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SOCIAL SECURITY COVERAGE

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Twenty-one years ago only about one worker in ten was covered by any retirement system, and only about one worker in twenty by a public retirement program. Today more than nine out of ten people who work for a living can look forward to retirement benefits under the Federal Old-Age and Survivors Insurance program. They can also count on benefits for their dependents. Furthermore, nine out of ten mothers and children are assured of monthly benefits in case of death of the family breadwinner.

Under the original Social Security law only people employed in commerce and industry could build up benefits. It was necessary to start with this limited coverage because it was a completely new program in this country. It was believed that it would be better to gain experience in this manner rather than try to immediately administer a program of universal coverage. This remained in effect during the first fourteen years of operation of the program. The 1950 amendment extended coverage to about ten million additional people effective with 1951.

The self-employed, exclusive of the professionally self-employed, composed the major group of those who first obtained protection in 1951. Farm workers and domestic employees, who met strict time and earnings tests comprised the next largest group. State and local government employees, not covered by a retirement system were allowed to have Social Security under certain conditions. Religious, charitable, and other organizations exempt from employment tax were permitted to secure coverage for those employees who desired it if at least two-thirds of the employees voted favorably. Federal government employees, not covered by a retirement program also obtained coverage for the first time.

While the amendments did much to extend coverage, there were still many millions of people who worked for a living and were thereby subject to the economic hazards of retirement and death who did not have this protection. In 1954, Congress again extended the program to another ten million people. Effective with taxable years ending after 1954, coverage was provided for self-employed farm operators, architects, funeral directors, professional engineers, and accountants. Clergymen were permitted coverage on an individual elective basis. Additional farm workers and domestic employees were brought under the system by elimination of any time requirement. State and local govern-

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ment employees covered by an existing retirement system could obtain Social Security as a result of a favorable referendum of such employees. While the 1954 amendments were being prepared, consideration was given by the Congress to extending coverage even further. Still excluded were self-employed lawyers, doctors, dentists, osteopaths, veterinarians, chiropractors, naturopaths, and optometrists. It was believed that further study was needed in these fields, so extensive hearings were held in both Houses in 1956 and further amendments were passed in August of this year. Coverage was extended to all self-employed members of the above enumerated professions except doctors of medicine. Credit will be earned for taxable years ending after 1955. Some farm owners whose income was excluded from Social Security because it was considered to be rental income may now obtain coverage if the agreement between the owner and tenant contemplates material participation of the land owner in production or management of production on the farm. There was another change for farm employees. They are covered if they earn at least \$150.00 in cash wages in a year or work for twenty days during a year for a farmer. It is estimated that these changes will bring about 900,000 more under Social Security. These amendments also effected servicemen. Since 1946, servicemen and veterans received free Social Security credit for active duty during any period after September 15, 1940 through December 31, 1956. Many non-career servicemen would have lost what Social Security credit that they had earned previously, or the benefit amount would have been reduced because of military service. After a number of years of study of military survivor benefits, the Servicemen's and Veterans' Survivor Benefit Act was passed in conjunction with these amendments. Beginning January 1, 1957, about three million members of the uniformed services will be covered on a contributory basis for active duty. Servicemen will pay the employee's contribution and the Federal government the employer's contribution on basic pay. This legislation was designed to provide the military with the liberal survivorship features of Social Security not found in other Federal retirement programs. This is in addition to the regular military pension system.

As a result of the 1950, 1954, and 1955 amendments more than 90 percent of the people who work are covered by Social Security. There are, however, certain statutory exceptions to Social Security coverage. A child, under age 21, working for a parent; a spouse employed by a spouse; and a parent working for a child are excluded from coverage. These family exceptions were provided because of the obvious improbability of being able to establish a legal employment relationship based on the master-servant concept of common law control. Also excluded are newsboys under age 18.

Just as there are statutory exceptions to coverage, there are some positions in which the worker is deemed to be a covered employee. An agent or commission driver distributing meat, vegetables, fruit, or bakery products, beverages (other than milk) or laundry or dry cleaning services comes under the provision. A full time life insurance salesman serving principally one life insurance company is also covered. Full time traveling or city salesmen selling principally for one firm to wholesalers, retailers, contractors, or operators of hotels, restaurants or similar establishments comprise the third group. Finally, industrial homeworkers working according to the employers' specifications on the employers' goods or materials are covered if the worker's pay is at least \$50.00 per calendar quarter. These four positions often include some elements of both self-employment and of control by the principal. In the great majority of these cases, it was finally determined that sufficient control existed to create an employment relationship. To avoid continuing expensive development in each and every case, therefore, this statute of deemed coverage was enacted.

Outside of the statutory provisions regarding exclusions and coverage, the common law control test is used to determine whether or not a person is an employee. As mentioned previously, employees in commerce and industry have been covered the longest and the determination as to who is an employee is usually a simple matter. However, there are some problem areas. The concept of employment relationship is not always clear, for example in the case of commission salesmen. Since the extension of coverage to the self-employed this problem is not as serious as it was prior to 1951 when coverage or exclusion was determined by the employment relationship. The question still requires development in some cases. An individual, for example, may be covered as an employee but excluded if self-employed. There are a number of technical reasons as well, such as determining whether the tax liability rests with the individual as self-employed or on the alleged employer.

Some effect of the amendments extending coverage may be noted by the increased number of Social Security beneficiaries. Less than four million people were receiving benefits in 1950. Now there are well over eight million. As to the future, it is predicted that by 1975, there will be more than sixteen and a half million people receiving monthly benefits.