

grams among family groups. Families are classified into groups according to relative economic status and age of family head. In other words, estimates are presented of the distributions of gross and net increases and decreases in currently spendable income resulting from the operation of the various old-age income programs.

It is recognized that the programs dealt with here differ in a number of significant ways. Despite their differences some of these programs often are considered as possible alternatives for others in this group. For example, alternative mixes of social security and old-age assistance benefit increases are being considered as means of reducing poverty among the aged. Increases in social security benefits and income tax concessions for the aged likewise can be considered as alternative ways of increasing the incomes of retired workers. In order to provide bases for choices among alternatives, it is useful to analyze these programs consistently from each of the relevant viewpoints. In this paper I have tried to analyze the current redistribution effects of these various programs in a consistent manner; analysis of the other important aspects of these programs is beyond its scope.

It should be emphasized that the distributional estimates presented here are just that, estimates. They are subject to a number of conceptual and data limitations. For example, economists' knowledge concerning the incidence of some taxes is quite sparse. Moreover, the survey data used in this study contain sizable response and sampling errors. In view of the conceptual and data problems that have not yet been resolved, this paper should be considered an interim report. We at the Social Security Administration have underway several research projects that should result in considerably improved current redistribution estimates. It is hoped, however, that this paper will stimulate others to make further contributions to solving some of these conceptual and data problems. No policy recommendations are offered in this report. Its primary purpose is to present an analysis that should prove helpful in evaluating certain aspects of the equity or fairness of various old-age income programs.

In these tabulations the measure of relative economic status used is the welfare ratio. The welfare ratio of a family is the ratio of its before tax-before transfer income (numerator) to its basic income needs (denominator). The numerator of this ratio is before tax-before public transfer income as reported in the Bureau of Labor Statistics Survey of Consumer Expenditures. Before tax-before public transfer income is BLS before-tax money income minus income from public-transfer programs. The denominator of this ratio is the Social Security Administration's low-cost level income. These low-cost level cutoffs vary (and by sizable amounts) with family size and composition (which are assumed to reflect family income needs). These cutoffs are similar in nature to SSA's poverty or economy-level income cutoffs, but are about 30 percent higher than the poverty cutoffs.

Welfare ratios are used in this paper as ordinal measures of economic status. No allowance was made for the possibility that at higher levels of welfare the relative income requirements of the various family types might differ significantly from those at lower levels of welfare. The average size of aged families (those with heads aged 65 or over) is 1.8 persons; the average size of nonaged families (those with heads under 65) is 3.4 persons. Among aged and nonaged families