

THE 1952 AMENDMENTS TO THE
SOCIAL SECURITY ACT

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IN 1950, after a number of studies and long consideration, the Congress enacted for the first time in over a decade legislation considerably revising the old-age and survivors insurance system. At the same time significant changes were made in the public assistance program.¹ To a considerable extent these amendments were necessary because of the substantial rise in wage levels and the cost of living during the 1940's.

The 1950 Amendments were enacted shortly after the outbreak of hostilities in Korea. Because of the changes in the economic situation since then, there was a general Congressional belief that certain changes of a noncontroversial nature should be made in the Social Security Act. As a result, legislation was enacted (Public Law 590, 82nd Congress), generally becoming effective in September 1952 as to OASI changes and in October for public assistance changes.

EXPERIENCE UNDER 1950 AMENDMENTS

a) *The Insurance System*

The provisions for increased benefit payments and shorter qualifying requirements went into effect in September 1950 with immediate results, as shown by Table 1 (also see Tables 6 and 9, discussed subsequently). The rise in the number of beneficiaries was slower than in the amount of benefits because of the natural lag in filing and processing for those newly eligible. The average benefit for a retired worker rose immediately to almost \$47 a month, an increase of over \$20 or 77% relatively. In the next two years, however, this average decreased gradually to about \$42. This drop resulted from the liberalized eligibility requirements which permitted many persons to qualify for minimum or near-minimum benefits of \$20-\$25. In December 1951, those on the roll solely through the new eligibility conditions (about 25% of the total) had an average benefit of \$25.07, as contrasted with \$47.44 for all other beneficiaries (who would have qualified even if the requirements of the 1939 Act had not been changed).

The extensions of coverage became effective at the beginning of 1951

¹ For a description of the past history of these two programs, the legislative history of the 1950 Amendments, and the resulting provisions, see "The 1950 Amendments to the Social Security Act," by Robert J. Myers, *TSA* III, 1-30.

and resulted in considerably reducing the proportion of the working population not covered by any retirement system. Furthermore, in 1951 the Railroad Retirement Act was amended² so that for benefit purposes railroad employment for those with less than 10 years of service is always to be considered as OASI employment,³ while for financing purposes all railroad employment is so considered.

TABLE 1
SELECTED DATA ON MONTHLY BENEFITS UNDER OASI SYSTEM

MONTH	BENEFICIARIES (000,000's)		ANNUAL RATE OF BENEFITS (000,000's)	AVERAGE MONTHLY BENEFIT FOR RETIRED WORKERS
	Retired Workers	Total		
August 1950.	1.41	2.97	\$ 740	\$26.36
September 1950.	1.44	3.03	1,368	46.62
August 1951.	2.18	4.18	1,777	42.29
August 1952.	2.43	4.68	1,992	42.36
September 1952.	2.50	4.79	2,325	48.79

Table 2 shows the coverage status of various occupational groups at the end of 1951. The OASI system (including railroad retirement) covers 79% of all paid civilian employment. Among the remaining 21% not covered, 7% are covered by other public retirement systems and 2% could be under OASI upon election to be covered. Thus, close to 90% of all jobs are covered by some government retirement system.

Table 3 compares the actual and estimated transactions of the trust fund in 1951, the only full calendar year of operation under the 1950 Act. The estimated contributions were about 15% below the actual experience, principally because of the higher earnings prevailing than were used in the cost estimates. The estimated benefit payments were about 10% too high, in part due to low retirement rates because of the abnormally high employment opportunities accompanying the Korean situation. The estimated interest receipts were only about two-thirds of the actual experience because of administrative factors (interest generally is paid semi-

² For a detailed discussion of these amendments and an outline of their provisions, see "The Actuarial Implications of the 1951 Railroad Retirement Amendments," by Joseph Musher, *TSA IV*, 511, and articles in the *Social Security Bulletin* for February and March 1952.

³ For those with 10 or more years of railroad service, survivor benefits (but not retirement benefits) are based on combined earnings under the two systems; payment is made by the system under which employment of the deceased was the more recent (as determined by complex rules).

TABLE 2
 COVERAGE UNDER OASI SYSTEM, CONTINENTAL UNITED STATES
 DECEMBER 1951*

Category	Number of Persons
COVERED BY OASI	
Covered by OASI only†	45,600,000
Covered jointly by OASI and Railroad Retirement	1,500,000
Total covered	47,100,000
NOT COVERED BY OASI	
Government employees covered by a retirement system †	4,300,000
Government employees not covered by a retirement system §	1,200,000
Farmers	3,900,000
Farm workers not "regularly" employed	900,000
Domestic workers not "regularly" employed	800,000
Professional self-employed	500,000
Nonfarm self-employed earning under \$400 per year	400,000
Nonprofit organizations, ministers	400,000
Nonprofit organizations, others#	100,000
Total not covered	12,500,000

* Figures indicate employment in an average week.

† Excludes persons eligible for coverage by election but not actually covered. In addition, about ½ million in Alaska, Hawaii, Puerto Rico, and the Virgin Islands are covered.

‡ Includes only civilian employees of Federal, state, and local governments who are not eligible for OASI coverage.

§ Predominantly composed of state and local government employees eligible for coverage by election.

|| Includes also student nurses and interns. Ministers as used here includes members of religious orders.

Eligible for coverage by election.

TABLE 3
 COMPARISON OF ACTUAL AND ESTIMATED* OPERATION
 OF OASI TRUST FUND IN 1951

Item	Actual (000,000's)	Estimated* (000,000's)	Ratio, Estimated to Actual
Contributions	\$ 3,367	\$ 2,846	85%
Benefit Payments	1,885	2,064	109
Administrative Expenses	81	66	81
Interest on Fund	417	277	66
Balance in Fund	15,540	14,493	93

* As shown in Table 10 of "The 1950 Amendments to the Social Security Act," by Robert J. Myers, TSA III, 25.

annually, at the middle and end of the year; it so happens that three semi-annual payments were received—in January, June, and December). As a result, the actual balance in the fund was about \$1 billion higher than estimated, a difference of about 7%.

b) The Assistance Program

Following the 1950 Amendments, the number of old-age assistance recipients decreased slowly despite the aged population of the country increasing at an annual rate of about 3%. In August 1950, there were 2.81 million recipients, while two years later there were 2.65 million (including 41,000 in Puerto Rico and the Virgin Islands, which were not included prior to the 1950 Amendments). The annual rate of payments decreased slightly although rising toward the end of the two-year period to about the August 1950 level of almost \$1½ billion per year.

The number of child recipients under the aid to dependent children program decreased from 1.66 million in August 1950 to 1.49 million in August 1952. The 1950 Amendments provided for Federal matching for payments to be made for one adult member of the family beginning in October 1950, and for that month about 577,000 such adult recipients were added insofar as Federal matching purposes were concerned. The rate of payments (about \$550 million per year) was not greatly affected, however, since the inclusion of another recipient for Federal matching purposes did not materially change average family payments but rather only increased the proportion payable by the Federal Government. The rate of payments rose slightly in the next few months but then decreased somewhat and was a little below the pre-Amendment level by August 1952.

Under the new program for aid to the permanently and totally disabled, the number of recipients rose gradually as more State programs were inaugurated. In August 1952 there were 151,000 recipients, at an annual rate of about \$85 million.

c) The Insurance System versus the Assistance Program

The slightly decreasing trend in the OAA program was to some extent the result of the liberalizations in the OASI benefit amounts and eligibility conditions. In February 1951, aged insurance beneficiaries (including wives and widows) for the first time exceeded OAA recipients; in August 1952 the relationship was 3.54 million vs. 2.65 million. Correspondingly, payments to aged insurance beneficiaries first exceeded those of OAA recipients in August 1951, and a year later were almost 10% higher.

Persons concurrently receiving OASI and OAA numbered about

275,000 (13% of all aged OASI beneficiaries and 10% of all OAA recipients) when the benefit increases and "new start" eligibility provisions of the 1950 Amendments became effective. By February 1952 this number had increased to about 405,000 (12% of all aged OASI beneficiaries and 15% of all OAA recipients). The increase is attributable to several factors which offset the reduction in OAA due to removal of some persons from the rolls as a result of increased OASI benefits, namely the rise in cost of living following the outbreak of hostilities in Korea, and more importantly the large number of persons on the OAA rolls who became eligible for near-minimum OASI benefits but still needed supplementary OAA (in a reduced amount).

HISTORY OF LEGISLATION

a) The Insurance System

The House Ways and Means Committee on May 16 reported out H.R. 7800, which had been introduced four days previously. The Committee stated that no hearings were held since "all of the changes requiring attention this year were within areas which were intensively studied . . . over a period of six months . . . prior to the 1950 Amendments, and thus do not require prolonged consideration now." Further, it was stated that the matters were selected "because of their urgency and because of the widespread agreement on their desirability." The major reason for the legislation was the rapid rise in wages and prices during the last two years so that benefit amounts had relatively depreciated.

The main OASI features of the bill were:

1. Increases in benefit amounts
2. Liberalization of the work clause to \$70 a month
3. Wage credits for military service subsequent to World War II
4. Preservation of insurance rights of permanently and totally disabled individuals
5. Permissive coverage of certain employees of State and local governments already under a retirement system

The bill was considered under suspension of the rules which requires a two-thirds vote for passage. Although it was believed that the provisions were largely noncontroversial, considerable opposition developed to the disability "freeze" on the basis that this was "socialized medicine." Under these provisions, permanently and totally disabled individuals would have their insurance rights "frozen" at the time of their disability. The controversial feature was that the determinations of disability would be under the jurisdiction of the Federal Security Administrator. There was also op-

position from some groups in regard to the coverage provisions for State and local employees (although strongly supported by others). The bill received a majority, but not sufficient for passage. However, about a month later, the bill—very slightly modified—came up in the same manner and was passed by a substantial vote.

Within the next week the bill—somewhat changed as to OASI provisions—was reported out by the Senate Finance Committee and passed by the Senate without further change in these provisions. The Senate bill differed from that passed by the House as follows:

1. Work clause further liberalized to \$100 a month
2. Military service wage credits to be paid out of the Trust Fund rather than by general appropriations
3. Disability “freeze” provisions eliminated
4. Provision for coverage of State and local employees under retirement systems eliminated

Then in joint conference between the House and Senate, the final bill was agreed upon and, after acceptance by both bodies, was signed by the President on July 18. The Senate changes as to military service and coverage of State and local government employees were agreed to, while the amount of the work clause was compromised at \$75 a month. The disability freeze provisions were retained but modified in that determinations of disability would be made by State agencies. Moreover, the freeze provisions were adopted in such form that they would be inoperative without further legislation. The Committees stated that they anticipated holding hearings early in 1953 on both the “disability freeze” and the coverage of State and local government employees so as to work out solutions satisfactory to all concerned.

b) The Assistance Program

The bill both as passed by the House and as reported by the Senate Finance Committee had no major provisions dealing with public assistance. However, on the floor of the Senate an amendment was adopted, and later approved in joint conference, to provide additional Federal funds for all four public assistance programs by changing the matching formula. The general objective is to make it possible for States to increase payments by \$5 a month for the aged, the blind, and the disabled, and by \$3 a month for each recipient of aid to dependent children. This change is effective for only two years beginning with October 1952 (as passed by the Senate there was no such limitation). Table 4 summarizes the matching bases for public assistance at various times.

CHANGES IN THE INSURANCE SYSTEM

a) *Benefit Amounts*

Under the 1950 Act the primary insurance amount (the benefit payable to a retired worker and upon which all other benefits are based) was computed by two different methods. One basis used the benefit formula of the 1939 Act, and the result was then increased by a conversion table. The other basis involved the average monthly wage after 1950 in conjunction

TABLE 4
MAXIMUM MATCHABLE AMOUNTS AND FEDERAL MATCHING PROPORTIONS
FOR PUBLIC ASSISTANCE UNDER VARIOUS LAWS*

Law	Maximum Matchable Individual Payment†	Federal Matching Proportion
Old-Age Assistance, Aid to the Blind, and Aid to the Disabled‡		
1935 Act.	\$30	$\frac{1}{2}$
1939 Act.	40	$\frac{1}{2}$
1946 Act.	45	$\frac{2}{3}$ of first \$15§ + $\frac{1}{2}$ of remainder
1948 and 1950 Acts.	50	$\frac{2}{3}$ of first \$20§ + $\frac{1}{2}$ of remainder
1952 Act.	55	$\frac{2}{3}$ of first \$25§ + $\frac{1}{2}$ of remainder
Aid to Dependent Children		
1935 Act.	\$18 and 12#	$\frac{1}{3}$
1939 Act.	18 and 12#	$\frac{1}{3}$
1946 Act.	24 and 15#	$\frac{2}{3}$ of first \$9§ + $\frac{1}{2}$ of remainder
1948 and 1950 Acts.	27 and 18#	$\frac{2}{3}$ of first \$12§ + $\frac{1}{2}$ of remainder
1952 Act.	30 and 21#	$\frac{2}{3}$ of first \$15§ + $\frac{1}{2}$ of remainder

* Not applicable to Puerto Rico and the Virgin Islands (included for first time in 1950 Act) for whom 1935 Act provisions apply.

† Per month.

‡ Aid to the disabled was introduced in the 1950 Act.

§ Of average matchable payment (averaged over child recipients for 1946 and 1948 Acts, and over child and adult caretaker recipients for 1950 and 1952 Acts).

First figure is applicable to first child (and beginning with 1950 Act, to one adult in the family). Second figure is applicable to all other children.

with a new benefit formula, namely 50% of the first \$100 of average monthly wage plus 15% of the next \$200 thereof. The latter method applied only for those having 6 quarters of coverage after 1950 so that it could not be used for deaths or retirements prior to April 1952. For those to whom either method applied, the one resulting in the larger amount was employed.

The 1952 Act increases benefits computed under both methods (effec-

tive for September benefits). The conversion table is changed so that the primary insurance amounts under the 1950 Act are increased by either \$5 or 12½%, whichever is larger. A summary of this table follows:

BENEFIT COMPUTED UNDER METHOD OF 1939 ACT	PRIMARY INSURANCE AMOUNT	
	Under 1950 Act	Under 1952 Act
\$10	\$20.00	\$25.00
15	30.00	35.00
20	37.00	42.00
25	46.50	52.40
30	54.00	60.80
35	59.20	66.60
40	64.00	72.00
45	68.50	77.10

The "new start" benefit formula is revised, with the first factor being 55% instead of 50%. The result is an increase of either \$5 or 10%, whichever is less. The minimum primary insurance amount is raised from \$20 to \$25. The \$25 minimum applies for persons having an average monthly wage of \$34 or less, while for an average monthly wage of \$35-\$47, the amount is \$26 (for wages of \$48 or more, the 55% factor produces higher results).

The maximum total family monthly benefit under the 1950 Act was the smaller of \$150 or 80% of average monthly wage (but this may not reduce maximum benefits below \$40). Under the 1952 Act, the dollar maximums are raised by 12½%, namely to \$168.75 or 80% of average monthly wage (but this may not reduce maximum benefits below \$45).

Table 5 gives illustrative family benefits under the "new start" formula for various categories, taking into account the applicable benefit proportions and maximum benefit provisions.

b) Work Clause

Beginning with September 1952 as to wages and, in general, for all of 1952 as to self-employment income, individuals may have earnings of up to \$75 per month without forfeiting benefits, as contrasted with \$50 in previous law (as before, after age 75 benefits may be received regardless of earnings).

c) Wage Credits for Veterans

The 1950 Act grants wage credits of \$160 for each month of military service performed during World War II (through July 24, 1947). To take into account the Korean conflict, the 1952 Act provides the same treat-

ment for subsequent military service through 1953. Under both Acts, these wage credits are given regardless of whether death occurred in service or whether veterans benefits are payable but are not granted where benefits are given for the same military service under another Federal retirement system. In both cases, the cost of the additional benefits arising from these wage credits is to be met from the Trust Fund and not by special appropriations from the general treasury.

TABLE 5
ILLUSTRATIVE MONTHLY OASI BENEFITS FOR VARIOUS FAMILY CATEGORIES
UNDER 1952 ACT BASED ON "NEW START" FORMULA
(All figures rounded to nearest dollar)

Average Monthly Wage	Retired Worker Alone	Retired Worker and Aged Wife*	Retired Worker, Aged Wife, and 1 Child†	Aged Widow‡	Aged Parent
\$ 50.....	\$ 28	\$ 41	\$ 45	\$21	\$ 21
100.....	55	80	80	41	41
150.....	62	94	120	47	47
200.....	70	105	140	52	52
250.....	78	116	155	58	58
300.....	85	128	169	64	64

Average Monthly Wage	Widow and 1 Child‡	Widow and 2 Children	Widow and 3 or More Children	1 Child Alone	2 Children Alone
\$ 50.....	\$ 41	\$ 45	\$ 45	\$21	\$ 34
100.....	80	80	80	41	69
150.....	94	120	120	47	78
200.....	105	140	160	52	88
250.....	116	155	169	58	97
300.....	128	169	169	64	106

* Also applies to worker and aged dependent husband, and to worker and 1 child.

† Also applies to worker, aged dependent husband, and 1 child, and to worker and 2 children.

‡ Also applies to aged dependent widower.

§ Also applies to 2 aged dependent parents.

d) Technical Amendments

A number of technical changes were made to remedy certain inequities and anomalies arising under the 1950 Act for persons dying or retiring in 1952 when the "new start" formula first became effective.⁴

⁴ These technical amendments are summarized in "Social Security Act Amendments of 1952" by Wilbur J. Cohen, *Social Security Bulletin*, September 1952 (pp. 6-7).

e) Disability "Freeze"

Under provisions included in the law as enacted but requiring further Congressional action to become effective, insured status and benefit amount would be preserved for qualified workers who are permanently and totally disabled for at least six months. This is, in effect, waiver of premium or contributions. To be so qualified, the individual must have had at least 20 quarters of coverage in the 40 calendar quarters preceding disability and also must have been currently insured (6 quarters of coverage out of the preceding 13 quarters). Determinations of disability are to be made by specified State agencies pursuant to agreements with the Federal Security Administrator.

The first month in which benefits can be affected by the disability freeze is July 1953. However, the provisions cease to be effective after June 1953, so that unless Congress takes action they will never go into operation. The purpose of this procedure is to permit appropriate steps to be taken for working out tentative agreements with the States for administering these provisions. The Congressional Committees stated that they anticipated holding hearings dealing in part with these provisions as to both administrative and other aspects.

FINANCING PROVISIONS OF INSURANCE SYSTEM

The tax, or contribution, schedule under the 1950 Act is left unchanged since, as indicated hereafter, the costs of the program relative to payroll are not materially changed.

ACTUARIAL COST ESTIMATES FOR INSURANCE SYSTEM

The cost estimates for the 1952 Act prepared at the time of its consideration by Congress use the same methodology and assumptions as those for the 1950 Act except that an interest rate of $2\frac{1}{4}\%$ is used instead of 2% (since interest rates have risen significantly), and the assumptions as to earnings⁵ are about 20% higher (corresponding to the 1951 experience, in contrast with the previous estimates which were based on 1947 experience). Both of these changes, especially the latter, result in relatively lower costs (as related to covered payroll). The weighted nature of the benefit formula is such that as earnings rise, the resulting benefits are a relatively lower proportion of credited earnings.

Detailed cost estimates were developed at each of the legislative steps, reference to which may be found in the appended bibliography. The following estimates for the 1952 Act are summarized from the more complete

⁵ In this estimate, as in previous ones, it is assumed that there is no increase in earnings levels in the future, just as it is assumed that the benefit provisions are not changed.

official estimates (see reference No. 4). For further details as to the assumptions, bases, and significance of the estimates, the reader should consult the preceding paper relating to the 1950 Act.

Table 6 shows the estimated number of monthly beneficiaries in current, or actual, payment status for various future years. The figures are only slightly higher than those developed for the 1950 Act (as a result of the higher work clause and the military service wage credits).

Table 7 gives the average benefits in August and September 1952 (to show the immediate effect of the Amendments) and for 1960 and 2000. In general, there is a smooth trend in the intervening periods. No range is shown because there is so little variation.

TABLE 6
ACTUAL AND ESTIMATED NUMBERS OF OASI BENEFICIARIES
(In thousands)

CALENDAR YEAR	MONTHLY BENEFICIARIES*							LUMP-SUM DEATH PAY- MENTS§	
	Retirement†				Survivor				Total
	Old-Age	Wife‡	Child	Widow‡	Parent‡	Mother	Child		
Actual Data									
1950.....	1,385	419	35	290	14	157	630	2,930	200
1951.....	2,091	596	61	350	17	192	726	4,034	414
1952.....	2,372	668	69	422#	21	214	828	4,594	437
Low-Cost Estimate									
1960.....	2,840	861	75	1,101	37	351	1,135	6,400	687
1980.....	5,821	1,341	118	2,709	42	444	1,446	11,921	1,090
2000.....	9,044	1,286	131	3,008	34	525	1,714	15,742	1,472
High-Cost Estimate									
1960.....	4,481	1,271	103	1,133	69	360	901	8,318	627
1980.....	10,436	2,262	131	2,788	97	317	718	16,749	999
2000.....	17,572	2,666	87	3,083	90	288	602	24,388	1,468

* In current payment status at middle of year.

† Represents benefits paid to retired workers (i.e., old-age benefits) and their dependents.

‡ Does not include those also eligible for old-age benefits. For wife's and widow's benefits, includes husband's and widower's benefits respectively.

§ Number of insured deaths for which payments are made during the year.

|| Includes about 3,500 husbands and about 29,000 wives under age 65 with child beneficiaries in their care.

Includes about 400 widowers.

Table 8 presents costs in various future years as a percentage of payroll for each of the different types of benefits. As used here "level premium cost" is defined as the contribution rate after 1950 which, together with interest, would meet all future benefit payments (assuming that after 2000 both benefit payments and taxable payroll are level). The resulting figures, for the reasons indicated previously, differ little (being in fact slightly lower) from those developed for the 1950 Act when it was enacted.

TABLE 7
ACTUAL AND ESTIMATED AVERAGE OASI MONTHLY BENEFITS IN CURRENT PAYMENT STATUS AND LUMP-SUM DEATH PAYMENTS

CATEGORY	UNDER 1950 ACT, AUGUST 1952*	UNDER 1952 ACT		
		September 1952	1960	2000
Old-Age (retired worker).....	\$ 42	\$ 49	\$ 59	\$ 57
Male.....	44	51	62	66
Female.....	33	38	46	44
Wife.....	23	26	32†	35†
Child (of retired worker).....	13	14	22	23
Widow (over 65).....	36	41	46†	52†
Parent (over 65).....	37	41	46†	51†
Mother (with orphan children)...	33	37	43	48
Child (survivor).....	28	31	39	42
Lump-Sum Death§.....	147	165	185	180

* Rounded to nearest dollar. Partially estimated for some categories.
 † Does not include those eligible for old-age benefits. Includes husband's and widower's benefits.
 ‡ Does not include those eligible for old-age, widow's, or widower's benefits.
 § Average amount per death for claims certified in given period.
 || Applicable only to deaths after August 1952. Rough estimate.

Table 9 shows the estimated operations of the Trust Fund. For 1953, the first full year of operation under the 1952 Act, the estimated benefit disbursements are about \$2.7 billion, or \$400 million more than they would have been under the 1950 Act. Benefit disbursements rise steadily over the next 50 years, reaching an ultimate range of about \$10½ to \$16 billion.

Under the low-cost estimate the Trust Fund builds up very rapidly and some 50 years hence is growing at a rate of about \$5½ billion a year and at that time is about \$225 billion in magnitude; benefit disbursements never exceed contribution income and even ultimately are about 10% smaller. On the other hand, under the high-cost estimate the Trust Fund builds up to a maximum of about \$60 billion in 1980 but decreases there-

after until exhausted shortly before 2000; benefit disbursements exceed contributions after 1975.

Under the intermediate-cost estimate the Trust Fund grows steadily, reaching a maximum of about \$110 billion in 1995, and then slowly decreases; benefit disbursements do not exceed contribution income for about the first 35 years (although approaching rather closely in the years just prior to the increases in the tax rate). This indicates that for this estimate the tax schedule does not make the system quite self-supporting, although sufficiently close for all practical purposes considering the uncertainties and fluctuations possible in such long-range estimates. In fact these figures indicate a somewhat closer approach to the mathematical "exact self-support" point than was the case for the 1950 Act.

TABLE 8
ESTIMATED RELATIVE COSTS OF OASI IN PERCENTAGE OF PAYROLL
BY TYPE OF BENEFIT

Calendar Year	Old-Age	Wife*	Widow*	Parent	Mother	Child†	Lump-Sum Death	Total
Low-Cost Estimate								
1960	1.48	0.24	0.44	0.02	0.15	0.45	0.09	2.87
1970	2.11	.31	.81	.02	.17	.49	.11	4.03
1980	2.70	.35	1.06	.02	.17	.51	.13	4.93
1990	3.32	.34	1.16	.02	.18	.52	.14	5.68
2000	3.48	.30	1.11	.01	.18	.53	.15	5.77
Level Premium‡								
At 2%	2.76	.29	.91	.01	.17	.49	.13	4.77
At 2½%	2.68	.29	.89	.01	.17	.49	.13	4.66
High-Cost Estimate								
1960	2.30	0.36	0.46	0.03	0.15	0.36	0.08	3.74
1970	3.42	.48	.83	.04	.14	.31	.10	5.33
1980	4.80	.60	1.13	.04	.13	.27	.12	7.08
1990	6.42	.68	1.30	.04	.12	.24	.14	8.94
2000	7.51	.72	1.33	.03	.11	.22	.16	10.08
Level Premium‡								
At 2%	5.30	.57	1.03	.03	.12	.26	.13	7.44
At 2½%	5.09	.56	.99	.03	.12	.27	.12	7.19

*Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's or widow's benefits. Also includes husband's and widower's benefits, respectively.

† Includes child's benefits for both children of old-age beneficiaries and child-survivor beneficiaries.

‡ Level premium contribution rate for benefit payments after 1950 and into perpetuity, not taking into account the accumulated funds at the end of 1950 or administrative expenses and assuming that after 2000 both benefit payments and taxable payroll are level.

TABLE 9
ACTUAL AND ESTIMATED PROGRESS OF OASI TRUST FUND
(In millions)

Calendar Year	Contributions*	Benefit Payments	Administrative Expenses	Interest on Fund†	Fund at End of Year
Actual Data					
1949.....	\$ 1,670	\$ 667	\$ 54	\$ 146	\$ 11,816
1950.....	2,671	961	61	257	13,721
1951.....	3,367	1,885	81	417	15,540
1952.....	3,819	2,194	88	365	17,442
Low-Cost Estimate					
1955.....	\$ 5,140	\$ 2,818	\$ 91	\$ 508	\$ 24,193
1960.....	6,428	3,920	100	788	37,015
1970.....	9,352	6,034	136	1,633	75,786
1980.....	10,096	7,870	168	2,715	124,396
1990.....	10,735	9,642	199	3,760	171,335
2000.....	11,470	10,470	214	4,881	222,208
High-Cost Estimate					
1955.....	\$ 5,105	\$ 3,357	\$ 113	\$ 487	\$ 22,952
1960.....	6,454	5,129	147	658	30,501
1970.....	9,359	7,984	206	1,091	50,160
1980.....	9,850	11,024	264	1,371	61,593
1990.....	10,041	14,200	326	994‡	42,929‡
2000.....	10,092	16,088	362	\$	\$
Intermediate-Cost Estimate#					
1953.....	\$ 3,785‡	\$ 2,663	\$ 92‡	\$ 402	\$ 18,793
1954.....	4,881‡	2,876	97‡	444	21,145
1955.....	5,122‡	3,088	102‡	497	23,574
1960.....	6,441	4,525	124	723	33,762
1970.....	9,355	7,009	171	1,362	62,980
1980.....	9,973	9,448	217	2,043	92,993
1990.....	10,388	11,921	262	2,377	107,116
2000.....	10,781	13,279	288	2,371	106,369

* Combined employer, employee, and self-employed contributions, less refunds of employee taxes paid in 1951 and after on wages in excess of \$3,600 in a year. For 1949-51 includes transfers from general funds to meet cost of certain veterans' survivor benefits. The combined employer-employee rate is 2% for 1937-49, 3% for 1950-53, 4% for 1954-59, 5% for 1960-64, 6% for 1965-69, and 6½% thereafter. The self-employed pay ½ of these rates (for 1951 and after).

† For estimates, interest is computed at 2½% on average balance in fund during year.

‡ This figure is slightly modified as compared with that shown in original source.

§ Fund exhausted in 1999.

These figures are based on an average of the low-cost and high-cost dollar figures.

The results for the low-cost and high-cost estimate are to be expected, since the system on an intermediate-cost basis is approximately self-supporting; this was also so for the 1950 Act for which the contribution schedule was developed such that this would be the case. Accordingly, under these circumstances a low-cost estimate would show that the system is more than self-supporting, and a high-cost estimate would show that a deficiency would arise later on. In actual practice, under the philosophy underlying both acts, set forth in the various Congressional reports, the tax schedule would be adjusted in future years so that neither of these developments would eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward or perhaps would not be increased in future years according to schedule. On the other hand, if experience followed the high-cost estimate, the rates would have to be raised. The high-cost estimate does indicate, however, that under the tax schedule in effect ample funds are available for several decades, even under relatively unfavorable experience.

COST ESTIMATES FOR ASSISTANCE PROGRAM

Long-range cost estimates have not been prepared for the public assistance program. For the next two years, the Federal Government cost under the 1950 Act of about \$1.1 billion a year for assistance payments will be increased by about \$200 million. This results from the higher Federal matching proportion and is, of course, primarily for the old-age assistance and aid to dependent children programs, which account roughly for $\frac{2}{3}$ and $\frac{1}{3}$, respectively, of the total Federal expenditures under the four public assistance programs in which the Federal Government participates. The cost to State and local governments for these four programs has been about \$1.0 billion a year, almost half the total despite the relatively high Federal matching proportions, since the State and local governments meet the full cost of payments in excess of the maximum matchable individual payment.

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3. "Conference Report on H.R. 7800," July 5, 1952, House Report No. 2491, 82d Congress, 2d session.
4. "Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified by the Social Security Act Amendments of 1952," July 21, 1952, House Committee on Ways and Means.