study.

There have been several excellent studies made in the field of this paper, and these have been reviewed in this chapter. However, there are no studies that have made a comprehensive evaluation of the effects of the 1950 Amendments on the Old-Age Assistance and Aid to Dependent Children programs in Indiana.

In 1946, the Committee on Ways and Means of the House of Representatives published a study on the issues in Social Security.¹ The Committee agreed that no method had been found to apply Old-Age and Survivors Insurance benefits comprehensively, other than the extension of coverage to all employments and to self-employment. They realized that with the prospect of additional kinds of social benefits, such as

¹ Committee on Ways and Means, House of Representa-
disability, the availability of Old-Age and Survivors Insurance benefits must be all-inclusive if the Nation's social benefit objectives were to be obtained. The Committee also realized that benefits should be adequate to afford basic social protection. They investigated the possibility of liberalizing benefits. The study was very realistic in its understanding of the need for expanded coverage and more adequate social security benefits.

In 1947, the Council on Social Security made a report to the Senate Committee on Finance. This report was very similar to the one made by the Committee on Ways and Means the previous year. However, it was more specific in its recommendations. It not only told what must be done but outlined how to do it. The council listed three basic defects in Old-Age and Survivors Insurance: inadequate coverage, unduly restrictive eligibility requirements, and inadequate benefits. In order to correct this they recommended: extension of coverage to additional wage earners and to self-employed persons, liberalized eligibility requirements, and increased benefits. Their recommendations on these three points were carried out by the 1950 Amendments to Title II

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of the Social Security Act.

The Department of Labor prepared a report on Old-Age and Survivors Insurance, Unemployment Compensation, and Public Assistance for 1949-1950. This report was particularly valuable for its background material on Old-Age and Survivors Insurance. It covered in detail the historical background of the Social Security Act. It also reviewed the 1947 report of the Advisory Council on Social Security. The report then pointed out that Old-Age and Survivors Insurance benefits were unable to provide basic security in 1940 and subsequent rises in the cost of living had made them even more inadequate. It also pointed out that in June, 1949, twenty-five million people out of a civilian labor force of 60,000,000 people were in jobs not covered by Social Security. The study concluded that Social Security coverage was inadequate and that benefits payments were too small.

The Bureau of Public Assistance made a study in March, 1950, pointing out the necessity for revisions in the coverage and benefit structure of Old-Age and Survivors Insurance.

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The whole study was concerned with the person drawing both Old-Age and Survivors Insurance and Old-Age Assistance benefits. Many of the facts from this study were used to strengthen the Bureau's legislative proposals for the 1950 Amendments. The study pointed out that 20 per cent of Old-Age Assistance recipients were employed after 1936 and had six quarters of coverage or more but could not qualify for Social Security. They further pointed out that of the male Old-Age Assistance recipients who had some covered employment but were not eligible for Old-Age and Survivors Insurance benefits prior to the 1950 Amendments, 56.2 per cent had six or more quarters of coverage; 45.5 per cent of the females with some covered employment had six or more quarters of coverage. Under the 1950 Amendments all of these people with six quarters or more could qualify immediately for Social Security benefits as of September, 1950. In March, 1950, those Old-Age Assistance recipients drawing Old-Age and Survivors Insurance benefits drew an average Old-Age and Survivors Insurance monthly benefit of $19.84. The 1950 Amendments raised this average payment to $36.69. The study also pointed out the need for expanded coverage. It found that 79.6 per cent of the Old-Age Assistance recipients with any employment after 1936 who were not eligible for insurance benefits would have had enough quarters of employment.
to qualify under the requirements in effect in March, 1950, if all or part of their employment had not been excluded from coverage. This study corroborated the findings of the 1947 Advisory Council on Social Security to the Senate Committee on Finance.

The Committee on Ways and Means prepared an actuarial study which gave in great detail the actuarial estimates on the future status of the Social Security Trust Fund. Using an intermediate cost estimate based on the ultimate employer-employee tax rate of 6½ per cent the Committee pointed out that the trust fund would grow to $83 billion by 1990. The Committee then concluded that using a 2 per cent interest rate on the trust fund the tax schedule proposed in the 1950 Amendments would adequately finance the Social Security program. Time has already shown their estimate was too conservative. By 1952, the trust fund was $1 billion larger than the Committee's estimate. Also the interest rate on the bonds held by the trust fund has increased. Using the same intermediate cost estimate, based on a 2½ per cent interest rate on the trust fund, it will grow to over $100 billion by 2000. The study clearly points out that the

present method of financing is adequate for a self-supporting program.

Ellen J. Perkins of the Bureau of Public Assistance did a study on the increase in amount of benefits to Old-Age Assistance and Aid to Dependent Children groups from 1940 to 1950. Her study preceded the passage of the 1950 Amendments. She found that during the decade from 1940 to 1950, the number of persons benefiting from programs of public aid dropped from 15 million to 6 million, mainly as a result of improved economic conditions, the consequent discontinuance of Federal work programs, and the development of Old-Age and Survivors Insurance and Unemployment Insurance. However, the downward trend in the total bill for public aid was curbed appreciably by other social and economic factors--notably, the increase in the aged and child population and rising living costs. She further found that there had been a real growth in the number of persons covered by Old-Age Assistance and Aid to Dependent Children and that there had been a true upward change in the standard of living provided assistance recipients.

In another study made by Frank J. Hanner and Ellen J.

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Perkins of the Bureau of Public Assistance, the cost of expenditures per inhabitant for Old-Age Assistance, Aid to Dependent Children, Aid to the Blind, and general assistance by State was investigated. The study covered the period 1940-1950. The Bureau found that average assistance expenditures per inhabitant for the fiscal year 1950 were almost twice those for the calendar year 1940, for all States and all programs combined. There were two reasons for this increase. First, there were fewer relief structures in 1950 than in 1940. Actually in 1940 total expenditures for all relief programs was greater than the total expenditures for all relief programs in 1950. Most of the jump in per capita expenditures for Public Assistance was the result, however, of the second reason--increased living costs.

The Bureau of Public Assistance, Division of Program Statistics and Analysis, of the Social Security Administration did a study one year after the passage of the 1950 Amendments, in order to measure the immediate impact of the Amendments on the National Public Assistance scene. This


study dealt only with the National picture and had no breakdown for Indiana. The study found that the 1950 Amendments to the Social Security Act made substantial changes in Old-Age and Survivors Insurance coverage and benefits. Of the new provisions that were effective September, 1950, one—the increase in current insurance benefits—had an almost immediate effect in the reduction of Public Assistance case-loads and expenditures.

Mr. Albert A. Kuhle, Regional Representative for the Bureau of Old-Age and Survivors Insurance, outlined the main objectives of Old-Age and Survivors Insurance in an article for Public Welfare in Indiana, the official publication of the Indiana State Department of Public Welfare. He stressed that one of the main objectives of Old-Age and Survivors Insurance was to reduce the need for Public Assistance in the future. Mr. Kuhle then summarized the changes in the Old-Age and Survivors Insurance program made by the 1950 Amendments. He pointed out that in Indiana these Amendments had been responsible for the closing of many Public Assistance cases. This meant a substantial savings of funds. He stressed the growing population problem and the need for some method of income maintenance for our aged. He was hope-

ful that the changes brought about by the 1950 Amendments would make it possible for Old-Age and Survivors Insurance to become the primary program for handling income maintenance.

William R. Sterrett, chief statistician and Roy L. Adams, statistician, employees of the Indiana State Department of Public Welfare, made a study on the shifting emphasis to the primary importance of Old-Age and Survivors Insurance over Public Assistance. They compared the growth of Old-Age and Survivors Insurance and Public Assistance in Indiana from June, 1941, to June, 1951. They pointed out that until 1950, the Public Assistance programs were larger in Indiana than the Old-Age and Survivors Insurance program. They noted that the 1950 Amendments to Title II of the Social Security Act increased the Old-Age and Survivors Insurance program in Indiana. They also pointed out that in 1951 Public Assistance in Indiana decreased from 1950 levels. They drew the conclusion that Old-Age and Survivors Insurance is becoming more important as an income maintenance factor in Indiana than Public Assistance. However, they did not make an analysis of any other factors that might have been responsible for the decrease in Public Assistance in 1950.

Neither did they make an analysis of the 1950 Amendments to Title II of the Social Security Act.

Mr. Louis O. Shudde of the Division of the Actuary, Social Security Administration prepared an estimate on the amount of survivors insurance protection under the 1950 Amendments for those insured under Social Security. His estimates show the future important role of Old-Age and Survivors Insurance in our society. Mr. Shudde estimated that in September, 1951 the net worth of survivors insurance in force was about $185,000,000,000. This insurance coverage will increase as more people become insured under Social Security.

CHAPTER III

THE NATIONAL SOCIAL SECURITY ACT

Background of the Social Security Act of 1935. The United States lagged far behind other countries in providing Social Security for its older workers, chiefly because the problem of older workers was not conspicuous until after World War I. Declining birth rates and reductions in our immigration quotas began to produce a sharp increase in the ratio of the aged to the total population during the 1920's. Furthermore, pressures began to build up against the hiring of older workers. All of these factors contributed to increased agitation for pensions for older workers.

Neither the government nor industry moved very rapidly to provide these pensions. The major improvement was the creation of a Federal Civil Service Retirement System in 1920. There were definite reasons for the slow development in this field. Social insurance on a governmental basis was widely opposed on the grounds that it would destroy individual enterprise and initiative, that it would regiment the country, that it was unconstitutional, and that it would eventually bankrupt the country.¹

The 1929 depression forced vigorous action. The States found themselves unable to cope with the problems of the destitute. President Roosevelt established a committee to study the problem early in 1935.

Report of the Committee on Economic Security. On January 15, 1935, Frances Perkins, Secretary of Labor; Henry Morgenthau, Jr., Secretary of the Treasury; Homer Cummings, Attorney General; Henry A. Wallace, Secretary of Agriculture; and Harry L. Hopkins, Federal Emergency Relief Administrator, presented the report of the Committee on Economic Security to President Franklin D. Roosevelt. It was submitted at a time when 18,000,000 people, including children and aged, were dependent on emergency relief for their subsistence and approximately 10,000,000 workers had no employment except their relief work. Many millions more had lost their entire savings. The President had given this Committee the task of finding a program that would help prevent the recurrence of such a tragedy.

President Roosevelt ably stated the problem in a speech to Congress on June 8, 1934:

Our task of reconstruction does not require the creation of new and strange values. It is rather the finding of the way once more to known, but to some degree forgotten, ideals and values. If the means and details are in some instance new, the objectives are as permanent as human nature.

Among our objectives I place the security of the men,
women, and children of the Nation, first.

This security for the individual and for the family concerns itself primarily with three factors: people want decent homes to live in; they want to locate them where they can engage in productive work; and, they want some safeguard against misfortunes which cannot be wholly eliminated in this man-made world of ours. 2

In their report the Committee made major recommendations on this problem. On old age security they said in part:

To meet the problem of security for the aged we suggest as complementary measures, noncontributory old-age pensions, compulsory contributory annuities, and voluntary contributory annuities, all to be applicable on retirement at age 65 or over. Only noncontributory old-age pensions will meet the situation of those who are now old and have no means of support.3

The thinking of the Committee was stated very clearly on the future of noncontributory old-age pensions. "The satisfactory way of providing for the old age of those now young is a contributory system of old age annuities."4

A second major recommendation of the Committee was on security for children. They said:

A large group of the children at present maintained by relief will not be aided by employment or unemployment compensation. There are the fatherless and other 'young' families without a breadwinner. To meet the

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3 Ibid., p. 4.

4 Ibid., p. 5.
problems of the children in these families, no less than 45 States have enacted children's aid laws.\footnote{Ibid., p. 6.}

The report proceeded to say that because of financial difficulties many States had been unable to fulfill the requirements of their programs. The Committee further stated that children should be differentiated from permanent dependents and unemployables and recommended that a children's aid plan with Federal-Grants-in-Aid to the States be established. This report set the pace for Public Assistance in all 48 States of our Union. It also recommended the establishment of a Social Security Board.

The 1935 Act and Subsequent Amendments. On August 14, 1935, the original Social Security Act was passed. It was a noteworthy step, but by 1937, when it went into operation, it was already apparent that it was too limited to do the job necessary. The Act was therefore amended in 1939. The Social Security Act, as amended in 1939, remained the basic law for the Social Security program until the 1950 Amendments.

Congress made studies of the system in 1946, 1947, and 1948. February, 1949, the House passed H. R. 2893. Hearings were continued for two months, after which The Ways and Means Committee presented its bill H. R. 6000. The following year the Senate commenced hearings and finally a new
bill was passed by both legislative chambers. In August, 1950, President Truman signed the bill bringing the 1950 Amendments to the Social Security Act into being.

Summary. 1. When the Committee on Economic Security recommended establishing a program of noncontributory old-age pensions and compulsory contributory annuities, it was their belief that the most satisfactory way of providing for the old-age of those now young was a contributory system of old-age annuities. However, they recognized the need for noncontributory old-age pensions to care for those already old.

2. They recognized the need to establish a separate program for needy children. There was a need to distinguish them from the aged and the unemployable.

3. It was recognized as early as 1937 that the Social Security Act as written in 1935 was inadequate. It was amended in 1939. The Social Security Act as amended in 1939 remained the basic law for Social Security until the 1950 Amendments.
CHAPTER IV

BACKGROUND OF PUBLIC ASSISTANCE AND OLD AGE AND SURVIVORS INSURANCE PAYMENTS IN THE STATE OF INDIANA

Background of Public Assistance in Indiana. In 1919 the people of Indiana, through their legislature, gave concrete recognition to the fact that numbers of their children were made dependent every year because of the loss of the breadwinner. The Mother's Aid Law was enacted to provide a minimum amount of assistance so that such children could be brought up in their own homes. In the 1930's legislative action was taken to provide assistance for minimum living expenses for two additional groups, the aged and the blind.

In 1935 the need to provide a regular minimum income for these three groups was recognized on a national basis by the passage of the Social Security Act. Under this Act States could obtain matching funds to meet the needs of the aged, the blind, and the children deprived of parental support. Although Indiana already had established programs for these groups, it quickly decided to take advantage of the matching funds from Federal grants.

The Indiana legislature met in a special session in 1936 and passed the necessary legislation. This legislation actually incorporated Indiana's earlier "pension" plans which were already in operation so that payments were made
immediately to more than 32,600 persons, aged 70 or over. Also, more than 5,000 children in about 2,000 families who had been receiving "Mother's Aid" soon began to receive benefits under the new Public Assistance Programs.

Figure 1, on page 26, shows the number of persons receiving Old-Age Assistance benefits and Aid to Dependent Children Benefits in the State of Indiana. An analysis of Figure 1 shows that the Old-Age Assistance Program started climbing from its inception to a peak of 79,000 cases in 1942. During the war, when more older people were employed, the caseload fell. At the conclusion of hostilities the Old-Age Assistance caseload once more started to rise. This trend was halted abruptly when Indiana passed a law enabling the County Department of Public Welfare to place liens against a recipient's property. When this law became effective on May 1, 1947, approximately 6000 recipients withdrew from the Old-Age Assistance rolls. The caseload remained stable through 1948, and then started to climb again. It was still climbing when the 1950 Amendments became effective. At that point, October 1, 1950, the number of recipients dropped and has continued to drop for each month through September, 1952.

The Aid to Dependent Children caseload reached its peak in 1941. The caseload decreased steadily throughout World War II and then began to rise again at the cessation of hostilities. This last rise in the caseload continued
FIGURE 1

INDIVIDUALS RECEIVING PUBLIC ASSISTANCE IN INDIANA 1/

1/ Source: Statistical section, Indiana Department of Public Welfare.
up to 1950.

Figure 2, on page 28, shows the number of persons receiving Old-Age Assistance and Aid to Dependent Children in the United States and in Indiana. It shows that in the United States the fluctuations in caseloads have been less abrupt than the fluctuations in caseloads in Indiana. It further demonstrates that at the time of the 1950 Amendments the number of Old-Age Assistance and Aid to Dependent Children recipients decreased. The trend for Old-Age Assistance has continued downward through July, 1952, but in the Aid to Dependent Children program caseloads started to increase in January, 1952.

In Indiana the decrease in Old-Age Assistance and Aid to Dependent Children recipients was followed by a decline in expenditures. From October, 1950, when both cases and expenditures started to drop in all Public Assistance Programs, to June, 1952, the decline in total cases was 18.5 per cent and in expenditures was 18.6 per cent.1 In that same period the decline for Old-Age Assistance was 17.1 per cent in recipients and 16.5 per cent in expenditures; for Assistance to Dependent Children it was 26.4 per cent for

---

1 The total includes a decrease in Blind Assistance recipients of 8.4 per cent and a decrease in expenditures of 7.9 per cent.
Number of recipients in Indiana

10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0

Effective date
1950 Amendments

Number of recipients in the United States

10,000,000
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0

Old-Age Assistance in the United States

Aid to Dependent Children in the United States

Old-Age Assistance in Indiana

Aid to Dependent Children in Indiana

FIGURE 2

NUMBERS OF INDIVIDUALS RECEIVING PUBLIC ASSISTANCE IN INDIANA AND IN THE UNITED STATES

Source: Statistical section, Indiana Department of Public Welfare.

10,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
recipients and 24.7 per cent for expenditures. 2

Figure 3, on page 30, shows expenditures for Old-Age Assistance and Aid to Dependent Children in Indiana. Figure 4, on page 31, illustrates expenditures for these two programs in the United States and in Indiana. An examination of Figure 4 shows that the National trend in expenditures has not followed Indiana's pattern, since the 1950 Amendments. Expenditures for both Old-Age Assistance and Aid to Dependent Children programs in the Nation started to rise in the early part of 1952.

In Indiana the cost of Old-Age Assistance and Aid to Dependent Children has had a steady decline.

Table I, on page 32, illustrates the growth of Old-Age and Survivors Insurance as compared with Aid to Dependent Children and Old-Age Assistance in Indiana from June, 1941, through June, 1952. In June, 1941, there were 67,236 persons drawing Old-Age Assistance, 35,108 persons drawing Aid to Dependent Children, and 9,455 persons drawing Old-Age and Survivors Insurance. In June, 1941, Old-Age Assistance payments totalled $1,345,231, Aid to Dependent Children payments totalled $494,759, and Old-Age and Survivors Insurance payments totalled $170,474. By June, 1952, the entire situa-

FIGURE 3
EXPENDITURES FOR PUBLIC ASSISTANCE
IN INDIANA 1/

1/ Source: Statistical section, Indiana Department of Public Welfare.
Expenditures in Indiana

Expenditures in the United States

Effective date 1950 Amendments

Expenditures

- 10,000,000
- 9,000,000
- 8,000,000
- 7,000,000
- 6,000,000
- 5,000,000
- 4,000,000
- 3,000,000
- 2,000,000
- 1,000,000


Old-Age Assistance in Indiana

Aid to Dependent Children in Indiana

Old-Age Assistance in the United States

Aid to Dependent Children in the United States

FIGURE 4

Expenditures for Public Assistance in Indiana and in the United States

1/ Source: Statistical section, Indiana Department of Public Welfare.
### TABLE I

**COMPARISON OF OLD-AGE AND SURVIVORS INSURANCE AND PUBLIC ASSISTANCE IN INDIANA, SELECTED YEARS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>9,455</td>
<td>36,091</td>
<td>51,701</td>
<td>83,969</td>
<td>116,774</td>
<td>127,338</td>
</tr>
<tr>
<td><strong>OASI</strong></td>
<td>121,745</td>
<td>77,371</td>
<td>78,883</td>
<td>93,636</td>
<td>83,701</td>
<td>63,641</td>
</tr>
<tr>
<td><strong>Public Assistance</strong></td>
<td>121,745</td>
<td>77,371</td>
<td>78,883</td>
<td>93,636</td>
<td>83,701</td>
<td>63,641</td>
</tr>
<tr>
<td><strong>Persons aged 65 and over</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OASI</strong></td>
<td>6,213</td>
<td>21,467</td>
<td>34,478</td>
<td>61,813</td>
<td>89,622</td>
<td>102,121</td>
</tr>
<tr>
<td><strong>Public Assistance (OAA)</strong></td>
<td>67,236</td>
<td>55,184</td>
<td>50,588</td>
<td>52,219</td>
<td>48,727</td>
<td>42,925</td>
</tr>
<tr>
<td><strong>Children under 18</strong></td>
<td>2,378</td>
<td>10,550</td>
<td>13,894</td>
<td>18,361</td>
<td>22,355</td>
<td>25,217</td>
</tr>
<tr>
<td><strong>OASI</strong></td>
<td>35,108</td>
<td>14,109</td>
<td>18,764</td>
<td>27,956</td>
<td>24,418</td>
<td>20,716</td>
</tr>
<tr>
<td><strong>Public Assistance (ADC)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Monthly Expenditures       | $ 170,474 | $ 654,966 | $ 974,744 | $ 1,705,072 | $ 4,072,308 | $ 4,402,515 |
| Total                      |           |           |           |           |           |           |
| **OASI**                   | 1,789,353 | 1,694,179 | 1,919,991 | 2,733,977 | 2,454,562 | 2,119,228 |
| **Public Assistance**      |           |           |           |           |           |           |
| **Persons aged 65 and over** |          |           |           |           |           |           |
| **OASI**                   | 122,504   | 439,036   | 725,903   | 1,372,880 | 3,286,167 | 3,706,222 |
| **Public Assistance (OAA)** | 1,245,231 | 1,413,350 | 1,534,479 | 1,891,322 | 1,723,684 | 1,555,653 |
| **Children under 18**     | 28,870    | 131,167   | 180,393   | 249,887   | 622,678   | 696,293   |
| **OASI**                   | 494,759   | 220,776   | 323,834   | 768,635   | 660,801   | 563,575   |
| **Public Assistance (ADC)** |          |           |           |           |           |           |
tion had been reversed with respect to Old-Age and Survivors Insurance. In that month there were 42,925 persons drawing Old-Age Assistance, 20,716 persons drawing Aid to Dependent Children, and 127,338 persons drawing Old-Age and Survivors Insurance. In June, 1952, Old-Age Assistance payments totalled $1,555,653, Aid to Dependent Children payments totalled $563,575, and Old-Age and Survivors Insurance payments totalled $4,402,515.

Table II, on page 34, converts the statistics of Table I into percentage figures representing the combined responsibilities of the Old-Age and Survivors Insurance and the Public Assistance programs carried by each program in Indiana for selected years. In 1941 Public Assistance carried 91.5 per cent of the responsibility for aged persons receiving benefits, 93.7 per cent of the responsibility for the children receiving benefits, and 90 per cent of the payments to each group. In June, 1950, just preceding the 1950 Amendments, Public Assistance carried 45.8 per cent of the responsibility for aged persons receiving benefits, 60.4 per cent of the responsibility for children receiving benefits, 57.9 per cent of the payments to the aged persons receiving benefits, and 75.5 per cent of the payments to children receiving benefits.

By June, 1952, Old-Age and Survivors Insurance had the dominant role. Old-Age and Survivors Insurance carried
<table>
<thead>
<tr>
<th></th>
<th>June 1941</th>
<th>June 1945</th>
<th>June 1947</th>
<th>June 1950</th>
<th>June 1951</th>
<th>June 1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total persons receiving benefits</td>
<td>OASI-PA</td>
<td>OASI-PA</td>
<td>OASI-PA</td>
<td>OASI-PA</td>
<td>OASI-PA</td>
<td>OASI-PA</td>
</tr>
<tr>
<td></td>
<td>7.2-92.8</td>
<td>31.8-68.2</td>
<td>39.6-60.4</td>
<td>47.3-52.7</td>
<td>58.2-41.8</td>
<td>66.7-33.3</td>
</tr>
<tr>
<td>Aged persons receiving benefits</td>
<td>8.5-91.5</td>
<td>28.0-72.0</td>
<td>40.5-59.5</td>
<td>54.2-45.8</td>
<td>64.8-35.2</td>
<td>70.4-29.6</td>
</tr>
<tr>
<td>Children receiving benefits</td>
<td>6.3-93.7</td>
<td>42.8-57.2</td>
<td>42.5-57.5</td>
<td>39.6-60.4</td>
<td>47.8-52.2</td>
<td>54.9-45.1</td>
</tr>
<tr>
<td>Total payments</td>
<td>8.7-91.3</td>
<td>27.9-72.1</td>
<td>33.7-66.3</td>
<td>38.4-61.6</td>
<td>62.4-37.6</td>
<td>67.5-32.5</td>
</tr>
<tr>
<td>Payments to persons aged 65 and over</td>
<td>9.0-91.0</td>
<td>23.7-76.3</td>
<td>32.1-67.9</td>
<td>42.1-57.9</td>
<td>65.6-34.4</td>
<td>70.4-29.6</td>
</tr>
<tr>
<td>Payments for children under 18</td>
<td>5.7-94.3</td>
<td>37.8-62.2</td>
<td>35.8-64.2</td>
<td>24.5-75.5</td>
<td>48.5-51.5</td>
<td>55.3-44.7</td>
</tr>
</tbody>
</table>

TABLE II.

PERCENT OF COMBINED RESPONSIBILITIES OF THE OLD-AGE AND SURVIVORS INSURANCE AND THE PUBLIC ASSISTANCE PROGRAMS CARRIED BY EACH PROGRAM, INDIANA, SELECTED YEARS.
70.4 per cent of the responsibility for aged persons receiving benefits, 54.9 per cent of the responsibility for the children receiving benefits, 70.4 per cent of the payments to aged persons receiving benefits, and 55.3 per cent of the payments to children receiving benefits. In June, 1952, Old-Age and Survivors Insurance carried 66.7 per cent of the responsibility for the total number of persons receiving benefits in Indiana, and 67.5 per cent of the payments to these persons. Thus, after a period of eleven years, Old-Age and Survivors Insurance carried the major part of the responsibility as compared to the Public Assistance Programs. In addition Table II shows that the percentage of combined responsibilities carried by Old-Age and Survivors Insurance increased steadily since June, 1941. Figure 5, on page 36, illustrates graphically increased Old-Age and Survivors Insurance responsibility for the population aged 65 and over in Indiana.

Public interest is now greatly aroused in all phases of Social Security, and there is every reason to believe that Old-Age and Survivors Insurance will continue to carry a progressively greater percentage of responsibility. The 1952 Amendments, the creation of a Department of Health, Education and Welfare, and the present administration's promise to strengthen the system are developments which have resulted from the aroused public interest. These develop-
Recipients per 1,000 persons aged 65 and over

FIGURE 5

COMPARISON OF OLD-AGE AND SURVIVORS INSURANCE AND OLD-AGE ASSISTANCE BENEFICIARIES PER 1,000 PERSONS AGED 65 AND OVER, IN INDIANA, 1939-1951
ments give credence to the belief that Old-Age and Survivors Insurance will continue to increase in responsibility.

**Summary.** 1. There has been a constant shift in the percentage of combined responsibility carried by Old-Age and Survivors Insurance and Public Assistance Programs. The primary responsibility is now carried by Old-Age and Survivors Insurance.

2. In Indiana, Aid to Dependent Children and Old-Age Assistance caseloads and expenditures have fallen steadily since October, 1950, the first month the impact of the 1950 Amendments was felt in the State. There has been a close correlation between declining caseloads and decreasing costs in the State.

3. The National pattern has varied from that in Indiana. After initial declines, following the impact of the 1950 Amendments, costs of both the Aid to Dependent Children and Old-Age Assistance programs have increased nationally. Also, the number of Aid to Dependent Children recipients started to increase in the early part of 1952. However, the Old-Age Assistance Program has shown a steady decline since October, 1950, though not as pronounced as the decline in Indiana.

4. Though Aid to Dependent Children and Old-Age Assistance costs on a National level had started to increase
in the early part of 1952, Aid to Dependent Children and Old-Age Assistance costs in Indiana continued to drop sharply. The effect of the 1950 Amendments has been more pronounced in the State of Indiana than on the Nation as a whole.
CHAPTER V

LEGISLATIVE THOUGHT BEHIND THE 1950 AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Chapter III began with a statement from President Roosevelt's Committee on Economic Security. It stated succinctly the need for a complementary system of noncontributory pensions and contributory annuities. This statement was endorsed by President Roosevelt. Congress then passed the original Social Security Act in 1935.

Noncontributory pensions and contributory annuities. The Committee had something to say also on the future relationship of these two systems which they had recommended:

An adequate old-age security program involves a combination of noncontributory pensions and contributory annuities. Only noncontributory pensions can serve to meet the problem of millions of persons who are already superannuated or shortly will be so and are without sufficient income for a decent subsistence. A contributory annuity system, while of little or no value to people now in these older age groups, will enable younger workers, with the aid of their employers, to build up gradually their rights to annuities in their old age. Without such a contributory system the cost of pensions would, in the future, be overwhelming. Contributory annuities are unquestionably preferable to noncontributory pensions. They come to the workers as a right, whereas the noncontributory pensions must be conditioned upon a 'means' test. Annuities, moreover, can be ample for a comfortable existence, bearing some relation to customary wage standards, while gratuitous pensions can provide only a decent subsistence.

Difficult administrative problems must be solved before people who are not wage earners and salaried employees can be brought under the compulsory system, and
it is to be expected that some people from higher income
groups will come to financial grief and dependence in
old age. Until literally all people are brought under
the contributory system, noncontributory pensions will
have a definite place even in long-time old-age security
planning.\footnote{Report to the President of the Committee on Econ-
Printing Office, 1935), pp. 25-26.}

Thus, the Committee's statement made it clear that
until there was universal coverage under Social Security,
the need for a large Public Assistance program would remain
with us.

In 1939, the Social Security Law was amended, to pay
survivor's benefits and to start immediate payments to older
workers under a new formula on January 1, 1940. These were
admirable changes, but Social Security coverage was not ex-
tended.

As the Old-Age and Survivors Insurance Program and
the Public Assistance Programs matured, it became increas­
ingly clear that the insurance programs were not replacing
the Public Assistance Programs to the extent that was origin­
ally anticipated.

After the conclusion of World War II, changed economic
conditions made it mandatory that the Social Security Act be
amended. The insurance program was not performing as its
founders had hoped it would. Public Assistance programs
surpassed it in size, and the vast majority of people reached
age sixty-five without being able to draw Old-Age and Survivors Insurance benefits.

In the first session of the 79th Congress the House of Representatives passed a resolution to make a study of the issues in Social Security. A voluminous report was prepared by the Ways and Means Committee's Social Security technical staff. It was presented to the Committee for study in 1946.


In the first session of the 80th Congress a digest of the House report was prepared for the use of the Senate Committee on Finance. Using this report for a guide, the Advisory Council on Social Security presented their recommendations for Social Security Legislation in the second session of the 80th Congress to the Senate Committee on Finance. It should be noted that the Advisory Council on Social Security to the Senate Committee on Finance was composed of educators, labor leaders, business leaders, insurance experts, and leaders in other social fields.

In the letter of transmittal, dated December 30, 1948, Edward R. Stettinius, Jr., Chairman, Advisory Council on Social Security, wrote:

The Council has studied the Social Security programs and their implications carefully and has endeavored to take full account of the interests—both present and future—of all segments of the Nation. It is the hope
of the Council that these reports will be of value to
the Congress in bringing about necessary and desirable
changes in the Social-Security Programs. 2

In the light of the huge Public Assistance Program
the Council felt it should restate the basic philosophy un­
derlying the relationship between Public Assistance and a
contributory insurance system. After the formulation of a
definite relationship an attack could be made on the problem
in the form of corrective legislation. The Council reported:

The Council favors as the foundation of the social­
security system the method of contributory social in­
surance with benefits related to prior earnings and
awarded without a needs test. Differential benefits
based on a work record are a reward for productive ef­
fort and are consistent with general economic incentives,
while the knowledge that benefits will be paid--irrespec­
tive of whether the individual is in need--supports and
stimulates his drive to add his personal savings to the
basic security he has acquired through the insurance
system. Under such a social insurance system, the in­
dividual earns a right to a benefit that is related to
his contributions to production. This earned right is
his best guarantee that he will receive the benefits
promised and that they will not be conditioned on his
accepting either scrutiny of his personal affairs or re­
strictions from which others are free.

Public-assistance payments from general tax funds to
persons who are found to be in need have serious limita­
tions as a way of maintaining family income. Our goal
is, so far as possible, to prevent dependency through
social insurance and thus greatly reduce the need for
assistance. We recognize that for a decade or two,
public assistance will be necessary for many persons
whose needs could have been met by the insurance pro­
gram if it had been in effect for a longer time and had
covered all persons gainfully employed. The Council looks

2 Recommendations for Social Security Legislation
forward, however, to the time when virtually all persons in the United States will have retirement or survivorship protection under the old-age and survivors insurance program. If insurance benefits are of reasonable amount, public assistance will then be necessary only for those aged persons and survivors with unusual needs and for the few, who, for one reason or another, have been unable to earn insurance rights through work. Under such conditions the Federal expenditures for public assistance can be reduced to a small fraction of its present amount.3

After formulating this statement on Public Assistance and Insurance programs, the Council went on to outline corrective actions which would bring about the desired relationship. The Council unanimously approved the basic principles of Old-Age and Survivors Insurance, but felt there were three major deficiencies in the program:

1. Inadequate coverage—only about three out of every five jobs are covered by Old-Age and Survivors Insurance.

2. Unduly restrictive eligibility requirements for older workers—largely because of these restrictions, only about 20 per cent of those aged 65 or over are either insured or receiving benefits under the program.

3. Inadequate benefits—retirement benefits at the end of 1949 averaged $25 a month for a single person.4

The Council then outlined a series of recommendations to remedy these major defects.

**Extended coverage.** First a series of recommendations

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were formulated on extended coverage. The Council advised that all self-employed people, such as business and professional people, farmers, and others be brought under Social Security. It is interesting to note that they recommended persons who earn low income from self-employment should for the present be excluded.

They further recommended extending coverage to farm workers; household workers; employees of non-profit institutions, except that clergymen and members of religious orders should continue to be excluded; Federal civilian employees, who are excluded from the Civil-Service Retirement system; members of the armed forces; and, employees of the State and local governments. In order for the last named group to receive coverage the Federal Government and the States would enter into voluntary agreements.

They recommended that a study be made of the most practicable and equitable method of making the Railroad Retirement system supplementary to the basic Old-Age and Survivors Insurance program.

The Council wanted also a Commission established to determine the kind of Social Security protection which would be appropriate to the possessions of the United States.

Due to the farsightedness of the Council all of the above recommendations have been carried out in one form or another.
The 1950 Amendments to Title II of the Social Security Act extended coverage to the self-employed. However, many professional groups and the majority of the principal farm organizations expressed a desire not to be covered under Social Security. These groups were specifically excluded by Congress. Farm workers and household workers were compulsorily covered under the 1950 Amendments, but strict employment tests were established. Workers in both categories were required to work a certain number of days in a quarter and receive at least $50 in cash wages before the Social Security tax had to be paid.

Employees of non-profit organizations were covered on a voluntary basis. The organization involved had to waive its tax immunity for Social Security purposes. Then two-thirds of the employees had to vote to come under Social Security. Any employee employed at the time of the vote could elect to stay out of Social Security even if the institution elected coverage. However, once the institution elected coverage all new employees were mandatorily covered.

All Federal Civilian employees not covered by a Federal retirement system were brought under Social Security and the law was amended so that any State could make agreements with the Federal Government to cover local and State employees. Indiana has taken advantage of this last change and many employees of local governmental units in the State
are now covered by Social Security.

The 1950 Amendments extended Old-Age and Survivors Insurance coverage to the inhabitants of Puerto Rico and the Virgin Islands. Hawaii and Alaska were already covered.

The 1950 Amendments also gave Social Security credits to Veterans of World War II. Every Veteran who meets the qualifications set down in the law is credited with $160 Social Security credit for each month in the Armed Forces during the period beginning September 16, 1940 and ending July 24, 1947. Later Congress passed another amendment extending Social Security coverage to Veterans of the Korean War.

Action was taken at a later date to bring the Railroad Retirement Board and Old-Age and Survivors Insurance closer together. In November, 1951, the Railroad Retirement Act was amended to establish a closer relationship between the two systems. Railroad benefits were changed to correspond more closely to Old-Age and Survivors Insurance benefits, and railroad workers retiring after November, 1951, with less than ten years railroad service were brought under the Social Security Act.

It is foolish to argue that coverage is complete even now, for restrictive employment tests, the exclusion of large segments of the self-employed, and the voluntary coverage of any group will supply ample applicants for Public Assistance in the future. However, 10,000,000 more people came under
Social Security in 1950. This was one of the greatest advances which was made in the Social Security System since 1939.

Unduly restrictive eligibility requirements. The second deficiency, unduly restrictive eligibility requirements for older workers, was attacked by the Committee as vigorously as the first deficiency.

The 20 per cent figure of those over 65, who were either insured or drawing benefits, had to be increased. The Committee's recommendation was:

To permit a larger proportion of older workers, particularly those newly covered, to qualify for benefits, the requirements for fully insured status should be 1 quarter of coverage for each 2 calendar quarters elapsing after 1948, or after the quarter in which the individual attains the age of 21, whichever is later, and before the quarter in which he attains the age of 65 (60 for women) or dies. Quarters of coverage earned at any time after 1936 should count toward meeting this requirement. A minimum of 6 quarters of coverage should be required and a worker would be fully and permanently insured if he has 40 quarters of coverage for each two calendar quarters elapsing after 1936 or after the quarter in which the age of 21 was attained, whichever is later, and before the quarter in which the individual attained the age of 65 or died.  

The 1950 Amendments to Title II of the Social Security Act followed the above recommendation almost to the letter, only substituting January 1, 1951, for January 1, 1949.  

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5 Ibid., p. 3.  
6 The 1950 Amendments did not reduce the retirement age to 60 for women either.
1950 Amendments made the six quarter minimum effective September 1, 1950, for all cases. This period, September 1, 1950 to January 1, 1951, was an interval in which there was no counting of the quarters. The effectiveness of this Amendment was apparent immediately in the rise of the number of Social Security applicants. Hundreds of thousands of workers who had not been able to draw Social Security before went on the Old-Age and Survivors Insurance roles between the passage of the Amendments and the first of the year.

**Inadequate benefits.** The remainder of the Council's recommendations were aimed at that third major deficiency, inadequate benefits. They wanted to raise the wage base for Social Security tax purposes to $4200 and establish a new formula for computing benefits. They also wanted to give any person who was already drawing Old-Age and Survivors Insurance the chance to earn a new benefit under the new formula. This last provision was incorporated in the 1950 Amendments. However, a different tax base, $3,600, was selected, and this meant that a new benefit formula had to be devised.

The Council recommended an increased schedule rate of Social Security taxes and an increased Government participation in financing the program. An increased schedule rate was prepared and adopted by the 1950 Amendments, but Government participation in the financing was abolished on-
The Council further recommended increased protection for dependents of insured women; increased survivor protection; increased minimum and maximum benefits; and the payment of a lump-sum death benefit on the death of every insured worker, even though monthly survivor benefits were paid. The 1950 Amendments incorporated all of these suggestions. It should be noted that each of the above provisions liberalized the program.

The Council wanted to abolish the retirement test (work clause) for any worker past 70 and raise the work clause amount to $35 per month for any worker under 70. The 1950 Amendments abolished the work test for workers 75 and over, and raised the work clause amount to $50 per month.

**Financing of the Social Security Act.** The Council investigated the financing of the program and found it sound.

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7 The cost is borne entirely from a trust fund, built up through pay-roll taxes, equally divided between an employee and his employer, and by a self-employed tax paid by those self-employed persons covered under Social Security. Prior to the 1950 Amendments Section 201, (a) of Title II of the Social Security Act had a sentence which read: "There is also authorized to be appropriated to the Trust Fund such additional sums as may be required to finance the benefits and payments provided under this Title." This sentence was added by Section 201 (a) of the Revenue Act of 1943 (58 Statute 93). It was deleted from Section 201 (a) of Title II which now makes it impossible for any outside funds to be spent by the Bureau of Old-Age and Survivors Insurance.
They made careful studies on the future financing of the program. They also investigated the charge of "double taxation." The Council made this statement:

The members of the Advisory Council are in unanimous agreement with the statement of the Advisory Council of 1938 to the effect that the present provisions regarding the investment of the moneys in Old-Age and Survivor's Insurance Trust Fund do not involve any misuse of these moneys or endanger the safety of the funds. 6

The Congress went into the actuarial cost estimates for the Old-Age and Survivors Insurance System under the proposed Amendments of 1950. This was the summary of the report prepared for the Committee on Ways and Means:

Based on a 2 per cent interest rate, the system is not quite self-supporting under the intermediate estimate for the bill. It may be noted that although the ultimate employer-employee tax rate of 61/2 per cent is higher than the level premium cost of the bill, the excess is not sufficient to offset the lower tax schedule in the early years; in addition there is the factor that the self-employed pay only three-fourths of this amount, or namely, 4 and 7/8 per cent ultimately, which is well below the aggregate level premium cost. However, as to the system being self-supporting, there is very close to an exact balance—especially considering that a range of error is necessarily present in long-range actuarial practice and hence an exact balance would not be possible even if the exact future conditions were known. 9

Summary. An examination of House and Senate studies

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shows that much careful thought and consideration went into the Social Security Act Amendments of 1950.

1. The Public Assistance Programs in the United States had more recipients and were paying out more money than the Old-Age and Survivors Insurance system before the 1950 Amendments. The original plan of the Social Security Act was to have the insurance portions of the Social Security Act assume the primary responsibility for paying retirement benefits to the older worker in the country. It was hoped that in time the need for Public Assistance would decline until it was no longer a major public expense. This had not happened before September, 1950.

2. Three major defects were shown to exist in the Old-Age and Survivors Insurance system before the 1950 Amendments: (1) inadequate coverage—only about three out of every five jobs were covered under the program; (2) unduly restrictive eligibility requirements for older workers—because of these restrictions only about 20 per cent of the aged 65 or over were insured or receiving benefits; and, (3) inadequate benefits—retirement benefits at the end of 1947 averaged $25 a month for a single person.

3. The 1950 Amendments to Title II corrected the three major defects in the Old-Age and Survivors Insurance system, and for the first time since its inception the insurance portion of the Social Security Act assumed primary importance.
in terms of recipients and benefits paid out.

4. The 1950 Amendments to Title II of the Social Security Act conformed with both the original and subsequent Congressional thought on the correct future relationship between contributory insurance and the Public Assistance programs. The recommendations of the Advisory Council on Social Security were almost all adopted. All new groups that were about to be covered had a chance to express their opinions, and those declining to be covered by Social Security were omitted from coverage under the Social Security Act by Congress.

5. Congress has found no truth in the statement that Social Security is "double taxation" or that the trust fund is a myth. As of December, 1952, the fund amounted to $17,441,719,000. Every dollar is invested in United States Government obligations that are drawing interest for the trust fund. This fund does not belong to the people as a whole but to the contributors to the Social Security Trust Fund. Not one penny is taken from general taxes to pay the costs of benefits or administration.
CHAPTER VI

THE EFFECT OF THE 1950 AMENDMENTS

Increase in Public Assistance costs. Chapter IV emphasized the rapidly shifting positions of the Old-Age and Survivors Insurance and the Public Assistance programs in Indiana. Table I, on page 32, showed that as of June, 1952, primary importance, in terms of cash payments and recipients, had shifted to Old-Age and Survivors Insurance.

In 1936 only persons over 70 years of age could draw Old-Age Assistance, whereas by 1952 the law had been amended so that all needy persons over 65 could apply for Old-Age Assistance. In 1952 there were almost twice as many persons in the reduced age limit as there were over 70 in 1936. However, while the aged population eligible to draw Old-Age Assistance had increased 50 per cent between 1936 and 1952, the number of persons drawing Old-Age Assistance had only increased 30 per cent. The point that must be remembered is that even though fewer old people per 1,000 drew Old-Age Assistance, there were 10,000 more persons drawing these benefits in June, 1952, than in January, 1936, because of the great growth in the population over 65. This growth will be graphically illustrated later in this chapter.

The increase in the number of persons drawing assistance benefits in 1952 over the number of persons drawing as-
sistance benefits in 1939 helped increase the cost of the program. There were also other factors that pushed the total cost upwards. Two of the most important were inflation and the constant rise in our standard of living. The importance of these factors is shown by an examination of Figure 1, on page 26, and Figure 3, on page 30. The peak in the caseload for Old-Age Assistance was reached in 1942. Though the number of recipients decreased steadily from that time, costs steadily mounted, until they reached a peak in September, 1950. Again, as noted in the review of Public Assistance in Indiana, in Chapter IV, there was a steady decline in Old-Age Assistance both in the number of recipients and in the cost of the program, beginning in October, 1950.

The Aid to Dependent Children program in Indiana likewise showed a trend of steadily mounting expenses. However, there were some basic differences. The Aid to Dependent Children program did not start in Indiana until the latter part of 1936. It rose rapidly to its peak caseload in 1940. The Aid to Dependent Children program responded more quickly to changing economic conditions than the Old-Age Assistance program. In 1941, with improved economic conditions because of the country's preparations for war, caseloads fell immediately and continued to drop until the cessation of hostilities in 1945, when they started to rise again. At the outbreak of the Korean War, Aid to Dependent Children case-
loads started downward once more. Though the peak caseload in the Aid to Dependent Children program was reached in 1940, the greatest cost was incurred in 1950. The same factors, inflation and increased standards of living, affected Aid to Dependent Children costs even as these factors had affected Old Age Assistance.

Further illustration of the increase in costs can be seen from a study made by Ellen J. Perkins of the Bureau of Public Assistance.¹ It showed that the amount of the average payment to the old age recipient had increased from $18.11 in December, 1940, to $21.32 per recipient in June, 1950, in the State of Indiana, a 17.7 per cent increase. Even then, in the fiscal year 1949-50, with the Federal Government furnishing 62.9 per cent of Indiana's funds, Indiana ranked 37th among the States in the size of its payments.

A similar picture was presented in the Aid to Dependent Children program. The average payment per child had increased in Indiana from $13.87 in December, 1940, to $16.18 in June, 1950, a 16.7 per cent increase. With Indiana receiving, in the fiscal year 1949-1950, fifty and seven-tenths per cent of her funds from the Federal Government it still ranked 33rd among the States in the size of its Aid to De-

In both programs costs steadily mounted until October, 1950. At that time the costs of both programs dropped. This chapter will try to analyze the reasons for that drop in order to determine if this reversal of the steady increase in the cost of Public Assistance and of the number of recipients in Indiana was due to the 1950 Amendments to Title II of the Social Security Act.

Population trends. A review of the Nation's growing population shows that the problem of our aged is going to become more and more serious as an ever increasing segment of the population falls into the past 65 age group.

Mr. A. A. Kuhle, representative of the Bureau of Old-Age and Survivors Insurance, wrote:

In 1850, one out of 38 persons in the total populations was 65 and over; in 1900, one out of 25 persons was 65 or over. At present it is one out of 13, and authorities on population trends estimate that by the year 2000, one out of every eight persons will be 65 or over. The above data shows clearly that in effect we are transferring large segments of our population from the near side of 50 to the far side of 50. Actually our aged population has increased 228 per cent since 1900 while our

2 In another study by Ellen J. Perkins, "Assistance Expenditures Per Inhabitant, 1940-50," Social Security Bulletin, 14:11-15, March, 1951, she pointed out that in 1950, using the 1950 census figures as a basis, Indiana spent only $8.80 per inhabitant for its assistance programs. This $8.80 reduced its status 26 places, in the ranking of States, from 1940 in its per capita expenditures for assistance.
total population has increased only 84 per cent.\(^3\)

Indiana has followed the same pattern. Population statistics from 1880 to 1950, show that in 1880 one person out of every 33 was 65 or older. By 1950 one out of every 11 persons in Indiana was 65 or older. This figure compared with one out of 13 over 65 for the nation as a whole. In 1880 in Indiana 3.1 per cent of the population was over 65, and in 1950 in Indiana 9.2 per cent of the population was over 65. The population over 65 increased 72,990 persons or 25.3 per cent from 1940 to 1950. Even though in 1950 some counties in Indiana had a decline in population of as much as 10 per cent, every county in the State showed an increase in the number and per cent of population over 65. The median age in the State advanced to 30.4 in 1950 from a median age in 1880 of 20.4.

A breakdown of the population over 65 from 1880 to 1950 in Indiana is given in Table III on the following page. Figure 6, on page 59, shows the increase in the population 65 and over by United States Federal Decennial Census years for Indiana from 1880 to 1950. Both Table III and Figure 6 illustrate clearly and forcibly that not only has there been a constant increase in the number of people over 65, but also

<table>
<thead>
<tr>
<th>Age group</th>
<th>1880</th>
<th>1890</th>
<th>1900</th>
<th>1910</th>
<th>1920</th>
<th>1930</th>
<th>1940</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>65-69</td>
<td>27,690</td>
<td>38,322</td>
<td>51,000</td>
<td>64,201</td>
<td>76,259</td>
<td>94,259</td>
<td>114,898</td>
<td>141,464</td>
</tr>
<tr>
<td>70-74</td>
<td>17,279</td>
<td>26,467</td>
<td>33,759</td>
<td>42,119</td>
<td>52,134</td>
<td>69,147</td>
<td>83,416</td>
<td>99,560</td>
</tr>
<tr>
<td>75-over</td>
<td>15,789</td>
<td>25,865</td>
<td>33,002</td>
<td>43,154</td>
<td>55,302</td>
<td>69,279</td>
<td>89,722</td>
<td>120,000</td>
</tr>
<tr>
<td>Totals</td>
<td>60,758</td>
<td>90,654</td>
<td>117,761</td>
<td>149,474</td>
<td>183,695</td>
<td>232,685</td>
<td>288,036</td>
<td>361,024</td>
</tr>
<tr>
<td>Percent of population past 65</td>
<td>3.1</td>
<td>4.1</td>
<td>4.7</td>
<td>5.5</td>
<td>6.2</td>
<td>7.2</td>
<td>8.4</td>
<td>9.2</td>
</tr>
</tbody>
</table>

| Total population | 1,978,300 | 2,192,404 | 2,516,462 | 2,700,876 | 2,930,390 | 3,238,503 | 3,427,796 | 3,934,224 |
| Median age       | 20.4      | 22.3      | 24.0      | 25.9      | 27.5      | 28.5      | 30.2      | 30.4      |

1/ Source: United States 1950 Census.
Population over 65 in Indiana

1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000

1880 1890 1900 1910 1920 1930 1940 1950

FIGURE 6

INCREASE IN POPULATION 65 AND OVER IN INDIANA, FROM 1880 TO 1950
that the percentage of aged people in our population is increasing. Table III shows the percentage of the population 65 and over has increased from 3.1 per cent in 1880 to 9.2 per cent in 1950. Figure 6 shows that since 1910 the population over 65 in Indiana has increased in an almost perfect geometric ratio. This increase in the population 65 and over, means a constantly growing problem that must be solved. The aged have always been with us but never in such increasing numbers. It is now an accepted fact that those of our aged who reach 65 with insufficient economic resources to keep themselves must be helped. The depression of the 1930's brought the problem of the aged needy to America with such intensity that it could no longer be denied by repeating worn out platitudes or philosophies that had governed our actions and thinking previously.

The Social Security Law. In 1935 the Social Security Act was passed. It was to be the cornerstone of a long range program that was to handle the problem of income maintenance for persons of all ages in the future. The insurance provisions of the Social Security Act became more and more prominent, but the Public Assistance programs developed just as rapidly. In Indiana, with the exception of the decrease from the peak loads of 1940 and 1941, Public Assistance case-loads steadily increased.
1950 Amendments. The 1950 Amendments to Title II of the Social Security Act were passed after a long period of study and planning by Congress. There had been minor technical amendments during the 1940's but there had been no major amendments since 1939 to Title II of the Act. A number of major changes were made in 1950, the most important of which were:

1. New types of benefits were introduced. These benefits included payments to a wife under 65 with a child under 18 in her care, dependent husband's insurance benefits, increase in children's insurance benefits, mother's insurance benefits, widower's insurance benefits, increased parent's benefits, and the provision to pay a lump-sum death payment in every case of insured death.

2. A longer retroactive period was established for the effective filing of an application for Social Security benefits.

3. The total maximum amount payable to a family group was increased.

4. The amount of permissible supplementary earnings was increased. The amount that one beneficiary could earn in work covered by Social Security and still draw his monthly benefit was increased to $50 per month.

5. The wage base for tax and benefit purposes was increased to $3,600; a new schedule for a gradually increasing
tax rate was created; the clause was repealed which authorized appropriations from general revenues to the trust fund if such additional sums were needed to finance the benefits and payments under Title II.

6. Requirements for eligibility were lowered. The number of quarters that one needed to earn under Social Security was reduced so that hundreds of thousands of the aged who could not qualify for Social Security before were able to draw benefits after the 1950 Amendments.

7. A new method of figuring benefits was devised so that benefits would run much higher in the future. In addition everyone who was already drawing social security benefits had his benefit recomputed. The average increase was 77 per cent.

8. The law was amended so that the following groups were required to come under Social Security coverage: non-farm self-employed, agricultural workers, domestic workers, Federal civilian employees not under a retirement system, and employees in Puerto Rico and the Virgin Islands. A new definition of an employee was promulgated that brought in 400,000 employees. In addition voluntary coverage was opened to employees of non-profit organizations and employees of State and local governments. In all, coverage was extended to approximately 10,000,000 new people, many of whom, if they did not have Social Security, probably would in the future be
placed on Public Assistance rolls. This was the most far-reaching change that was brought about by the 1950 Amendments; but, there were still groups who were not brought under Social Security.

In a democracy things are not done until the public wants a change. In the public hearings held by Congress on the 1950 Amendments the opinions of all groups interested were heard. Those organizations representing their members, whether they were school teachers, doctors, undertakers, or farmers, which indicated that they did not desire to come under Social Security, were omitted from the provisions of the law by Congress. Many major groups which were not covered had their own retirement systems: the Railroad Retirement Board, the Armed Forces, United States Civil Service, and State and local retirement systems. Even though many groups are still excluded from the Social Security program, the coverage provisions of the 1950 Amendments, will have the broadest effect of any of the changes in Title II in reducing future need for Public Assistance in Indiana and in the United States as a whole.

Another major improvement was the increase in Social Security benefits. The wage base for tax purposes increased to $3,600 a year, and the formula to compute monthly benefits was adjusted to this base. This larger wage base made possible higher Old-Age and Survivors Insurance monthly benefits.
These higher monthly benefits have meant that fewer people drawing Old-Age and Survivors Insurance have needed the help of the Department of Public Welfare in Indiana. The maximum amount payable to an individual was augmented. Because the types of benefits paid were increased, more complete coverage was offered to those workers and their families who qualified for Social Security. The modification of the work clause made it easier for beneficiaries who drew Social Security to augment their income.

Some of the effects of these amendments were immediately apparent in the reduction of Old-Age Assistance and Aid to Dependent Children rolls. The lowered eligibility requirements made it easier for Old-Age Assistance recipients to qualify for Old-Age and Survivors Insurance payments. Many Old-Age Assistance recipients who had worked under Social Security in the past, but who could not draw benefits previously, became eligible for Old-Age and Survivors Insurance. This resulted in the closing of 300 Old-Age Assistance cases in the State of Indiana and reducing the grants in 1,150 others. This effected a total saving of $28,000 per month.

Those Old-Age Assistance recipients who were drawing Old-Age and Survivors Insurance benefits prior to September, 1950, had their benefits increased by the 1950 Amendments. In Indiana 80,085 Old-Age and Survivors Insurance beneficiaries received $1,733,638 in August, 1950. For September, 1950,
those same beneficiaries received $3,164,969. The raise in
the Old-Age and Survivors Insurance benefits of those draw-
ing both Old-Age Assistance and Old-Age and Survivors In-
surance had the effect of closing over 900 cases in Indiana
and reducing the grants in 3,900 cases. This was a net sav-
ings of $71,000 per month.

These immediate savings in the Aid to Dependent Chil-
dren and Old-Age Assistance programs were substantial and en-
couraging. They set the pattern for a decrease in Old-Age
Assistance and Aid to Dependent Children in Indiana that has
continued since September, 1950. The full significance of
this impact is shown in tables IV, V, VI, and VII, on pages
66, 67, 68, and 69. The statistics in these four tables
have been combined into two figures, Figure 7, on page 70,
and Figure 8, on page 71. These two figures and four tables
show the number of Old-Age Assistance and Aid to Dependent
Children recipients and the amounts paid to them in each
month from January, 1949, to August, 1952.

Table IV, on page 66, shows the number of Old-Age
recipients increased from 49,815 in January, 1949 to 52,493
in September, 1950. Table V, on page 67, shows the amount
of monthly payments increased from $1,709,880 in January,
1949, to $1,905,151 in September, 1950. This represents a
gain of 2,678 recipients and $195,271 in payments. These
tables then reveal that after the 1950 Amendments the number
### TABLE IV

NUMBER OF RECIPIENTS OF OLD-AGE ASSISTANCE BY MONTH
FROM JANUARY, 1949 TO SEPTEMBER, 1952 INCLUSIVE

<table>
<thead>
<tr>
<th>Month</th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>49,815</td>
<td>51,474</td>
<td>50,917</td>
<td>44,703</td>
</tr>
<tr>
<td>February</td>
<td>49,688</td>
<td>51,791</td>
<td>50,626</td>
<td>44,231</td>
</tr>
<tr>
<td>March</td>
<td>49,702</td>
<td>52,078</td>
<td>50,255</td>
<td>43,914</td>
</tr>
<tr>
<td>April</td>
<td>49,688</td>
<td>52,118</td>
<td>49,815</td>
<td>43,535</td>
</tr>
<tr>
<td>May</td>
<td>49,842</td>
<td>52,130</td>
<td>49,314</td>
<td>43,217</td>
</tr>
<tr>
<td>June</td>
<td>49,938</td>
<td>52,219</td>
<td>48,727</td>
<td>42,925</td>
</tr>
<tr>
<td>July</td>
<td>50,112</td>
<td>52,317</td>
<td>48,152</td>
<td>42,711</td>
</tr>
<tr>
<td>August</td>
<td>50,237</td>
<td>52,421</td>
<td>47,756</td>
<td>42,451</td>
</tr>
<tr>
<td>September</td>
<td>50,486</td>
<td>52,493</td>
<td>46,811</td>
<td>42,285</td>
</tr>
<tr>
<td>October</td>
<td>50,629</td>
<td>51,776</td>
<td>46,130</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>50,834</td>
<td>51,303</td>
<td>45,522</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>51,185</td>
<td>51,196</td>
<td>45,063</td>
<td></td>
</tr>
</tbody>
</table>
**TABLE V**

AMOUNT OF OLD-AGE-ASSISTANCE RECEIVED BY MONTH
FROM JANUARY, 1949 TO SEPTEMBER, 1952

<table>
<thead>
<tr>
<th>Month</th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$1,709,680</td>
<td>$1,846,193</td>
<td>$1,809,153</td>
<td>$1,594,380</td>
</tr>
<tr>
<td>February</td>
<td>1,712,179</td>
<td>1,858,116</td>
<td>1,795,871</td>
<td>1,581,627</td>
</tr>
<tr>
<td>March</td>
<td>1,719,174</td>
<td>1,873,498</td>
<td>1,786,504</td>
<td>1,574,629</td>
</tr>
<tr>
<td>April</td>
<td>1,729,052</td>
<td>1,879,044</td>
<td>1,760,031</td>
<td>1,567,487</td>
</tr>
<tr>
<td>May</td>
<td>1,748,340</td>
<td>1,885,416</td>
<td>1,746,775</td>
<td>1,562,026</td>
</tr>
<tr>
<td>June</td>
<td>1,758,904</td>
<td>1,891,322</td>
<td>1,723,684</td>
<td>1,555,653</td>
</tr>
<tr>
<td>July</td>
<td>1,765,068</td>
<td>1,899,155</td>
<td>1,701,560</td>
<td>1,552,576</td>
</tr>
<tr>
<td>August</td>
<td>1,774,081</td>
<td>1,900,393</td>
<td>1,687,083</td>
<td>1,515,453</td>
</tr>
<tr>
<td>September</td>
<td>1,790,301</td>
<td>1,905,151</td>
<td>1,668,912</td>
<td>1,544,964</td>
</tr>
<tr>
<td>October</td>
<td>1,799,818</td>
<td>1,862,933</td>
<td>1,642,109</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>1,812,152</td>
<td>1,835,289</td>
<td>1,618,645</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>1,834,131</td>
<td>1,831,708</td>
<td>1,605,041</td>
<td></td>
</tr>
</tbody>
</table>
### TABLE VI

**NUMBER OF CHILDREN RECEIVING ASSISTANCE TO DEPENDENT CHILDREN BY MONTH FROM JANUARY, 1949, TO SEPTEMBER, 1952, INCLUSIVE**

<table>
<thead>
<tr>
<th>Month</th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>21,464</td>
<td>26,140</td>
<td>26,800</td>
<td>21,237</td>
</tr>
<tr>
<td>February</td>
<td>21,671</td>
<td>26,652</td>
<td>26,640</td>
<td>21,004</td>
</tr>
<tr>
<td>March</td>
<td>22,060</td>
<td>27,186</td>
<td>26,193</td>
<td>21,085</td>
</tr>
<tr>
<td>April</td>
<td>22,427</td>
<td>27,608</td>
<td>25,745</td>
<td>20,993</td>
</tr>
<tr>
<td>May</td>
<td>22,828</td>
<td>27,993</td>
<td>25,074</td>
<td>20,946</td>
</tr>
<tr>
<td>June</td>
<td>23,068</td>
<td>27,956</td>
<td>24,448</td>
<td>20,716</td>
</tr>
<tr>
<td>July</td>
<td>23,371</td>
<td>28,009</td>
<td>23,622</td>
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<tr>
<td>August</td>
<td>23,708</td>
<td>27,958</td>
<td>23,137</td>
<td>20,333</td>
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<tr>
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<td>24,195</td>
<td>27,931</td>
<td>22,743</td>
<td>20,435</td>
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<tr>
<td>October</td>
<td>24,448</td>
<td>27,273</td>
<td>22,268</td>
<td></td>
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<tr>
<td>November</td>
<td>24,924</td>
<td>26,894</td>
<td>21,669</td>
<td></td>
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<tr>
<td>December</td>
<td>25,617</td>
<td>26,822</td>
<td>21,443</td>
<td></td>
</tr>
<tr>
<td>Month</td>
<td>1949</td>
<td>1950</td>
<td>1951</td>
<td>1952</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>January</td>
<td>$460,745</td>
<td>$697,344</td>
<td>$728,843</td>
<td>$575,488</td>
</tr>
<tr>
<td>February</td>
<td>468,023</td>
<td>716,823</td>
<td>724,012</td>
<td>570,235</td>
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<tr>
<td>March</td>
<td>478,577</td>
<td>737,162</td>
<td>716,152</td>
<td>572,999</td>
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<tr>
<td>April</td>
<td>487,851</td>
<td>752,561</td>
<td>696,811</td>
<td>571,567</td>
</tr>
<tr>
<td>May</td>
<td>499,039</td>
<td>767,934</td>
<td>680,709</td>
<td>570,977</td>
</tr>
<tr>
<td>June</td>
<td>521,903</td>
<td>768,635</td>
<td>660,801</td>
<td>563,575</td>
</tr>
<tr>
<td>July</td>
<td>548,818</td>
<td>770,686</td>
<td>638,698</td>
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<tr>
<td>August</td>
<td>574,773</td>
<td>769,221</td>
<td>626,134</td>
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</tr>
<tr>
<td>September</td>
<td>601,994</td>
<td>769,690</td>
<td>615,006</td>
<td>556,211</td>
</tr>
<tr>
<td>October</td>
<td>623,810</td>
<td>748,650</td>
<td>601,721</td>
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<tr>
<td>November</td>
<td>647,314</td>
<td>730,560</td>
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</tr>
<tr>
<td>December</td>
<td>677,693</td>
<td>727,660</td>
<td>578,556</td>
<td></td>
</tr>
</tbody>
</table>
Figure 7

Number of Old-Age Assistance and Aid to Dependent Children Recipients in Indiana
of Old-Age Assistance recipients fell from 52,493 in September, 1950 to 42,285 in August, 1952, a decline of 10,208. At the same time a monthly savings of $360,187 was effected.

Table VI, on page 68, shows that there were 21,464 Children on the Aid to Dependent Children rolls in January, 1949, and 27,931 on the rolls in September, 1950. For the same period Table VII, page 69, shows that Aid to Dependent Children payments increased from $460,745 to $769,690 a month. This represented an increase of 6,467 children drawing $308,945 more in benefits in September, 1950. After the 1950 Amendments the number of children on Aid to Dependent Children rolls fell to 20,435 in August, 1952, and payments decreased to $556,211. This represented a drop of 7,496 children from the rolls and a decrease in monthly payments of $213,479.

Table VII, on page 78, shows the increase in the Old-Age and Survivors Insurance program in Indiana during 1949, 1950, 1951, and 1952. The number of monthly beneficiaries increased from 78,600 in December, 1949, to 145,000 in December, 1952. Monthly benefits increased from $1,574,000 to $5,873,000 in the same period. Total payments certified in 1949 were $19,335,000. Total payments certified in 1952 rose to $65,136,000.

Figure 7 and Figure 8 illustrate the point that from January, 1949, through September, 1950, the Aid to Dependent
<table>
<thead>
<tr>
<th></th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
<th>1952</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of beneficiaries</td>
<td>78,600</td>
<td>100,600</td>
<td>126,500</td>
<td>145,000</td>
</tr>
<tr>
<td>Monthly amount of payments</td>
<td>$1,574,000</td>
<td>$3,595,000</td>
<td>$4,387,000</td>
<td>$5,873,000</td>
</tr>
<tr>
<td>Total payments certified</td>
<td>$19,335,000</td>
<td>$29,586,000</td>
<td>$54,991,000</td>
<td>$65,136,000</td>
</tr>
<tr>
<td>Primary insurance payments</td>
<td>$10,841,000</td>
<td>$17,256,000</td>
<td>$32,820,000</td>
<td>$39,281,000</td>
</tr>
<tr>
<td>Supplementary insurance payments</td>
<td>$1,979,000</td>
<td>$3,078,000</td>
<td>$5,618,000</td>
<td>$6,720,000</td>
</tr>
<tr>
<td>Survivors insurance payments</td>
<td>$5,606,000</td>
<td>$8,379,000</td>
<td>$14,774,000</td>
<td>$17,305,000</td>
</tr>
<tr>
<td>Lump sum death payments</td>
<td>910</td>
<td>873</td>
<td>4,067</td>
<td>13,500</td>
</tr>
</tbody>
</table>
Children and Old-Age Assistance programs in the State were increasing both in the number of recipients and the amount of their benefits. Table VIII shows the tremendous increase in Old-Age and Survivors Insurance beneficiaries and payments in the State from 1949 through 1952.

It was a significant feature that the decrease in both programs took place in October, 1950. This was the first month in which checks under the new 1950 Amendments were mailed out. In view of the tremendous increase in Old-Age and Survivors Insurance payments and the number of beneficiaries receiving these payments in the State of Indiana, it is manifest that there was a correlation between the expansion of the Old-Age and Survivors Insurance program in Indiana, because of the 1950 Amendments to Title II of the Social Security Act, and the decreases registered in the Old-Age Assistance and Aid to Dependent Children programs.

Evaluation of reasons for decline in the Public Assistance programs in the State of Indiana. It has so far been demonstrated that there has been a decrease in Public Assistance in Indiana since October, 1950. This decrease is further illustrated by the ratio of new awards to cases closed. The impact of the 1950 Amendments is again significant. Figure 9, on page 75, shows how the number of applications for Public Assistance has fallen and how since
Figure 9
PUBLIC ASSISTANCE APPLICATIONS, NEW AWARDS, AND CASES CLOSED
IN INDIANA FROM JANUARY, 1949 THROUGH AUGUST, 1952

Source: Statistical section: Indiana Department of Public Welfare.
October, 1950, closures have exceeded new awards.

An examination of the reasons for closures reveals important facts. Figure 10, on Old-Age Assistance, on page 77, and Figure 11, on Aid to Dependent Children, on page 78, give the reasons for case closures for each program by fiscal year, 1948, through 1952. The main reasons are: death, economic conditions, voluntary withdrawals, and technical ineligibility.

Death is the major cause of Old-Age Assistance closures. However, Figure 10, on page 77, shows that the percentage of cases closed by death has declined since the fiscal year 1949-50 in Indiana.

The second major cause of Old-Age Assistance closures is improved economic conditions. The proportion of closures for economic reasons increased from 13.3 per cent in 1949-50, to 34.7 per cent in 1950-51, and 31.8 per cent in 1951-52. There are four major factors to consider under economic conditions: cessation of United Mine Worker benefits, high level of employment, fluctuation in cost of living, and increased Old-Age and Survivors Insurance benefits. The first, the cessation of United Mine Worker benefits in 1951 is reduced in importance by one salient fact. Any miner who is drawing the miner's pension is also covered by Social Security. For a miner to qualify for the miner's pension he must have re-
FIGURE 10
REASONS FOR CLOSING OLD-AGE ASSISTANCE CASES IN INDIANA, BY FISCAL YEAR JULY, 1948 THROUGH JUNE, 1952

1/ Source: Statistical section, Indiana Department of Public Welfare.
FIGURE 11

REASONS FOR CLOSING ASSISTANCE TO DEPENDENT CHILDREN CASES IN INDIANA BY FISCAL YEAR JULY 1948 THROUGH JUNE 1952

- Technical Ineligibility
- Economic Reasons
- Other Reasons
- Voluntary Withdrawal
tired after May 28, 1946. Any coal miner, over 65 who had worked up to that date, if he had worked in the mines long enough to qualify for the miner's pension, would also be eligible for Social Security benefits. In most instances the Social Security benefit would be larger than any Old-Age Assistance payment he might secure. Some miners draw the miner's pension at age 60, but they cannot qualify for Old-Age Assistance until they are 65, and on attainment of age 65 they would also become eligible to receive Old-Age and Survivors Insurance benefits upon the filing of an application.

The second major economic cause of Old-Age Assistance closures is a high level of employment. Table IX, on page 80, shows employment in 25 non-agricultural industries in Indiana from 1947 through 1951. Every field in this table except Government employment is covered under Social Security. An examination of the figures on employment by industry shows the high of non-agricultural unemployment in this five year period was reached in 1949. Since that year unemployment has gone steadily down. Only six industrial fields out of 25 showed a decline in persons employed from 1947 to 1950. An overall increase of almost 14 per cent was achieved in employment in non-agricultural fields in the State of Indiana from 1947 to 1951. The gross average hourly earnings in manufacturing in Indiana in 1951 was between $1.50 to
<table>
<thead>
<tr>
<th>TYPE</th>
<th>1947</th>
<th>1948</th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>15.5</td>
<td>16.5</td>
<td>15.8</td>
<td>15.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Contract construction</td>
<td>47.8</td>
<td>52.2</td>
<td>50.2</td>
<td>53.6</td>
<td>64.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>551.2</td>
<td>555.3</td>
<td>513.1</td>
<td>572.3</td>
<td>615.8</td>
</tr>
<tr>
<td>Transportation and public utilities</td>
<td>103.7</td>
<td>105.3</td>
<td>99.2</td>
<td>104.8</td>
<td>109.9</td>
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<tr>
<td>Wholesale and retail</td>
<td>229.6</td>
<td>243.1</td>
<td>248.7</td>
<td>257.7</td>
<td>271.0</td>
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<td>Finance, insurance, and real estate</td>
<td>32.5</td>
<td>34.4</td>
<td>34.7</td>
<td>35.6</td>
<td>37.6</td>
</tr>
<tr>
<td>Service</td>
<td>89.1</td>
<td>91.9</td>
<td>92.9</td>
<td>93.1</td>
<td>94.1</td>
</tr>
<tr>
<td>Government</td>
<td>119.2</td>
<td>122.3</td>
<td>126.9</td>
<td>132.2</td>
<td>143.4</td>
</tr>
<tr>
<td>Food and kindred products</td>
<td>48.9</td>
<td>49.0</td>
<td>46.1</td>
<td>46.3</td>
<td>48.5</td>
</tr>
<tr>
<td>Textile mills products</td>
<td>6.8</td>
<td>6.6</td>
<td>6.0</td>
<td>5.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Apparel and other finished textile products</td>
<td>17.0</td>
<td>17.4</td>
<td>17.2</td>
<td>17.6</td>
<td>17.2</td>
</tr>
<tr>
<td>Lumber and wood</td>
<td>11.8</td>
<td>11.3</td>
<td>10.3</td>
<td>12.6</td>
<td>12.7</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>23.2</td>
<td>23.7</td>
<td>22.3</td>
<td>28.4</td>
<td>25.3</td>
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<tr>
<td>Paper and allied products</td>
<td>9.2</td>
<td>9.2</td>
<td>9.2</td>
<td>10.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Chemicals and allied products</td>
<td>17.6</td>
<td>17.5</td>
<td>17.6</td>
<td>18.5</td>
<td>19.8</td>
</tr>
<tr>
<td>Printing, publishing, and allied industries</td>
<td>15.6</td>
<td>16.2</td>
<td>16.9</td>
<td>17.5</td>
<td>17.6</td>
</tr>
<tr>
<td>Products of petroleum and oil</td>
<td>12.9</td>
<td>13.9</td>
<td>13.2</td>
<td>12.3</td>
<td>12.7</td>
</tr>
<tr>
<td>Rubber products</td>
<td>15.0</td>
<td>16.0</td>
<td>14.8</td>
<td>15.8</td>
<td>17.7</td>
</tr>
<tr>
<td>Leather and leather products</td>
<td>3.2</td>
<td>2.9</td>
<td>2.8</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Stone, clay, and glass</td>
<td>22.0</td>
<td>22.5</td>
<td>20.9</td>
<td>21.9</td>
<td>23.5</td>
</tr>
<tr>
<td>Primary metal industries</td>
<td>80.2</td>
<td>82.8</td>
<td>74.5</td>
<td>85.4</td>
<td>92.6</td>
</tr>
<tr>
<td>Fabricated metal</td>
<td>42.9</td>
<td>42.8</td>
<td>36.5</td>
<td>40.9</td>
<td>44.7</td>
</tr>
<tr>
<td>Machinery</td>
<td>71.2</td>
<td>69.9</td>
<td>58.1</td>
<td>63.7</td>
<td>69.0</td>
</tr>
<tr>
<td>Electrical machinery</td>
<td>58.6</td>
<td>53.2</td>
<td>49.9</td>
<td>67.2</td>
<td>73.2</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>73.6</td>
<td>85.7</td>
<td>82.6</td>
<td>89.9</td>
<td>105.0</td>
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<tr>
<td><strong>Totals</strong></td>
<td>1,724.5</td>
<td>1,761.6</td>
<td>1,680.4</td>
<td>1,821.8</td>
<td>1,942.9</td>
</tr>
</tbody>
</table>

This high level of employment and the high earnings are important factors in Old-Age Assistance case closures. However, the greatest impact of this high level of employment is not in the number of Old-Age Assistance cases closed, but in the greater number of workers able to earn Old-Age and Survivors Insurance coverage, and the higher Social Security benefits to which they will be entitled at age 65, because of their greater earnings. This increased economic prosperity will provide the protection which will make it unnecessary for them to seek Public Assistance when they no longer have gainful employment.

Fluctuation in the cost of living is a third major economic cause. However, the recent rise in the cost of living has been responsible for an increase in the number of applicants for assistance. Figure 12, page 82, shows average assistance awards per person in Indiana in terms of 1940 buying power. It covers January, 1940, through January, 1952. The chart reveals that since 1950 the average Old-Age Assistance award has been shrinking in terms of 1940 buying power. The buying power was measured in terms of the United States Bureau of Labor Statistics Consumer's Price Index.

FIGURE 12

AVERAGE OLD-AGE ASSISTANCE AWARDS PER PERSON IN INDIANA IN TERMS OF 1940 BUYING POWER

Entire bar represents average award.

--- represents buying power of award

(---) represents buying power equal to 1940 average award

1/ Source: Statistical section, Indiana Department of Public Welfare.
closures is the extension of Old-Age and Survivors Insurance coverage. This phase of Old-Age and Survivors Insurance has already been discussed. Some of the significant factors were: new awards for Public Assistance falling below cases closed for the first time since 1949 in October, 1950; a reversal in the trend of increased caseloads and expenditures for Old-Age Assistance in October, 1950; and a significant increase in the percentage of cases closed due to economic reasons in the fiscal years June, 1950, through June, 1951, and June, 1951, through June, 1952. All of these factors tend to illustrate the importance of the 1950 Amendments to Title II in the closing of cases for Old-Age Assistance, and in the reducing of new applications for Old-Age Assistance.

"Other reasons" and voluntary withdrawals constitute a very small percentage of Old-Age Assistance closures, yet the "other reasons" must be discussed briefly because they include Indiana Senate Bill 86. This Bill opened Public Assistance rolls to the public. The claim has been made that the drop in the general assistance rolls in Indiana was due to the modification of the secrecy provisions in the Indiana State Welfare Law. Indiana passed a law in 1951 that certain information regarding assistance recipients was to be made available to specified county officials and was to be open for public inspection in the offices of the county.
The bill was vetoed by the Governor and then the legislature passed it over his veto. A hearing was held by the Federal Security Administrator and payments were stopped to Indiana, July 20, 1951. The validity of his decision was upheld by the United States District Court for the District of Columbia on September 7, 1951. Subsequently, Congress inserted in the Revenue Act of 1951, under Public Law 183, legislation making Indiana's action legal. It was passed October 20, 1951.

Though, undoubtly, the lifting of the secrecy provisions had some effect in the reducing of the general assistance rolls in Indiana, it is impossible to substantiate the allegation that it had primary importance. There are several reasons why this is so. One is that the reversal of the trend in Public Assistance started immediately on the passage of the 1950 Amendments. The non-secrecy Amendments were not passed until 1951. Another reason is that a much higher percentage of cases in the fiscal year 1951-1952, the first year the anti-secrecy Amendments were in effect, were closed for economic reasons than other reasons.

Figure 13, on Old-Age Assistance, on page 86, and

Figure 14, on Aid to Dependent Children, on page 87, show the percentage change in the number receiving assistance, December, 1950, to June, 1952, in all 48 states, the District of Columbia, Hawaii, and Alaska. They also show those units of Government which have enacted legislation to open rolls to public inspection. It is difficult to draw any definite conclusions on the anti-secrecy controversy from these figures. States that have not opened their rolls have shown the biggest decreases in Old-Age Assistance and Aid to Dependent Children, whereas at least two states, South Carolina and Georgia, had increases in assistance programs although the rolls had been opened to the public. Senate Bill 86 is the law in Indiana and as such must be respected. It has been instrumental in closing a small number of cases, but its greatest probable value is that it serves as a deterrent to those who would wrongfully draw Public Assistance.

The causes for Aid to Dependent Children closures vary from those of Old-Age Assistance. Figure 11, on page 78, gives these causes. The most significant causes for Aid to Dependent Children closures are economic. As in Old-Age Assistance closures, the Old-Age and Survivors Insurance program affected Aid to Dependent Children closures. The maximum payable to a family was raised from $85 to $150 by the 1950 Amendments. In addition certain technical changes in the law were made. These were: the benefits paid to the
PERCENTAGE CHANGE IN NUMBERS RECEIVING OLD-AGE ASSISTANCE
DECEMBER, 1950, TO JUNE, 1952

FIGURE 13

PERCENTAGE CHANGE IN NUMBERS RECEIVING OLD-AGE ASSISTANCE
DECEMBER, 1950, TO JUNE, 1952

Source: Statistical section, Indiana Department of Public Welfare.
FIGURE 14

PERCENTAGE CHANGE IN NUMBERS RECEIVING AID TO DEPENDENT CHILDREN FAMILIES DECEMBER 1950 to JUNE, 1952

1/ Source: Statistical section: Indiana Department of Public Welfare.
first child in a family setting were raised 25 per cent; new work deduction provisions allowed others in the family to have their benefits increased when another member of the family was working; and the benefits of all families drawing Old-Age and Survivors Insurance were increased by the passage of the 1950 Amendments. These changes have worked in favor of the family drawing Old-Age and Survivors Insurance. However, increased employment opportunities were more important in Aid to Dependent Children Closures than in Old-Age Assistance closures. Persons who have children in their care are generally younger than Old-Age Assistance recipients. These younger persons are more able to take advantage of employment opportunities. Economic closures in the Aid to Dependent Children program increased from 43.3 per cent in 1948-1949, to 56.8 per cent in 1950-1951.

The purchasing power per award in Aid to Dependent Children cases is a negative influence on closures. Figure 15, page 89, shows the decline in purchasing power of the awards per person since 1950.

Technical ineligibility is the second major cause for Aid to Dependent Children closures. Technical ineligibility includes death of dependent child, support by remarriage, child at maximum age, child over 16 but not in school, physical rehabilitation of parent, return of absent parent, and remarriage of parent. The third cause for Aid to Dependent
FIGURE 15

AVERAGE ASSISTANCE TO DEPENDENT CHILDREN AWARDS PER PERSON IN INDIANA IN TERMS OF 1940 BUYING POWER 1/

 Entire bar represents average award
 • represents buying power of award
 (---) represents buying power equal to 1940 average award

1/ Source: Statistical section, Indiana Department of Public Welfare.
Children closures includes "other reasons" such as: person ineligible under State plan, changes in agency law or policy, eligible payee unavailable, refusal to comply with agency policy, admittance to institutions, receipt of other assistance, receipt of assistance from another state, loss of residence, or residence in other state and change of payee. The fourth cause for Aid to Dependent Children closures, voluntary withdrawal, is self-explanatory. These last three causes for closures are more or less constant, and do not vary as greatly as closures dependent on economic conditions.

The age composition of the Old-Age Assistance rolls is another important factor that should be reviewed before the findings of this chapter can be summarized. It has already been established that the population past 65 in Indiana is growing rapidly. This assumes even greater significance when Old-Age Assistance recipient rolls are examined by age groups. Figure 16, on page 91, gives the composition of age groups past 65 for selected periods of time. It shows that the Old-Age Assistance rolls are made up of progressively older people.

Figure 17, on page 92, shows old age recipients per 1,000 population by age group. This Figure is even more significant than Figure 16 because it shows that when the age groups are older, the greater is the number per 1,000 re-
AGE CLASSIFICATIONS FOR OLD-AGE ASSISTANCE RECIPIENTS IN INDIANA, FOR SELECTED PERIODS OF TIME

1/ Source: Statistical section, Indiana department of Public Welfare.
FIGURE 17

OLD AGE ASSISTANCE RECIPIENTS PER 1,000 POPULATION BY AGE GROUPS, IN INDIANA 1948 - 1952

1/ Source: Statistical section, Indiana Department of Public Welfare.
ceiving Old-Age Assistance. It is very significant that the Old-Age Assistance recipient rate per 1,000, of the age group 65 to 69 was 66 in 1948, and only 47 in 1952.

The influence of the Old-Age and Survivors Insurance program on Old-Age Assistance may be clearly traced. In 1937, when the Old-Age and Survivors Insurance program started, those persons now 80 years of age and over were already 65 years of age and over. For this group the Old-Age Assistance recipient rate per 1,000 is now over 200. Of further significance is the fact that between July, 1948 and August, 1952, the total recipient rate decreased from 139 to 118, a decrease of 15 per cent. The percentage decrease in recipient rate for those under 75 years of age was almost twice that of the total group, being 29 per cent for those 65 to 69 years, and 28 per cent for those 70 to 79 years. The percentage decrease in recipient rate for those 75 to 84 years was less than that for the total group, 11 per cent. While the recipient rate for those 85 and over increased from 185 to 263 or 42 per cent.  

SUMMARY

1. Old-Age Assistance caseloads and expenditures

have progressively declined since the enactment of the 1950 Amendments.

2. Aid to Dependent Children caseloads and expenditures have progressively declined since the enactment of the 1950 Amendments.

3. The 1950 Amendments to Title II of the Social Security Act expanded insurance coverage to workers in Indiana. This increased coverage has been an important factor in the reduction of Public Assistance rolls. This was demonstrated by the continued decline in Aid to Dependent Children and Old-Age Assistance rolls, in the constantly increasing age of Old-Age Assistance beneficiaries, and by the excess of Public Assistance cases closed over new awards.

4. The immediate effect of increased Old-Age and Survivors Insurance benefits was to close a large number of Old-Age Assistance and Aid to Dependent Children cases and to decrease the award in many more.

5. The changes in Old-Age and Survivors Insurance, together with a high level of economic prosperity, have been the major variable factors in reducing the Old-Age Assistance and Aid to Dependent Children programs in Indiana.

6. The aged population in Indiana has been growing, both in actual numbers and in its percentage relationship to the remainder of the population.

7. The median age of old age recipients in Indiana
has been steadily increasing. The Old-Age Assistance case-load is composed of a constantly growing higher percentage of people past 80.

8. People past 80 were 65 when the Old-Age and Survivors Insurance program started. Few had any chance to earn coverage under Social Security. When the program started people 65 or over were excluded by law from Social Security coverage.

9. Though a higher percentage of the population is becoming 65 each year, a constantly decreasing percentage of the population is going on Old-Age Assistance rolls and a constantly growing percentage is going on to Social Security rolls.
CHAPTER VII

SUMMARY AND CONCLUSIONS

In the statement of the problem at the beginning of the thesis, three purposes of the study were listed: (1) to determine what effect the 1950 Amendments to Title II of the Social Security Act had in reducing, both numerically and financially, the burden of the Old-Age Assistance and the Aid to Dependent Children programs in the State of Indiana; (2) to determine if these changes were indicative of steps forward or backward in our social insurance legislation; and, (3) to determine the probable future relationship of Old-Age and Survivors Insurance and Public Assistance in Indiana. The findings of this thesis applicable to each of these three main points follow.

SUMMARY

The effect of the 1950 Amendments to Title II of the Social Security Act on the Old-Age Assistance and Aid to Dependent Children programs in the State of Indiana. 1. Before the 1950 Amendments to Title II of the Social Security Act, the cost of both the Aid to Dependent Children and Old-Age Assistance programs had risen steadily from their inception. Both reached their peak in cost shortly before the 1950 Amendments were in effect. For September, 1950, the first
month the 1950 Amendments were in effect, costs of both programs dropped, and have continued to decline.

2. The number of persons receiving Aid to Dependent Children and Old-Age Assistance rose steadily from January, 1949 through August, 1950. For September, 1950, the number of recipients in both programs dropped, and continued to drop through August, 1952.

3. Monthly Old-Age and Survivors Insurance benefits at the end of 1950 were 150 per cent higher than at the end of 1949, in the State of Indiana.

4. Since September, 1950, the first month the Amendments became effective, Aid to Dependent Children and Old-Age Assistance programs have been reduced both in size and cost, while the Old-Age and Survivors Insurance program has had a steady growth.

5. Greater employment opportunities in Indiana and increased Old-Age and Survivors Insurance coverage have reduced the number of new Public Assistance grants below the number of cases being closed each month since October, 1950.

6. In Indiana there has been a close correlation between the reduction in Aid to Dependent Children and Old-Age Assistance caseloads and expenditures. This has been in contrast to the National scene where caseloads started to decline, but costs after initial declines started to rise. This is because most states have constantly increased their
Aid to Dependent Children and Old-Age Assistance grants in terms of purchasing power, while Indiana's Old-Age Assistance and Aid to Dependent Children grants in terms of purchasing power in 1952 were approximately the same as they were in 1940. Because of this rigid situation in Indiana, its Aid to Dependent Children and Old-Age Assistance rolls have been very sensitive to economic changes, such as the 1950 Amendments to Title II of the Social Security Act.

The relation of the 1950 Amendments to our pattern of Social Insurance legislation. 1. In 1935, the Congress established a program of non-contributory old-age pensions and compulsory annuities. It was then hoped that eventually compulsory contributory annuities would cover all of the working population and that non-contributory old-age pensions would only be needed for the unemployable. The Congress recognized also that children needed to be differentiated from the unemployable and the aged needy, and an assistance program for children was created.

2. Indiana established Aid to Dependent Children and Old-Age Assistance programs conforming to the Federal Social Security Act in 1936. These programs continued to carry a larger combined percentage of responsibility than the Old-Age and Survivors Insurance program in Indiana.
3. In 1947, the Advisory Council on Social Security to the Senate Committee on Finance again restated the desired basic relationship between Public Assistance and Insurance programs. They then diagnosed three basic deficiencies in the Old-Age and Survivors Insurance programs: (1) inadequate coverage, (2) unduly restrictive eligibility requirements for older workers, and (3) inadequate benefits. They then proposed a series of amendments to the Social Security Act which they said would bring about the desired relationship.

4. The 1950 Amendments to Title II were passed in August, 1950, and they embodied the majority of the proposals advocated by the Advisory Council on Social Security to the Senate Committee on Finance.

5. These proposals legislated into law reversed the status of the Old-Age and Survivors Insurance and Public Assistance programs in Indiana. By June, 1952, Old-Age and Survivors Insurance carried a larger percentage of combined responsibilities than either Aid to Dependent Children or Old-Age Assistance in the combined totals, by program.

**The future relationship of Old-Age and Survivors Insurance in Indiana.** 1. In comparing the per cent of combined responsibilities of the Old-Age and Survivors Insurance and Aid to Dependent Children and Old-Age Assistance by
each program, in Indiana, the percentage carried by Old-Age and Survivors Insurance has steadily increased in every category since 1941.

2. Congress, in 1935, intended Old-Age and Survivors Insurance to become the primary program for handling the aged. In 1939, Amendments to Old-Age and Survivors Insurance were passed which also gave survivors protection to the family of a person working under Social Security.

3. The 1950 Amendments for the first time enabled Old-Age and Survivors Insurance to exceed in terms of percentage of combined responsibility the Aid to Dependent Children and Old-Age Assistance programs in Indiana.

4. The median age of Old-Age Assistance recipients in Indiana is constantly increasing.

5. The percentage of people aged 65 and over, in the total population, is steadily increasing. However, as these older people attain age 65, a constantly smaller percentage is applying for Old-Age Assistance. The number of Old-Age and Survivors Insurance beneficiaries per 1,000, aged 65 and over, in Indiana has been steadily increasing since January, 1939, while the number of Old-Age Assistance recipients per 1,000, aged 65 and over, in Indiana has been declining since January, 1941.

6. Increased employment opportunities and extended Social Security coverage has made it possible for greater
numbers of people to be eligible for Old-Age and Survivors Insurance protection, for themselves and for their families.

CONCLUSIONS

1. The 1950 Amendments to Title II of the Social Security Act have been primarily responsible for the decreases in Aid to Dependent Children and Old-Age Assistance rolls, and the reduction in Aid to Dependent Children and Old-Age Assistance expenditures in Indiana.

2. In Indiana as in other states, the 1950 Amendments to Title II of the Social Security Act were major steps forward in correcting the serious limitations of the Social Security Act as amended in 1939, and in finally establishing the insurance principle as the basic means of providing income maintenance for workers and for their families in the future.

3. Increased coverage and favorable economic conditions presage the continued growth of Old-Age and Survivors Insurance in the State of Indiana. An increasingly smaller percentage of the population will find it necessary to apply for Aid to Dependent Children or Old-Age Assistance. As a result of these factors, the Aid to Dependent Children and the Old-Age Assistance programs will continue to decline in size, though not in the importance of their functions.
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