

# Coverage Extension Under Old-Age, Survivors, and Disability Insurance

by SAUL WALDMAN\*

IN THE 25 years since the passage of the Social Security Act, Congress has acted repeatedly to broaden the coverage of old-age, survivors, and disability insurance. Today the program approaches universal coverage. During a typical week, 9 out of 10 persons who work for pay are covered under the program; about 75 million workers had earnings credited under the program during the year 1960.

It is significant that employees and self-employed persons in almost all kinds of work are included in the one system. In some nations the social insurance system covers only certain groups of workers—industrial laborers, for example; in others, separate systems have been established for different “classes” of workers.

In the United States, however, workers tend to move from occupation to occupation and from industry to industry more than they do in many other countries. The unified coverage of the old-age, survivors, and disability insurance program reflects in part this tendency. With practically all types of work covered under the same program, workers generally are assured of continuous coverage during all the various phases of their working lives.

Coverage under the Social Security Act of 1935 was on a limited basis. Only employees working in private industry and commerce—about half of all the Nation’s workers—were covered under the program. This article describes the extension of coverage from the initial provisions in the 1935 Act through the 1960 amendments. The figures on the number of workers covered under the various laws are derived mainly from Bureau of the Census data and include persons aged 14 and over working in the United States (excluding Alaska and Hawaii except for 1960).<sup>1</sup> The data refer to the number of persons covered in June of the year the

coverage legislation became effective, except where otherwise noted.

## 1935 ACT AND 1939 AMENDMENTS

The original Act covered employees under age 65, mainly in nonagricultural industry and commerce. As of 1940, these covered workers numbered more than 25 million. The 1939 amendments extended coverage to employees aged 65 and over in the same types of employment, thus adding to coverage roughly one-half million older workers.

The coverage of employees in industry and commerce provided under the 1935 and 1939 legislation was on a compulsory basis and, generally speaking, was complete for workers in these groups. Coverage for other groups of workers on such a complete and compulsory basis was not feasible in most cases, however, because of the difficult legal and administrative problems involved. Among these problems were, for example, obtaining contributions from the traditionally tax-exempt, nonprofit organizations and devising feasible methods of reporting for domestic and farm workers.<sup>2</sup>

## 1950 AMENDMENTS

The amendments adopted by Congress in 1950 made the first significant revision in coverage since 1939 and added about 8.7 million<sup>3</sup> to the

<sup>2</sup> Later, when coverage was extended to these groups, special provisions were made applicable to most of them. For some groups, tests based on the amount of earnings or length of work must be met to obtain coverage; for others, coverage is arranged under methods that are to some degree elective. These special coverage features were designed to cover many additional workers and preserve, to the extent possible, the objective that coverage be compulsory and complete.

<sup>3</sup> This figure excludes persons added by the extension of coverage to Puerto Rico and the Virgin Islands and to American citizens employed by American employers outside the United States.

\*Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

<sup>1</sup> Comparable data for Alaska and Hawaii were not available for years before 1960.

TABLE 1.—Number of persons added to OASDI coverage under major social security legislation, by coverage group, and effective date of coverage

Year of legislation <sup>1</sup>	Effective date	Coverage group <sup>2</sup>	Persons affected by provisions	Number added to coverage (in thousands)	Year of legislation <sup>1</sup>	Effective date	Coverage group <sup>2</sup>	Persons affected by provisions	Number added to coverage (in thousands)
1935	Jan. 1937	Employees in industry and commerce.	Under age 65	25,000			Self-employed— Farm operators	With annual net earnings of \$400 or more.	2,800 2,500
1939	Jan. 1940	Employees in industry and commerce.	Aged 65 and over	500			Nonfarm	Certain professional groups.	100
1950	Jan. 1951	Employees in industry and commerce.	Certain employees on borderline between employment and self-employment.	4,250 700			Ministers	Electing on individual voluntary basis. <sup>5</sup>	200
		Farm workers	Earning \$50 and employed 60 days in quarter.	650	1956	Jan. 1957	Employees— Farm workers	Earning \$150 or employed 20 days in a year.	30 (?)
		Nonprofit organizations.	Electing coverage on group optional basis.	750			Federal civilian	Members of TVA retirement system.	10
		Domestic service	Earning \$50 and employed 24 days in quarter.	950			State and local governments.	Policemen and firemen under retirement systems in certain States. <sup>4</sup>	20
		Federal civilian	Not under retirement system.	600		Jan. 1, 1956.	Self-employed— Farm operators	Under optional reporting and "material participation" provisions.	450 250
		State and local governments. <sup>4</sup>	Not under retirement system.	600			Nonfarm	Certain professional groups.	200
		Self-employed, nonfarm.	With annual net earnings of \$400 or more.	4,450	1956 <sup>8</sup>	Jan. 1957	Armed Forces	All, on regular contributory basis. <sup>9</sup>	2,800
1951 <sup>6</sup> 1954	Sept. 1951 Jan. 1955	Railroad employees	All	1,500	1957-59		State and local government employees.	Policemen and firemen under retirement system in certain States.	90
		Employees in industry and commerce.	Certain fishermen, homeworkers, and casual workers.	4,650 100			Farm workers	In turpentine industry.	15
		Farm workers	Earning \$100 a year.	850			Parents employed by son or daughter.	In other than domestic work.	25
		Domestic service	Earning \$50 a quarter.	150	1960	Jan. 1961	State and local government employees.	Policemen and firemen under retirement system in Virginia. <sup>4</sup>	3
		Federal civilian	Additional employees not under retirement system.	150			Employees of foreign governments and international organizations.	In the United States.	5
		State and local governments. <sup>4</sup>	Under retirement system.	3,400					

<sup>1</sup> Amendments to the Social Security Act, unless otherwise noted.

<sup>2</sup> Workers classified by coverage provisions and may differ somewhat from classifications by industry or occupation used in other data. Workers with more than 1 job during survey week included in the group of their major job.

<sup>3</sup> Number covered as of June 1940, the first period for which data are available.

<sup>4</sup> Coverage authorized on a group elective basis.

<sup>5</sup> Railroad Retirement Act amendments, providing for close coordination between the railroad retirement and OASDI programs and establishing in effect joint coverage retroactive to Jan. 1, 1937, of railroad workers under the two programs.

<sup>6</sup> Most ministers are not actually self-employed but are covered as self-

employed persons under OASDI.

<sup>7</sup> No significant change in total number of farm workers covered.

<sup>8</sup> Servicemen's and Veterans' Survivor Benefits Act.

<sup>9</sup> Gratuitous wage credits, retroactive to September 1940, had been provided by the 1950 amendments.

Sources: Coverage estimates based chiefly on data from the *Current Population Survey* of the Bureau of the Census and special surveys made for the Bureau of Old-Age and Survivors Insurance by the Census Bureau. Data include persons aged 14 and over employed during the census survey week in the United States (excluding Alaska and Hawaii) and in the Armed Forces abroad. Figures refer, in most cases, to June of the year coverage became effective.

number of workers in covered employment. For the first time, self-employed persons were covered; the legislation extended the protection of the program to about 4½ million nonfarm self-employed persons with yearly net earnings of \$400 or more. Self-employed farmers and persons in self-employment in certain professions specified in the law continued, however, to be excluded.

About 4¼ million employees were also newly covered. Among them were about 650,000 hired farm laborers and 950,000 domestic service workers who were brought into the program

under provisions designed to cover the more regularly employed workers in these jobs.<sup>4</sup> In addition, most civilian employees of the Federal Government who were without staff retirement protection, about 600,000 in all, were covered.

<sup>4</sup> A farm worker was considered "regularly employed" if he had 3 months of continuous service for one employer. He was then covered thereafter if he worked for the same employer on a full-time basis for at least 60 days in the calendar quarter and received cash wages of at least \$50 for services in the quarter.

A domestic worker was covered if he was paid \$50 or more in cash wages by, and worked 24 days or more for, one employer in a quarter.

About the same number of State and local government employees not under public retirement systems became eligible for coverage at the option of the State governments. Coverage was also made available to some 750,000 employees of nonprofit organizations under a provision permitting nonprofit organizations to elect coverage for employees who desire it, provided two-thirds of the employees vote for coverage; all employees hired after such an election are covered on a compulsory basis.

Approximately 700,000 workers, whose type of work is on the borderline between self-employment and wage employment (mostly full-time salesmen and agent-drivers) or on the borderline between farm and nonfarm employment (mostly employees in work connected with the preparation of fruits and vegetables for market) were covered under the provisions applicable to employees in industry and commerce.

The amendments also extended coverage to persons working in covered employment or self-employment in Puerto Rico and the Virgin Islands and to American citizens employed by American employers outside the United States. The half million persons covered by these provisions are not included in the total, given earlier, of 8.7 million for the United States.

## **RAILROAD RETIREMENT ACT AMENDMENTS OF 1951**

In 1951 the railroad retirement law was amended to provide for close coordination between the railroad retirement program and the old-age and survivors insurance program. The amendments established what is, in effect, joint coverage under the two programs for the 1.5 million workers employed by railroads at that time. (Legislation enacted in 1946 had established a limited degree of coordination between the two programs, mainly for the purpose of survivor benefits.)

## **AMENDMENTS OF 1954**

The 1954 amendments, another major advance in the growth of the program, extended coverage to almost 7½ million persons employed in jobs

previously outside the program. About 2½ million were self-employed farm operators. Their coverage was generally on the same basis as that of the nonfarm self-employed but with an additional optional reporting provision developed mainly for the use of the low-income farmer who might have no income-tax liability.<sup>5</sup>

State and local government coverage was greatly expanded by a provision making coverage available to the 3.4 million State and local employees (other than policemen and firemen) already covered by a public retirement system. Coverage was made dependent on (1) the option of the State government and (2) the election by a majority of the group of employees concerned. All new employees of the group hired after such an election must be covered on a compulsory basis.

An additional 850,000 farm workers and 150,000 domestic workers were added to the program by provisions that liberalized the coverage requirements for these workers.<sup>6</sup> About 150,000 Federal employees not under retirement systems (chiefly certain employees of the Post Office Department and the Bureau of the Census who were not among the Federal employees covered by the 1950 amendments) were brought under the program.

The 1954 amendments made the protection of old-age, survivors, and disability insurance available also to about 200,000 ministers and Christian Science practitioners. Under the new provision, members of this group can elect coverage, within certain time limits, on an individual basis. A minister who elects coverage reports his earnings and pays his contribution as a self-employed person.

About 100,000 employees, mainly certain fishermen, homeworkers, and "casual workers" (persons doing work not in the ordinary course of

---

<sup>5</sup> Under the 1954 optional reporting provisions, a farmer with an annual gross farm income of at least \$800 and not more than \$1,800 could report either his actual net earnings (if they were \$400 or more) or one-half his gross farm income. If in the year his gross farm income was more than \$1,800 and his net earnings less than \$900, he could report his actual net earnings (if \$400 or more) or presumed net earnings of \$900.

<sup>6</sup> A farm employee was covered if he was paid \$100 or more in cash wages by one employer in a calendar year. A domestic worker was covered if he was paid \$50 or more in cash wages by one employer in a calendar quarter.

their employer's business) were brought into the program under provisions removing certain requirements for coverage in these types of work. About 100,000 self-employed professional people (accountants, funeral directors, architects, and engineers), who were previously specifically excluded by law, were also added to the program.

## 1956 LEGISLATION

With the successive extensions of coverage from 1939 through 1954, the old-age, survivors, and disability insurance program covered about 85 percent of the Nation's jobs at the beginning of 1955. Certain types of work, however, were still excluded, and Congress further extended coverage in the years 1956-60. In 1956, two laws affecting coverage were passed.

### Social Security Amendments of 1956

The 1956 amendments to the Social Security Act extended coverage to an additional 500,000 workers employed at that time. Coverage was provided for farm landlords who materially participate in the production of agricultural commodities on land rented to other persons. Additional farm operators were covered by a revision in the optional reporting provision of 1954.<sup>7</sup> Coverage under these two provisions totaled about 250,000 in 1956.

The 1956 amendments also extended coverage to about 200,000 more self-employed professional people (chiropractors, dentists, lawyers, naturopaths, optometrists, osteopaths, and veterinarians). In addition, coverage was made available to two small groups of government employees—about 20,000 policemen and firemen under State and local government retirement systems in several States specified in the law and about 10,000 members of the Federal Tennessee Valley Authority retirement system. The amend-

<sup>7</sup> Under the revised option, a farmer with annual gross farm income of at least \$600 and not more than \$1,800 can report either his actual net earnings (if they are \$400 or more) or two-thirds of his gross farm income. If his gross farm income is more than \$1,800 and his net earnings less than \$1,200 he can report his actual net earnings (if \$400 or more) or presumed net earnings of \$1,200.

ments also changed the coverage requirements for farm employees,<sup>8</sup> but it is estimated that the changes offset one another and that the total number of farm workers covered under the 1956 amendments was roughly equal to the number covered under the 1954 amendments.

### Servicemen's and Veterans' Survivor Benefits Act

The Social Security Act was also amended by the Servicemen's and Veterans' Survivor Benefits Act of 1956. Under this law, coverage was

TABLE 2.—Number of persons added to OASDI coverage by major social security legislation and total number in covered employment, June 1960

[In thousands]

Coverage group	Number added to coverage by legislation in—					Total number in covered employment, June 1960
	1935 and 1939	1950 and 1951	1954	1956	1957-59	
Total number.....	25,500	10,200	7,450	3,300	100	3 62,400
Wage and salary workers.....	25,500	5,750	4,650	2,850	100	55,000
Industry and commerce.....	25,500	700	100	—	—	41,450
Farm.....	—	650	850	—	15	1,650
Railroad.....	—	1,500	—	—	—	950
Nonprofit organizations.....	—	750	—	—	—	1,600
Domestic service.....	—	950	150	—	—	1,450
Federal civilian.....	—	600	150	—	10	150
Armed Forces.....	—	—	—	2,800	—	2,500
State and local governments.....	—	600	3,400	20	90	3 5,200
Self-employed workers.....	—	4,450	2,800	450	—	7,400
Farm operators.....	—	—	2,500	250	—	2,070
Nonfarm.....	—	4,450	100	200	—	5,150
Ministers.....	—	—	200	—	—	3 200

<sup>1</sup> About 8.7 million persons were added by amendments to Social Security Act and 1.5 million by amendments to Railroad Retirement Act.

<sup>2</sup> About 500,000 persons were added by amendments to Social Security Act and 2.8 million by Servicemen's and Veterans' Survivor Benefits Act.

<sup>3</sup> Includes persons for whom coverage was authorized by law (generally on a group optional basis) but not arranged. In June 1960, coverage was in effect for 1.5 million employees of nonprofit organizations, 3.3 million employees of State and local governments, and 140,000 ministers.

Source: See table 1.

extended on a contributory basis to members of the Armed Forces—about 2.8 million persons at that time. (The 1950 amendments and subsequent legislation had provided gratuitous wage credits for members of the Armed Forces retroactive to September 1940, and legislation enacted in 1946

<sup>8</sup> A farm employee is covered if he (1) is paid cash wages of \$150 or more by one employer in a calendar year or (2) works for 20 days a year for one employer for cash wages figured on a hourly, daily, or weekly basis. These amendments also provided that, in certain cases, the "crew leader" rather than the farmer is considered the employer of farm labor.

TABLE 3.—Persons in paid employment, by OASDI coverage status, selected periods after enactment of major social security legislation

[Numbers in millions]

Period	Persons in paid employment				Number added to coverage by legislation
	Total	Covered <sup>1</sup>		Not covered	
		Number	Per cent		
June 1940 (after 1935 Act and 1939 legislation).....	47.0	25.5	54	21.4	25.5
June 1951 (after 1950 and 1951 legislation).....	62.7	46.3	74	16.4	10.2
June 1955 (after 1954 legislation).....	64.6	54.9	85	9.7	7.4
June 1957 (after 1956 legislation).....	66.7	60.1	90	6.6	3.3
June 1960 (after 1957-59 legislation) <sup>2</sup>	68.8	62.4	91	6.4	.1
December 1960 (after 1960 legislation) <sup>3, 4</sup> .....	67.1	61.0	91	6.1	-----

<sup>1</sup> Includes persons for whom coverage was authorized by law (generally on a group optional basis) but not arranged. Coverage actually in effect in June 1951 was 46.0 million (73 percent of all paid employment); June 1955, 52.0 million (80 percent); June 1957, 57.7 million (86 percent); June 1960, 60.1 million (87 percent); and December 1960, 58.4 million (87 percent).

<sup>2</sup> Excluding coverage under Railroad Retirement Act, 8.7 million persons were added to coverage; in June 1951, 44.8 million workers out of 62.7 million (71 percent of all paid employment) were covered.

<sup>3</sup> Includes Alaska and Hawaii.

<sup>4</sup> Coverage figures include about 35,000 workers added by the 1960 amendments, effective Jan. 1, 1961.

Source: See table 1.

had provided survivor protection for certain deceased veterans.)

### 1957-59 LEGISLATION

Most of the workers brought into the program by amendments enacted in 1957, 1958, and 1959 were policemen and firemen already covered by State or local retirement systems in States specifically named in these laws. In 1957, coverage was made available to 50,000 such policemen and firemen in six States; in 1958, to 5,000 policemen and firemen in one State; and in 1959, to 35,000 more in four States.

Legislation passed in 1958 extended coverage to about 15,000 agricultural employees in the turpentine industry. These workers had previously been excluded by law from the provision applying to the coverage of hired farm workers.

### 1960 AMENDMENTS

The Social Security Amendments of 1960 extended coverage, effective January 1961, to an estimated 35,000 additional workers.<sup>9</sup> Covered under this legislation were parents employed by

<sup>9</sup>This figure excludes persons added by the extension of coverage to workers in Guam and American Samoa.

their sons or daughters in a trade or business—roughly 25,000 in all. About 5,000 American citizens employed within the United States by foreign governments and their instrumentalities and certain international organizations (including the United Nations) were covered under the provisions applicable to self-employed persons. Policemen and firemen who are members of retirement systems in the State of Virginia, numbering about 3,000, became eligible for coverage under the State and local coverage provisions.

The 1960 amendments eliminated the requirement in the 1950 law that two-thirds of the employees of a nonprofit organization must concur for the organization to elect coverage for concurring employees.

The 1960 amendments also extended coverage to employees and self-employed persons in Guam and American Samoa. The 10,000 persons brought under the program by this provision are not included in the total, given earlier, of 35,000 for the United States.

### GROWTH IN COVERAGE OF THE LABOR FORCE

Table 1 presents summary data on the number of workers added to coverage under the various amendments, by coverage group. Table 2 shows a comparison of the number of workers brought into coverage by each of the amendments and the total number covered in June 1960. Because of changes in the number of persons working in various industries and occupations, some groups were smaller in June 1960 than at the time coverage was extended to them—railroad employees and farm operators, for example, and members of the Armed Forces—and other groups were larger.

Table 3 gives the total number of workers who were under old-age, survivors, and disability insurance after the enactment of major coverage legislation and the proportion they represented of all workers in paid employment. As shown in this table, coverage under the program has grown from somewhat more than half of paid employment under the original Social Security Act to about 90 percent under the present law. Certain groups, however, are not yet covered, and extension of coverage to them is the subject of continuing study.