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COMMITTEE ON FINANCE
UNITED STATES SENATE

Walter F. George, *Chairman*

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JANUARY 12, 1950

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**THE MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW,
THE RECOMMENDATIONS OF THE ADVISORY COUNCIL, AND
H. R. 6000¹**

Relating to

**Old-Age and Survivors Insurance
Permanent and Total Disability Insurance, and
Public Assistance and Child Welfare Services**

¹ The Advisory Council on Social Security to the Senate Committee on Finance was appointed under authority of S. Res. 141, 80th Cong., 1st sess. The Council's recommendations are stated in S. Doc. No. 208, 80th Cong., 2d sess. H. R. 6000 was passed by the House of Representatives October 5, 1949, and is now pending in the Senate Committee on Finance. The Committee on Ways and Means report on the bill is H. Rept. No. 1300, 81st Cong., 1st sess.

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The major differences in the present social-security law, the recommendations of the Advisory Council, and H. R. 6000

OLD-AGE AND SURVIVORS INSURANCE

Item	Present law	Recommendations of Advisory Council	H. R. 6000
I. COVERAGE			
A. Self-employed:			
1. Nonfarm self-employed.	Not covered.....	Cover, if self-employment yields annual gross income of at least \$500, and a net income of at least \$200 (Council report, pp. 15-16).	Covered, if self-employment yields annual net income of at least \$400, except for services performed by an individual as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, optometrist, Christian Science practitioner, publisher, and aeronautical, chemical, civil, electrical, mechanical, metallurgical or mining engineer (Ways and Means report, pp. 9-10, 91, 135-143).
2. Farmers.....	do.....	Cover in same manner as nonfarm self-employed (Council report, pp. 15-16).	Not covered. (For definition of farm, see B-1 below.) (Ways and Means report, p. 9.)
B. Agricultural workers..	Not covered. Certain borderline agricultural services also excluded, even though not performed on a farm, as follows: (1) Services in connection with the production or harvesting of maple sirup or maple sugar; (2) services in connection with raising or harvesting of mushrooms, hatching of poultry, ginning of cotton; or irrigation; (3) postharvesting services (packing, processing, etc., of any agricultural or horticultural commodity) performed for farmers or farmers' cooperatives and for commercial handlers of fruits and vegetables (but not commercial canning or commercial freezing or in connection with a commodity after delivery to terminal market for distribution for consumption); and	Full coverage (Council report, p. 17).	General agricultural labor not covered, but some of the borderline agricultural services excluded under present law are covered, as follows: (1) Services performed on or off the farm in connection with the processing of maple sap into maple sirup or maple sugar (but not the gathering of maple sap on a farm); (2) services performed off the farm in connection with the raising or harvesting of mushrooms, hatching of poultry; or irrigation (but not ginning of cotton); (3) postharvesting services performed for farmers' cooperatives or for commercial handlers of fruits and vegetables (but not for a farmer or for an informal group of farmers).

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
I. COVERAGE—continued			
B. Agricultural workers—Continued	(4) services in connection with the production of crude gum from a living tree or the processing of such crude gum into gum spirits of turpentine and gum rosin if processing is carried on by the original producer.	-----	No change in item (4) under present law (Ways and Means report, pp. 13, 77-79, 132-134).
1. Definition of farm.	The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.	-----	Same as under present law (Ways and Means report, pp. 79, 134).
C. Domestic workers.....	Not covered if services are performed in a private home, local college club or local chapter of a college fraternity or sorority.	Full coverage (Council report, pp. 17-18).	Services in private home (but not on a farm operated for profit) are covered if the worker is employed 26 days or more in a calendar quarter by 1 employer and is paid cash wages of at least \$25 for the services rendered in the quarter. Services in local college club or local chapter of a college fraternity or sorority performed by nonstudent worker are covered if remuneration is at least \$100 in a calendar quarter (Ways and Means report, pp. 11-12, 72, 76, 127, 131).
D. Employees of non-profit organizations.	In general, not covered. The services excluded are those performed by— (1) employees of non-profit organizations organized and operated exclusively for religious, charitable, scientific, literary, educational, or humane purposes, if the organization does not engage substantially in propaganda or other activities designed to influence legislation; (2) employees of organizations exempt from income tax under sec. 101 of the Internal Revenue Code if the employee (a) receives \$45 or less in a calendar	Cover services excluded under present law, except services performed by clergymen and members of religious orders. Levy tax on employer and on employee but "Congress should indicate its intent that taxation of nonprofit organizations for old-age and survivors insurance in no way implies a departure from the principle of promoting the function of these organizations through tax exemption, and that a major reason for extending protection to this area of employment is to assist these institutions in fulfilling their purpose"	All services excluded under present law are covered except services performed by— (1) ministers and members of religious orders; (2) employees of organizations exempt from Federal income tax under sec. 101 of the Internal Revenue Code if the remuneration for service rendered in a calendar quarter is less than \$100; (3) students employed by a school, college, or university whether or not exempt from income tax, if the student is regularly attending classes at such institution; and (4) student nurses and interns (same as under present law).

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
<p>1. COVERAGE—continued</p> <p>D. Employees of non-profit organizations—Continued</p>	<p>quarter for such services, or (b) is employed by a fraternal beneficiary society, order, or association, and is either employed collecting dues or premiums away from the home office, or is performing ritualistic service, or (c) is a student who is regularly attending classes at a school, college, or university;</p> <p>(3) employees of agricultural or horticultural organizations exempt from income tax under sec. 101 (1) of the Internal Revenue Code;</p> <p>(4) employees of non-profit voluntary employees' beneficiary associations providing benefits for members if 85 percent or more of the income of the association consists of amounts collected from members for the purpose of paying such benefits and meeting expenses, or membership is limited to officers and employees of the United States;</p> <p>(5) employees of a school, college, or university which is not exempt from Federal income tax if the employee is a regular student at such institution and receives less than \$45 in a calendar quarter;</p> <p>(6) student nurses employed by a hospital or a nurses' training school if the student nurse is regularly attending classes in an approved nurses' training school; and</p> <p>(7) Interns employed by a hospital if the intern has completed a 4 years' course in an approved medical school.</p>	<p>(Council report, pp. 18-20; for minority views, p. 68).</p>	<p>Contributions by employees are compulsory; contributions by employer are voluntary. If the employer does not elect to pay the employer's contribution by waiving his tax exemption, only $\frac{1}{2}$ of the employee's wages would be credited toward benefits (Ways and Means report pp. 12-13, 75-76, 117-118, 180-181).</p>

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
<p>I. COVERAGE—continued</p> <p>E. Federal civilian employees.</p>	<p>Services are not covered if performed—</p> <p>(1) in the employ of the United States; or</p> <p>(2) for an instrumentality of the United States which is either wholly owned by the United States or exempt from the employer's tax for old-age and survivors insurance imposed by sec. 1410 of the Internal Revenue code by virtue of any other provision of law.</p>	<p>Immediately cover all employees of Federal Government and its instrumentalities (except foreign nationals) who are not covered by an existing retirement system, and the wage credits of employees who die or leave Federal employment with less than 5 years of service should be transferred to old-age and survivors insurance.</p> <p>Congress should direct the Social Security Administration and the agencies administering the various Federal retirement programs to develop a permanent plan for extending old-age and survivors insurance to all Federal civilian employees (except foreign nationals) whereby the civil service and other special retirement systems would become supplementary to old-age and survivors insurance and provide combined benefits at least equal to those now payable under special retirement systems. (Council report, pp. 20-23).</p>	<p>Coverage extended to about 100,000 employees. In general, the services covered are those performed for the United States or for instrumentalities wholly or partly owned by the United States (unless excluded from the employer tax for old-age and survivors insurance under provisions of law which refer specifically to sec. 1410 of the Internal Revenue code) but only if—</p> <p>(1) the service is not covered under a retirement system established by Federal law, or</p> <p>(2) the service is not of the character described in any of the 13 special classes of excepted services. (These special classes are enumerated on pp. 128 and 129 of the Ways and Means report and pp. 37-39 of the bill.) (Ways and Means report, pp. 13, 73-74, 118-120, 128-129.)</p>
<p>F. Employees of State and local governments.</p>	<p>Not covered.....</p>	<p>Compulsory coverage of employees of State and local governments engaged in proprietary functions (State liquor stores, publicly owned utilities, etc.).</p> <p>Voluntary coverage of other State and local employees (including those under existing retirement systems) by Federal-State agreements. (Council report, pp. 25-27.)</p>	<p>Compulsory coverage of certain employees of publicly owned transit companies as follows:</p> <p>(1) if a transit company was acquired by a governmental unit after 1936 but before 1950, individuals working for the company on the date it was taken over would be covered beginning in 1950, unless the employing governmental unit elects against such coverage; and</p> <p>(2) if a transit company is acquired after 1949, individuals working for the company on the date it is taken over would continue to be covered by old-age and survivors insurance.</p> <p>Voluntary coverage of other State and local governmental employees by Federal-State agreements except that such agreements cannot include—</p> <p>(1) employees on work relief projects;</p>

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
I. COVERAGE—continued F. Employees of State and local governments—Continued			<p>(2) patients and inmates of institutions who are employed by such institutions; and</p> <p>(3) employees covered by an existing retirement system unless such employees and beneficiaries of the existing system elect to be covered by old-age and survivors insurance by a two-thirds majority of those participating in a written referendum (Ways and Means report, pp. 10-11, 74-75, 100-104, 129-130).</p>
G. Employees outside the United States.	<p>Not covered, except for employment on or in connection with an American vessel under a contract of service entered into within the United States or employment on and in connection with an American vessel that touches at a port in the United States.</p>	<p>No specific recommendation, but attention called to the lack of coverage for American citizens employed outside the United States by American firms (Council report, p. 5).</p>	<p>Services performed outside the United States by citizens of the United States for an American employer are covered, and the provision under present law relating to American vessels made applicable to American aircraft (Ways and Means report, pp. 13, 71, 77, 126-127, 132, 135).</p>
H. Railroad employees....	<p>Not covered. Survivorship protection for railroad workers is based on combined earnings in railroad and old-age and survivors insurance employment under eligibility and benefit provisions closely resembling those of old-age and survivors insurance.</p>	<p>No recommendation for immediate coverage, but the Congress should direct the Social Security Administration and the Railroad Retirement Board to undertake a study to determine the most practicable method of making railroad retirement supplementary to old-age and survivors insurance. Combined protection of both systems should at least equal that provided under the Railroad Retirement Act (Council report, pp. 23-24).</p>	<p>Not covered. Present survivorship provisions unchanged.</p>
I. Members of the armed forces.	<p>Not covered. (Special temporary survivorship protection for veterans of World War II, see item VI below.)</p>	<p>Cover, including members of the armed forces stationed outside the United States. Service retirement systems should be adjusted so that combined protection is at least equal that afforded servicemen at present. (Council report, pp. 24-25).</p>	<p>Not covered. (Wage credits granted for service in World War II, see item VI below.)</p>
J. Casual labor.....	<p>Casual labor not in the course the employer's trade or business is excluded from coverage.</p>	<p>No recommendation.....</p>	<p>Casual labor not in the course of the employer's trade or business is covered if the worker is employed 26 days or more in a calendar quarter by 1 employer and is paid cash wages of at least \$25 for the services rendered in the quarter (Ways and Means report, pp. 12, 72, 127).</p>

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
I. COVERAGE—continued			
K. Employment in Puerto Rico and the Virgin Islands.	Not covered.....	No recommendation for immediate coverage, but a commission should be established to determine the kind of social-security protection appropriate to Puerto Rico, Virgin Islands, Guam, and other possessions of the United States (Council report, p. 28).	Employment and self-employment in Virgin Islands covered, and also in Puerto Rico if requested by the legislature (Ways and Means report, pp. 13-14, 80, 110, 131, 145).
L. Tips and gratuities.....	Not included as wages.....	Include as wages all tips and gratuities customarily received by an employee from a customer of an employer either as reported by the employee or as estimated by the employer (Council report, pp. 28-29).	Includes cash tips and other cash remuneration customarily received by an employee in the course of his employment but only in the amount the employee reports in writing to his employer (Ways and Means report, pp. 70, 124).
M. Definition of employee.	<p>The term includes an officer of a corporation but does not include—</p> <p>(1) any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an independent contractor; or</p> <p>(2) any individual (except an officer of a corporation) who is not an employee under such common-law rules.</p>	No recommendation.	<p>The term includes—</p> <p>(1) officers of corporations;</p> <p>(2) individuals who are employees under the usual common-law rules, and individuals performing services under a contract expressly reciting that the person for whom the service is performed shall have complete control over the performance of the service and that the individual in the performance of the service (either alone or as a member of the group) is an employee;</p> <p>(3) individuals in the following occupational groups who perform services under <i>prescribed circumstances</i>:</p> <p>(a) outside salesmen in manufacturing or wholesale trade,</p> <p>(b) full-time life-insurance salesmen,</p> <p>(c) driver-lessees of taxicabs,</p> <p>(d) homeworkers,</p> <p>(e) contract loggers,</p> <p>(f) mining lessees,</p> <p>(g) house-to-house salesmen;</p> <p>or</p> <p>(4) individuals who are determined to have the status of employees under the combined effect of the following 7 factors:</p> <p>(a) control over the individual,</p> <p>(b) permanency of the relationship,</p>

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
II. INSURED STATUS—CON.			
C. Effect of periods of disability.	No provision.....	Quarters included in a period of disability under the permanent and total disability program recommended by the Council are excluded from the count of quarters in the elapsed periods used for determining currently insured status in B above (Council report, p. 79).	Quarters included in a period of disability under the permanent and total disability program provided for in the bill are excluded from the count of quarters in the elapsed periods used for determining insured status in A and B above (Ways and Means report, pp. 31, 93-94).
D. Quarter of coverage defined.	Wages of \$60 or more during a calendar quarter.	Same as present law.....	After 1949, \$100 in wages or \$200 in self-employment income; for prior years, same as present law (Ways and Means report, pp. 26, 92).
III. BENEFIT CATEGORIES			
A. Retired worker.....	Age 65.....	Age 65 for men, 60 for women (Council report, p. 44).	Age 65 (Ways and Means report, pp. 23-24).
B. Wife of retired worker.	Age 65.....	Age 60.....	Age 65, or regardless of age if she has in her care a child entitled to benefits on the basis of her husband's wage record (Ways and Means report, p. 56).
C. Widow of worker.....	Age 65, or regardless of age if she has in her care a child entitled to benefits on the basis of her husband's wage record. (Adopted child not entitled to benefits unless adoption has been in effect for at least 12 calendar months before the month in which worker died.)	Reduce age 65 requirement of present law to age 60.	Same as under present law, except (1) payments are provided for divorced wife of deceased insured worker if she has been receiving at least half her support from the worker and has in her care a child entitled to benefits on the basis of the worker's wage record, and (2) payments are provided for widow when adopted child is a survivor regardless of period of time the adoption has been in effect (Ways and Means report, pp. 22, 57, 98).
D. Child of deceased or retired worker.	Unmarried child under 18 years of age is entitled to benefits if he was dependent upon the individual on whose wage record benefits are claimed. The following restriction, in present law, on the finding of dependency of a child on the insured worker would be modified by H. R. 6000 and recommendations of the Advisory Council: a child is not dependent upon his mother if the father is present in the household or has contributed to the support of the child.	Benefits payable to children of any currently insured woman upon her death. Benefits also payable to children of any retired woman who was currently insured upon becoming eligible for primary insurance benefits. (In case both husband and wife have the required insured status, the child receives only the benefit amount based on the larger of the two wage records.) (Council report, p. 38.)	The restrictions on finding of dependency of a child on the insured worker cited under present law are modified as follows: (1) child benefits are payable on the mother's (including adoptive) wage record if she was fully and currently insured when she died regardless of presence of or support furnished by the father, and child benefits are also payable on the mother's (including adoptive and stepmother) wage record when the mother dies or receives old-age benefits if she has been furnishing at least ¼ of child's support or if she has been living with or contributing to the

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
III. BENEFIT CATEGORIES—continued			
D. Child of deceased or retired worker—Con.	<p>The following restriction would be modified by H. R. 6000 only: a child is deemed dependent upon a stepfather only if no parent other than the stepparent was contributing to the support of the child and the child was not living with its father.</p> <p>Adopted child of a deceased worker does not qualify for benefits unless adoption has been in effect for at least 12 calendar months before the month in which the worker died.</p>		<p>child's support and the child has not been living with or receiving support from the father; and</p> <p>(2) a child is deemed dependent upon his stepfather if the child was living with or receiving at least $\frac{1}{2}$ of his support from the stepfather (Ways and Means report, pp. 22, 57).</p> <p>Adopted child of a deceased worker qualifies for benefits without regard to length of time elapsing after the adoption (Ways and Means report, p. 98).</p>
E. Dependent parent of deceased worker.	Age 65.....	Reduce age 65 to age 60 for dependent mother of deceased worker (Council report, p. 44).	Age 65.
F. Dependent husband of deceased or retired woman worker.	Not eligible for benefits.....	Benefits payable to aged dependent husband of a woman worker who was currently and fully insured at the time of her death or when she became eligible for old-age benefits. (Council report, p. 38).	Not eligible for benefits.
G. Lump-sum death payment to widow or widower or person paying funeral expenses.	Payable only when no survivor of currently or fully insured deceased worker is immediately eligible for monthly benefits.	Payable at the death of every insured worker (Council report, p. 45).	Payable at the death of every insured worker (Ways and Means report, pp. 22-23, 58).
IV. BENEFIT AMOUNTS			
A. Average monthly wage.	Computed by dividing the total taxable wages paid to the worker by the total number of months elapsing after 1936 (excluding months in any quarter before the one in which the worker reached age 22 unless he received wages of at least \$50 in such quarter) up to the quarter he attained age 65 or died. Wages earned after age 65 are included only if the result is to increase the average monthly wage.	Compute as under present law except that any worker who has wage credits of \$50 or more in each of 6 or more quarters after 1948 would have his average wage based either on the wages and elapsed time counted as under present law or on the wages and elapsed time after 1948, whichever gives the higher result (Council report, pp. 33-34).	Based on taxable wages (including self-employment income) after 1936, 1949, or the year in which the worker attained age 21, whichever produces the higher amount. Computed by dividing the total taxable wages during the years of coverage by 12 times the number of such years or by the number 60, whichever is greater. <p>For a year of coverage, earnings from covered employment of at least \$200 a year are required for the period 1937-49, and \$400 for 1950 and thereafter (Ways and Means report, pp. 17-18, 95-96).</p>

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
<p>IV. BENEFIT AMOUNTS— continued</p> <p>B. Worker's primary benefit amount.</p>	<p>Monthly amount is 40 percent of the first \$50 of the average monthly wage plus 10 percent of the next \$200, plus 1 percent of the sum thus obtained for each year of coverage.</p>	<p>Monthly amount is 50 percent of the first \$75 of the average monthly wage plus 15 percent of the next \$275 (Council report, pp. 34-37; for minority views, pp. 64-66).</p>	<p>Benefit amounts being received by present beneficiaries are increased by means of a conversion table. (See table p. 115, Ways and Means report.)</p> <p>For individuals retiring after 1949, monthly amount is 50 percent of the first \$100 of the average monthly wage plus 10 percent of the next \$200, plus $\frac{1}{4}$ percent of the sum thus obtained for each year of coverage.</p> <p>For the worker who attains the age of 65 or dies after 1953, the benefit amount is reduced by the percentage of time the worker is out of covered employment since 1936, 1949, or the year worker attained age 21, whichever results in smaller reduction (Ways and Means report, pp. 18-20, 94-95).</p> <p>Example of reduction in benefit: Assume worker retires with 20 years of coverage out of an elapsed period of 25 years and an average monthly wage of \$200 per month over the years of coverage. The base amount is \$60 (50 percent of first \$100, plus 10 percent of \$100). The continuation factor is 80 percent (20 years of coverage out of a possible 25 years). The product of the continuation factor and the base amount is \$48 (80 percent of \$60). To the \$48 is added the amount of the increment of $\frac{1}{4}$ percent of the base amount for each year of coverage, in this instance 10 percent of \$60 ($\frac{1}{4}$ percent for each 20 years of coverage). Thus, \$6 is added to \$48, providing a monthly benefit of \$54. If this worker had the full 25 years of coverage with no change in his average monthly wage, his base amount would be \$60, his increment amount \$7.50 (12$\frac{1}{2}$ percent of \$60), and there would be no reduction on account of the continuation factor, making a monthly benefit payment of \$67.50.</p>
<p>C. Minimum primary benefit.</p>	<p>\$10.....</p>	<p>\$20 (Council report, pp. 41-42)</p>	<p>\$25 (Ways and Means report, pp. 16, 94).</p>

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
IV. BENEFIT AMOUNTS— continued			
D. Maximum family benefit.	\$85, or 80 percent of average monthly wage, or twice the primary benefit amount, whichever is less. Except that the limitation does not operate to reduce family benefits below \$20.	80 percent of the average monthly wage, or 3 times the primary benefit amount, whichever is less, except that the limitation does not operate to reduce family benefits below \$40 (Council report, pp. 39-41).	\$150, or 80 percent of the average monthly wage, whichever is less, except that limitation does not operate to reduce family benefits below \$40 (Ways and Means report, pp. 21, 60).
E. Dependents and survivors benefits (as related to primary benefit)			
1. Wife of retired worker.	50 percent.....	50 percent.....	50 percent.
2. Widow.....	75 percent.....	75 percent.....	75 percent.
3. Child of retired or deceased worker.	50 percent.....	50 percent, except for deceased worker's family, 75 percent for first child.	50 percent, except for deceased worker's family, 75 percent for first child.
4. Parent of deceased worker.	50 percent.....	75 percent.....	75 percent.
5. Lump-sum death payment.	6 times.....	4 times (Council report, pp. 37, 45).	3 times (Ways and Means report pp. 20, 22-23, 56-58).
V. EMPLOYMENT INCOME LIMITATION FOR BENEFICIARIES (WORK CLAUSE)			
A. Earnings permitted...	Monthly benefit forfeited if earnings in covered employment exceed \$14.99.	No limitation for individuals aged 70 and over. At lower ages, the benefit to which an individual is entitled for any month would be reduced by the amount in excess of \$35 which he earns in that month (Council report, pp. 42-44).	The \$14.99 limitation in present law is increased to \$50 and no limitation is imposed for individuals aged 75 years and over. Special provisions for earnings from self-employment so that benefits may be paid for all months in a taxable year if the net earnings from self-employment are \$600 or less for the year. If net earnings exceed \$600, the beneficiary would be deprived of a monthly benefit for each \$50 or fraction of \$50 of income in excess of \$600 (Ways and Means report, pp. 24-25, 61-67).

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
VI. BENEFITS FOR WORLD WAR II VETERANS			
A. Definition of veteran.	Served in the active military or naval service for 90 days or more between Sept. 16, 1940, and July 24, 1947 (or regardless of length of service if discharged for service connected disability), and discharged (other than dishonorably) prior to July 27, 1951.	(See B below)-----	Same as present law except that for wage credits granted for military-naval service (see B below) no limitation on date of discharge.
B. Wage credits for veterans.	A veteran who dies within 3 years of discharge is deemed to have been fully insured with average monthly wage of not less than \$160. No benefits payable under this provision if Veterans' Administration pays a pension or compensation by reason of death of the veteran.	Extend provision in present law temporarily so as to protect veterans during the period elapsing before the general recommendations of the Council become fully operative (Council report, p. 5).	Provision of present law relating to survivor benefits is retained and in addition veterans, including those who died in service, are granted wage credits of \$160 for each month of military or naval service in World War II. These additional wage credits are to be used in meeting the insured status requirements and for computing benefit amounts as if the veteran's military or naval service had been covered employment at wages of \$160 per month, except that wage credits are not granted for (1) lump-sum death payments if the veteran died prior to 1950, and (2) any individual who died in service if his death was inflicted as lawful punishment for a military or naval offense (Ways and Means report, pp. 15-16, 99-100).
C. Financing of benefits paid to veterans.	Additional costs for survivor benefits (as in B) met by appropriations from general revenues.	Same as present law (Council report, p. 5).	Cost of survivor benefits under present law and additional benefits resulting from the wage credits (as in B) met by appropriations from general revenues (Ways and Means report, pp. 16, 100).
VII. FINANCING			
A. Maximum taxable amount.	Wages of \$3,000-----	Wages and self-employment income of \$4,200 (Council report, pp. 81-83; for minority views, pp. 64-67).	Wages and self-employment income of \$3,600 (Ways and Means report, pp. 17, 67-70, 91, 120-126, 135-143).

OLD-AGE AND SURVIVORS INSURANCE—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
VII. FINANCING—CON.			
B. Tax rates.....	1 percent on employer and 1 percent on employee through 1949, 1½ percent for 1950-51, and 2 percent thereafter.	1½ percent on employer and 1½ percent on employee, and self-employed to pay 1½ times the employee rate. These to be imposed when benefits are liberalized with no further increase in rates until the current receipts of the trust fund, including interest, no longer equal current benefit payments plus administrative costs. At that time rate for employers and employees would rise to 2 percent. (Council report, pp. 45-47).	1½ percent on employer and 1½ percent on employee for 1950, 2 percent for 1951-59, 2½ percent for 1960-64, 3 percent for 1965-69, and 3½ percent thereafter, except—(1) for self-employed, 1½ times rates for employees; and (2) for nonprofit employment, no tax is imposed on employer, but employer may elect to pay employer's tax by waiving the tax exemption. If employer does not pay tax, employee receives credit for only 50 percent of his taxed wages (Ways and Means report, pp. 31-32, 117-120, 135).
C. Appropriations from general revenues.	The Congress is authorized to appropriate such sums from general revenues that may be required to finance the program.	Government contribution from general revenues should be considered when a 2-percent rate for employer and employee plus interest on the investments of the trust fund are insufficient to meet current costs. The program should be planned on the assumption that general taxation will eventually share more or less equally with employer and employee contribution in financing future benefit and administrative costs (Council rept., pp. 45-47).	Provision in present law is repealed (Ways and Means report, pp. 31, 114).
D. Refund of overpayments, etc.	Refund of taxes made from general revenues.	No recommendation.....	Refund of taxes made from trust fund (Ways and Means report, p. 114).

PERMANENT AND TOTAL DISABILITY INSURANCE ¹

Item	Recommendations of Advisory Council ²	H. R. 6000
I. Coverage-----	Same as old-age and survivors insurance-----	Same as old-age and survivors insurance.
II. Benefits-----	Benefit amount based on the same average wage and benefit formula as for retired worker (see Old-Age and Survivors Insurance, Item IV, A and B) but no benefit payments for dependents of worker. Benefits payable only to permanently and totally disabled worker (as in III below) who meets the insured status requirements (as in IV below) following a waiting period of 6 consecutive calendar months (Council report, pp. 74-76).	Benefit amounts based on the same average wage and benefit formula as for retired worker (see Old-Age and Survivors Insurance, Item IV, A and B) but no benefit payments for dependents of worker. Benefits payable only to permanently and totally disabled worker (as in III below) who meets the insured status requirements (as in IV below) following a waiting period of 6 consecutive calendar months. (Actually from 7 to 8 months would elapse between the date a worker became disabled and the date he received the first benefit payment because of the manner in which the bill is drafted.) (Ways and Means report, pp. 27-30, 94-96, 104-107.)
III. Definition of disability.	Inability to engage in any substantially gainful activity by reason of an impairment that is medically demonstrable by objective medical tests and which is likely to be of long-continued and indefinite duration (Council report, pp. 74-75.)	Inability to engage in any substantially gainful activity by reason of any medically demonstrable physical or mental impairment which is permanent. Also a medical finding of blindness (as defined in the bill) is sufficient proof that a claimant is permanently and totally disabled (Ways and Means report, pp. 29-30, 107).
IV. Insured status-----	To be eligible for benefits the worker must have— (1) a minimum of 40 quarters of coverage; (2) 1 quarter of coverage for every 2 calendar quarters elapsing after 1948 (or after attainment of age 21, if that was later) and prior to the first quarter of total disability; (3) 6 quarters of coverage within the 12 quarters preceding his disability; and (4) 2 quarters of coverage within the 4 quarters preceding his disability. (Council report, pp. 72-73).	To be eligible for benefits the worker must have— (1) 20 quarters of coverage within the 40-calendar quarter period ending with the quarter of disablement; and (2) 6 quarters of coverage within the 13-quarter period ending with the quarter of disablement. (An individual disabled before July 1948, and without quarters of coverage after that date, would not meet the insured status requirements and would not be eligible for benefits.) (Ways and Means report, pp. 28-29, 105.)
V. Employment income limitation for beneficiaries (work clause).	No recommendation-----	No benefit payable for any month in which the individual renders service for remuneration of more than \$50, or is credited with net earnings of a like amount from self-employment. Unlike the provision for old-age and survivors insurance, the income limitation applies to non-covered as well as covered employment and self-employment (Ways and Means report, pp. 30, 108-109).
VI. Examinations-----	Provide periodic and special medical examinations, but the frequency of the examinations should be adapted to the needs of the individual cases (Council report, p. 76).	Federal Security Administrator authorized to provide by regulations for such examinations as he deems necessary to determine or redetermine periodically an individual's entitlement to benefits (Ways and Means report, pp. 30, 105-106).

See footnotes at end of table, p. 16.

PERMANENT AND TOTAL DISABILITY INSURANCE—Continued

Item	Recommendations of Advisory Council ^a	H. R. 6000
VII. Rehabilitation services.	Furnish services through existing facilities with contributions toward the expense of the services to be made from the old-age, survivors, and disability trust fund, if it appears that the services will assist the beneficiary to return to gainful work (Council report, pp. 80-81).	No provision for financing rehabilitation services out of the trust fund. In appropriate cases, however, the Federal Security Administrator may direct the individual to accept services provided by a State plan approved under the Federal Vocational Rehabilitation Act, and may suspend or modify the income limitation (in V above) with respect to any individual receiving such services (Ways and Means report, pp. 106-108).
VIII. Disqualifications....	(1) Disallow claims if claimant refuses to submit to medical examination; (2) terminate benefits if beneficiary refuses to submit to re-examination; and (3) suspend benefits if beneficiary refuses rehabilitation services without reasonable cause (Council report, pp. 76-77, 81).	Benefits maybe denied, terminated, or suspended, if the claimant— (1) refuses to accept rehabilitation services (as indicated in VII above) without good cause; (2) refuses to submit to examination or re-examination; or (3) is outside the United States and no adequate arrangements have been made for determining or redetermining his disability. (See V above for employment income limitation (Ways and Means report, pp. 106, 108).)
IX. Adjustment of duplicate benefits:	Suspend disability insurance benefits for any period for which workmen's compensation cash benefits are payable under State or Federal programs.	If an individual is entitled to cash workmen's compensation and social-security disability insurance benefits on account of the same disability for the same period of time, his disability insurance benefit is reduced by $\frac{1}{2}$ of the workmen's compensation benefit or $\frac{1}{2}$ the disability insurance benefit, whichever is smaller (Ways and Means report, pp. 30, 106).
1. Workmen's compensation.		No provision.
2. Other Federal disability programs.	Disabled worker eligible for benefits under both the permanent and total disability insurance program and another Federal disability program (other than Federal workmen's compensation) should receive only the larger benefit. Congress should direct that a study be made by the various Federal agencies administering disability programs to draft a plan for cooperative administrative procedures, equitable financing of benefits, and other recommendations for effective coordination of disability payments under the various Federal programs (Council report, pp. 77-78).	
X. Retroactive determination of disability.	Limit to a period of 6 months before date of filing application (Council report, p. 73).	Up to a 2-year period permitted for a claimant who files an application prior to 1953. For a claimant filing an application after 1952, a 10-month period is permitted. Benefit payments, however, are paid retroactively for only 3 months (Ways and Means report, pp. 104-105).
XI. Effective date.....	First benefit payments should be made 1 year after the effective date for the extension of coverage under old-age and survivors insurance (Council report, p. 79).	First benefit payments authorized as of January 1951, 1 year after effective date provided in the bill for extension of coverage (Ways and Means report, pp. 28, 104-105).

See footnotes at end of table, p. 16.

PERMANENT AND TOTAL DISABILITY INSURANCE¹—Continued

Item	Recommendations of Advisory Council ²	H. R. 6000
XII. Integration with old-age and survivors insurance.	Permanent and total disability and old-age and survivors insurance should be administered as a single system. Provisions of the 2 programs should be integrated and the rights of disabled persons to retirement and survivorship protection should be maintained during periods of disability (Council report, pp. 78-79).	Provides for a single administrative system and maintenance of retirement and survivorship protection of disabled persons during periods of disability. (Periods of disability are not to be taken into account in determining insured status for subsequent old-age and survivors benefits and there would be no loss or reduction of these benefits because of years of disability which are not years of coverage.) (Ways and Means report, pp. 31, 93-96.)
XIII. Financing-----	Permanent and total disability insurance and old-age and survivors insurance should be financed as a single system. Estimated cost of disability insurance on level premium basis ranges from $\frac{1}{10}$ to $\frac{1}{4}$ percent of pay rolls. (For maximum taxable amount, tax rate, etc., see Old-Age and Survivors Insurance, Item VII.) (Council report, pp. 78, 83-84.)	Old-age and survivors insurance and permanent and total disability insurance financed as a single system. Estimated cost of disability insurance on level premium basis is $\frac{1}{2}$ percent of pay rolls. (For maximum taxable amount, tax rate, etc., see Old-Age and Survivors Insurance, Item VII.) (Ways and Means report, pp. 31-33.)

¹ Program not provided for by present law.

² 2 members of the Council opposed establishment of permanent and total disability insurance; see Advisory Council report, pp. 85-92.

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES

Item	Present law	Recommendations of Advisory Council	H. R. 6000
I. GROUPS ELIGIBLE FOR AID	Federal grants-in-aid to the States for 3 categories of assistance for needy persons— (1) old-age assistance, for individuals 65 years of age and over; (2) aid to the blind; and (3) aid to dependent children, for children under 16 years of age or from 16 to 18 years of age, if they are regularly attending school.	Provide Federal grants-in-aid to States for 4 categories of assistance for needy persons— (1) same as present law; (2) same as present law; (3) same as present law, and in addition include the adult relatives in the family—essential to the well-being of the children—as recipients for Federal matching purposes; and (4) general assistance, for needy persons not eligible for assistance under the existing programs (Council report, pp. 105-112; for minority views, p. 135 and footnote p. 108).	Provides Federal grants-in-aid to the States for 4 categories of assistance for needy persons— (1) same as present law; (2) same as present law; (3) same as present law, and in addition includes 1 adult in each aid-to-dependent-children family as a recipient for Federal matching purposes; and (4) aid to the permanently and totally disabled (Ways, and Means report, pp. 45-46, 53-54, 151, 153).

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
II. FEDERAL SHARE OF PUBLIC ASSISTANCE EXPENDITURES			
A. Old-age assistance and aid-to-the-blind payments.	Federal share is $\frac{1}{4}$ of first \$20 of a State's average monthly payment per recipient plus $\frac{1}{4}$ of the remainder within individual maximums of \$50.	Same as present law except for medical care (see III below) (Council report, p. 108).	Federal share is $\frac{1}{4}$ of the first \$25 of a State's average monthly payment per recipient, plus $\frac{1}{4}$ of the next \$10, plus $\frac{1}{4}$ of the remainder within individual maximums of \$50 (Ways and Means report, pp. 39-41, 49-50, 150-151).
B. Aid to dependent children payments.	Federal share is $\frac{1}{4}$ of the first \$12 of a State's average monthly payment per child, plus $\frac{1}{4}$ of the remainder within individual maximums of \$27 for the first child and \$18 for each additional child in a family.	Federal share should be $\frac{1}{4}$ of the first \$20 of a State's average monthly payment per recipient, plus $\frac{1}{4}$ of the remainder within individual maximums of \$50 for each of 2 eligible persons in a family and \$15 for each additional person beyond the second. Eligible persons include the children and adult relatives essential to the well-being of the children. (For medical care, see III below.) (Council report, pp. 105-106.)	Federal share is $\frac{1}{4}$ of the first \$15 of a State's average monthly payment per recipient, plus $\frac{1}{4}$ of the next \$6, plus $\frac{1}{4}$ of the next \$6 within individual maximums of \$27 for the relative with whom the children are living, \$27 for the first child, and \$18 for each additional child (Ways and Means report, pp. 46-47, 151).
C. Aid to the permanently and totally disabled payments.	No provision-----	Included in general assistance category. (See D below.)	Same as for old-age assistance and aid to the blind. (See A above.) (Ways and Means report, pp. 54, 153.)
D. General assistance payments.	No provision-----	Federal share should be $\frac{1}{4}$ of the expenditures for monthly payments to recipients but Federal participation should not apply to that part of such payments in excess of \$30 for each of two eligible persons in a family and \$15 for each additional person (Council report, p. 108).	No provision.
E. Administrative costs.	Federal share is $\frac{1}{4}$ of expenditures for administration of the three categories.	Provisions of present law for Federal sharing in administrative expenditures should be made applicable to general assistance (Council report, pp. 108, 111).	Provisions in present law for Federal sharing in administrative expenditures made applicable to aid to the permanently and totally disabled (Ways and Means report, pp. 153-154).

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
III. MEDICAL CARE			
A. Direct payments to medical practitioners, etc.	Federal sharing in costs of medical care limited to amounts paid directly to recipients that can be included within the monthly maximums on individual payments of \$50 for aged and blind, and \$27 for first child and \$18 for each additional child in an aid to dependent children family.	In old-age assistance, aid to the blind and aid to dependent children the Federal Government should participate in payments made directly to agencies and individuals providing medical care, as well as in money payments to recipients (Council report, pp. 112-113).	In old-age assistance, aid to the blind, aid to dependent children, and aid to the permanently and totally disabled the Federal Government participates in the cost of payments made directly to medical practitioners and other suppliers of medical services, which when added to any money paid to the individual, does not exceed the monthly maximums specified in item II above (Ways and Means report, pp. 41-42, 48, 51, 54, 152, 153).
B. Federal participation in costs in excess of regular maximums.	No provision-----	The Federal Government should pay $\frac{1}{2}$ of the medical care costs incurred by the States above the regular maximums specified in item II, A and B, above, but should not participate in medical costs above such maximums which exceed for each of the 3 programs amounts equal to— (1) \$6 per month times the number of persons receiving old-age assistance; (2) \$6 per month times the number of persons receiving aid to the blind; and (3) \$3 per month times the number of persons receiving aid to dependent children. (For State plan requirements for medical care, see item IV C below.) (Council report, pp. 112-114.)	No provision.
C. Persons in public institutions.	No State-Federal assistance provided persons in public institutions unless they are receiving temporary medical care in such institutions.	Federal Government should participate in payments made to or for the care of old-age assistance recipients living in public medical institutions other than mental hospitals. Payments in excess of the regular \$50 monthly maximum should be included as part of medical care expenditures under B above. (For State plan requirements for institutions, see item IV C below.) (Council report, pp. 114-116.)	Federal Government participates in payments to or for the care of recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled living in public medical institutions other than those for mental disease and tuberculosis, but only within the regular maximums specified in item II A and C above. (For State plan requirements for institutions, see item IV C below.) (Ways and Means report, pp. 42, 51, 54, 152, 153.)

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
IV. CHANGES IN REQUIREMENTS FOR STATE PLANS			
A. General assistance and aid to the permanently and totally disabled.	No provision for either program.	Requirements for general assistance should be similar to those for the three existing categories of assistance (Council report, p. 111).	Requirements for aid to permanently and totally disabled same as for old-age assistance except for residence (see B below) (Ways and Means report, pp. 54, 153-154).
B. Residence.....	<p>For old-age assistance and aid to the blind, a State may not require, as a condition of eligibility, residence in a State for more than 5 of the 9 years immediately preceding application and 1 continuous year before filing the application.</p> <p>For aid to dependent children, the maximum requirement for the child is 1 year of residence immediately preceding application, or if the child is less than a year old, birth in the State and continuous residence by the mother in the State for 1 year preceding the birth.</p>	A State should not be permitted to impose a residence requirement as a condition of eligibility in aid to the blind, aid to dependent children, and general assistance, but may impose a maximum residence requirement of 1 year in old-age assistance (Council report, pp. 116-118).	<p>No change in requirements for old-age assistance and aid to dependent children.</p> <p>For aid to the blind, effective July 1, 1951, a State may not require, as a condition of eligibility, residence in the State of more than 1 continuous year prior to filing of the application for aid.</p> <p>For aid to the permanently and totally disabled no State may impose a residence requirement more restrictive than that in its plan for aid to the blind on July 1, 1949, and beginning July 1, 1951, the maximum residence requirement is 1 year immediately preceding the application for aid (Ways and Means report, pp. 52, 54, 150).</p>
C. Standards for medical care and for institutions.	No provision.....	<p>State plans for old-age assistance, aid to the blind, and aid to dependent children submitted to the Social Security Administration for approval should set forth the conditions under which medical needs will be met, the scope and standards of care, the methods of payments, and the amount of compensation for such care.</p> <p>To receive Federal funds for old-age assistance recipients in public or private medical institutions, a State should be required to establish and maintain adequate minimum standards for the facilities and for the care of persons living in these facilities. (For Federal share of medical care expenditures, see item III above.) (Council report, pp. 112-114, 116.)</p>	No requirement except as to public medical and private medical or nonmedical institutions as follows: Effective July 1, 1953, if a State plan for old-age assistance, aid to the blind, or aid to the permanently and totally disabled provides for payments to individuals in private or public institutions, the State must have a State authority to establish and maintain standards for such institutions (Ways and Means report, pp. 43, 51, 149, 153).

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
IV. CHANGES IN REQUIREMENTS FOR STATE PLANS—continued			
D. Assistance to be furnished promptly.	No specific provision.....	No recommendation.....	Opportunity must be afforded all individuals to apply for assistance, and assistance must be furnished promptly to all eligible individuals (Ways and Means report pp. 43, 48, 51-52, 148, 153).
E. Fair hearing.....	Fair hearing must be provided individual whose claim for assistance is denied. No specific provision for individual whose claim is not acted upon within a reasonable time.	No recommendation.....	Fair hearing must be provided by State agency to individual whose claim for assistance is denied or not acted upon within reasonable time (Ways and Means report, pp. 43, 48, 52, 148, 153).
F. Training program for personnel.	No specific provision.....	No recommendation.....	States must provide a training program for the personnel necessary for the administration of the programs (Ways and Means report, pp. 43-44, 48, 52, 148, 153).
G. Special requirements for aid to the blind: 1. Income and resources.	For the 3 categories, a State must, in determining need, take into consideration the income and resources of an individual claiming assistance.	Should continue to administer all public assistance programs on the basis of a strict needs test with all income being taken in account in determining both eligibility and the amount of the assistance payment (Council report, p. 96).	Effective Oct. 1, 1949, a State may disregard such amount of earned income, up to \$50 per month, as the State vocational rehabilitation agency for the blind certifies will serve to encourage or assist the blind to prepare for, or engage in remunerative employment; effective July 1, 1951, a State must, in determining the need of any blind individual, disregard any income or resources which are not predictable or which are not actually available to the individual and take into consideration the special expenses arising from blindness. (Same income and resources provisions as in present law for the other categories.)

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
IV. CHANGES IN REQUIREMENTS FOR STATE PLANS—continued			
G. Special requirements for aid to the blind—Continued			
2. Temporary approval of State plans for aid to the blind.	No provision.....	See 1 above.....	For the period Oct. 1, 1949, to June 30, 1953, any State which did not have an approved plan for aid to the blind on Jan. 1, 1949, shall have its plan approved even though it does not meet the requirements of clause (8) of sec. 1002 (a) of the Social Security Act (relating to consideration of income and resources in determining need). The Federal grant for such State, however, shall be based only upon expenditures made in accordance with the afore-mentioned income and resources requirement of the act. (Alaska, Missouri, Nevada, and Pennsylvania had no approved plan for aid to the blind on Jan. 1, 1949.)
3. Examination to determine blindness.	No specific provision but the Social Security Administration requires that a State plan must provide for an examination of claimants of aid to the blind by a physician skilled in the diseases of the eye.	No recommendation.....	A State aid-to-the-blind plan must provide that, in determining blindness, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist (Ways and Means report, pp. 50, 52-53, 149-150, 153).
H. Special requirement for aid to dependent children: 1. Notification to law-enforcement officials.	No provision.....	do.....	States must provide for prompt notice to appropriate law-enforcement officials in any case in which aid is furnished to a child who has been deserted or abandoned by a parent (Ways and Means report, pp. 48, 149).

PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES—Continued

Item	Present law	Recommendations of Advisory Council	H. R. 6000
V. PUERTO RICO AND VIRGIN ISLANDS	Federal funds for public assistance are not available to Puerto Rico and the Virgin Islands.	No recommendation for immediate extension of public assistance categories but a commission should be established to determine the kind of social-security protection (including public assistance) that is appropriate to Puerto Rico, Virgin Islands, Guam, and other possessions of the United States (Council report, p. 28).	The 4 categories of assistance are extended to Puerto Rico and the Virgin Islands. The Federal share, for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is limited to 1/4 of the total sums expended under an approved plan up to a maximum payment for any individual of \$30 per month. For aid to dependent children the Federal share is limited to 1/4 of the expenditures under an approved plan up to individual maximums of \$27 for the first child, and \$18 for each additional child in a family. Administrative costs are matched by the Federal Government on a 50-50 basis (Ways and Means report, pp. 55, 151, 153).
VI. CHILD-WELFARE SERVICES	Authorizes an annual appropriation of \$3,500,000 for grants to the States for child-welfare services in rural areas and areas of special need. Funds allotted to States with approved plans as follows: \$20,000 to each State and remainder on basis of rural population of the respective States.	A commission should be appointed to study current child health and welfare needs and to review the programs operating under title V of the Social Security Act relating to maternal and child-health services, services for crippled children, and child-welfare services (Council report, p. 118).	Authorization for annual appropriation increased to \$7,000,000 and the \$20,000 now allotted to each State is increased to \$40,000 with the remainder to be allotted on the basis of rural population of the respective States. Specific provision is made for the payment of the cost of returning any run-away child under age 16 to his own community in another State if such return is in the interest of the child and the cost cannot otherwise be met (Ways and Means report, pp. 54-55, 154).
VII. ADDITIONAL COST TO FEDERAL GOVERNMENT	-----	Estimated annual increase in costs for public assistance ranges between \$270,000,000 and \$340,000,000 (Council report, p. 102).	Estimated annual increase in costs for public assistance and child-welfare services is \$256,000,000 (Ways and Means report, p. 38).