

VALIDATION OF COVERAGE FOR CERTAIN STATE AND
LOCAL EMPLOYEES IN ARKANSAS

SEPTEMBER 13, 1962.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted
the following

R E P O R T

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 12820]

The Committee on Finance, to whom was referred the bill (H.R. 12820) to validate the coverage of certain State and local employees in the State of Arkansas under the agreement entered into by such State pursuant to section 218 of the Social Security Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The purpose of H.R. 12820 is to validate the coverage under old-age, survivors, and disability insurance of the employees of certain agencies in Arkansas which have been included in good faith but erroneously as separate political subdivisions under the coverage agreement between the State of Arkansas and the Secretary of Health, Education, and Welfare. The employees of the agencies involved should properly have been covered as employees of the political subdivisions of which the agencies are integral parts. Under H.R. 12820 each of the agencies in question would be deemed to have been a separate political subdivision from the first day for which such an agency was included in the Arkansas coverage agreement, or modification to that agreement, through the last day of the year in which the bill is enacted.

2. VALIDATION OF COVERAGE FOR CERTAIN EMPLOYEES IN ARKANSAS

EXPLANATION OF PROVISIONS

H.R. 12820 would deem each of the agencies in question—libraries, water systems, sewer systems, etc., which are really integral parts of political subdivisions—to have been a separate political subdivision for the period during which it was included in the Arkansas coverage agreement. The State has not provided uniform coverage for the agencies and for the political subdivisions of which the agencies are integral parts. In the future, the State's coverage agreement would have to conform to the general requirements of the law; that is, each political subdivision and any agency which is an integral part of that subdivision would be required to have uniform coverage—the effective dates of coverage and the classes of employees covered would have to be identical.

Such measures as could be taken in an attempt to solve the problem administratively would not be satisfactory. The State of Arkansas would either have to provide additional coverage for past periods, including coverage for persons no longer employed and from whom the employee contributions cannot be collected, or wage credits which public employees and their families had counted on would have to be wiped out, perhaps even with the result that entitlement to benefits would be terminated.

Clearly, the State of Arkansas intended from the outset to provide social security coverage for the employees concerned. For many years the State has been filing wage reports and paying contributions for these employees. In doing so it relied, as did the Department of Health, Education, and Welfare, on an opinion of a former Arkansas attorney general that the agencies in question were separate political subdivisions. Clearly, the State has acted in good faith. In view of these considerations, together with the fact that possible administrative measures under present law would not be satisfactory, your committee believes that the validation of coverage of these agencies is the only reasonable solution.

FAVORABLE DEPARTMENTAL VIEWS

The Department of Health, Education, and Welfare favors enactment of this legislation.

SUPPLEMENTARY STATEMENT BY SENATOR PAUL
DOUGLAS

No hearings were held on this bill either in the House or in the Senate. It is impossible, therefore, to determine whether or not it is in the public interest. I think this is poor procedure and that therefore this bill probably needs more thorough scrutiny.

We have drifted into loose procedures on these bills rushed through at the end of the session. They have been going through Congress with little examination and this has sometimes had unfortunate results. I believe our Senate procedures should be revised to provide for a more thorough examination of their possible merits and demerits. In the meantime the Senate should in my opinion go slow.

SUPPLEMENTARY STATEMENT BY SENATOR HARRY F. BYRD, CHAIRMAN

The Senate Finance Committee, in formal meeting September 10, 1962, ordered to be reported 11 bills with recommendations that they be considered favorably by the Senate. This bill was among those ordered to be reported at that time.

As a member of the committee, the Senator from Illinois (Mr. Douglas) voted against committee approval of all of these bills except one. He voted affirmatively to report only H.R. 12529 which affected his State.

He voted against reporting all other bills before the committee on that date with the statement that he was voting in the negative because public hearings had not been held.

In his supplementary statements on these bills the Senator from Illinois creates the impression—intentional or not—that the Finance Committee is not giving proper and adequate attention to legislation reported to the Senate.

With respect to all of these bills he apparently tries to leave the inference that the committee has drifted into a loose procedure of rushing bills through at the end of the session which he claims produces unfortunate results.

On behalf of the majority of the Senate Finance Committee I want to make it clear to the Senate that, in the case of the bills ordered to be reported by the committee on September 10, 1962:

1. Each of the bills has been passed by the House of Representatives;
2. No request was made for Senate hearings on these bills, and this includes the bill for which the Senator from Illinois voted in the affirmative;
3. Each of the bills ordered to be reported, except H.R. 12529 in which the Senator from Illinois is interested, was formally approved by the executive agencies having jurisdiction over their administration;
4. The contents of each bill were fully outlined by members of the committee staff, and discussed by members of the committee; and
5. When the committee voted, members had full knowledge of the purpose and effects of the proposed legislation.

Momentous matters are referred to the Senate Committee on Finance, including legislation with respect to taxation, tariffs and customs, social security, veterans, etc., and the committee has always been meticulous in exploring the effects of all legislation it recommends.

The current tax bill—H.R. 10650—now in conference is a case in point. More than 200 witnesses were heard on this bill, and the legislation was under committee consideration more than 4 months.

The Senator from Virginia cannot recall that the Senate has rejected a bill recommended by the Senate Finance Committee. It suffices to

say that when the need for hearings is indicated, the committee will hold them.

The procedure followed by the committee in consideration of the agenda for the meeting of September 10 involved no departure from committee practice over the 30 years during which I have been a member.

The committee always holds hearings when they are necessary for the enlightenment of the membership, and the procedure of the past, so far as the chairman is concerned, will be continued in the future.

