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SOCIAL SECURITY ACT AMENDMENTS OF 1936

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AUGUST 1, 1946.—Ordered to be printed

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Mr. DOUGHTON of North Carolina, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7037]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7037) to amend the Social Security Act and the Internal Revenue Code, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 42 and 52.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 2½, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, and 41 and agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows:

On page 2, line 13, of the Senate engrossed amendments strike out "July 17" and insert *July 16*; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

On page 3, line 3, of the Senate engrossed amendments, strike out "July 1, 1947" and insert *January 1, 1948*; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *Notwithstanding any other provision of this*

*title, no compensation shall be paid to any individual pursuant to this title with respect to unemployment occurring prior to the date when funds are made available for such payments.; and the Senate agree to the same.*

Amendment numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with amendments as follows:

On page 5, line 6, of the Senate engrossed amendments, strike out “\$15,000,000” and insert in lieu thereof “\$11,000,000”; in line 10, strike out “\$7,500,000” and insert \$5,500,000; in line 11, strike out “\$50,000” and insert \$35,000; in line 12, strike out “\$7,500,000” and insert \$5,500,000; in line 17, strike out “\$7,500,000” and insert “\$5,500,000”; in line 19, strike out “\$10,000,000” and insert “\$7,500,000”; in line 23, strike out “\$5,000,000” and insert \$3,750,000; in line 24, strike out “\$40,000” and insert \$30,000; in line 25, strike out “\$5,000,000” and insert \$3,750,000.

On page 6, line 6, strike out “\$5,000,000” and insert “\$3,750,000”; in line 8, strike out “\$5,000,000” and insert “\$3,500,000”; in line 10, strike out “\$30,000” and insert “\$20,000”; in line 14, strike out “\$1,500,000” and insert \$1,000,000.

And the Senate agree to the same.

Amendment numbered 30:

That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*(c) The amendments made by subsection (b) shall not require amended allotments for the fiscal year 1947 until sufficient appropriations have been made to carry out such amendments, and allotments from such appropriations shall be made in amounts not exceeding the amounts authorized by the amendments made by this section.*

Amendments numbered 43, 44, 45, 46, 47, 48, 49, 50, and 51:

That the House recede from its disagreement to the amendments of the Senate numbered 43, 44, 45, 46, 47, 48, 49, 50, and 51, and agree to the same with amendments as follows:

In lieu of the matter proposed to be stricken out and in lieu of the matter proposed to be inserted by such Senate amendments insert the following:

#### **Sec. 501. OLD-AGE ASSISTANCE.**

*(a) Section 3 (a) of the Social Security Act, as amended, is amended to read as follows:*

*“Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1946, (1) an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan with respect to each needy individual who at the time of such expenditure is sixty-five years of age or older and is not an inmate of a public institu-*

tion, not counting so much of such expenditure with respect to any such individual for any month as exceeds \$45—

“(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such individuals who received old-age assistance for such month, plus

“(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.”

(b) Section 3 (b) of such Act is amended (1) by striking out “one-half”, and inserting in lieu thereof “the State’s proportionate share”; (2) by striking out “clause (1) of” wherever it appears in such subsection; (3) by striking out “in accordance with the provisions of such clause” and inserting in lieu thereof “in accordance with the provisions of such subsection”; and (4) by striking out “, increased by 5 per centum”.

#### SEC. 502. AID TO DEPENDENT CHILDREN.

(a) Section 403 (a) of the Social Security Act, as amended, is amended to read as follows:

“SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1946, (1) an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$24, or if there is more than one dependent child in the same home, as exceeds \$24 with respect to one such dependent child and \$15 with respect to each of the other dependent children—

“(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$9 multiplied by the total number of dependent children with respect to whom aid to dependent children is paid for such month, plus

“(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose.

(b) Section 403 (b) of such Act is amended by striking out “one-half” and inserting in lieu thereof “the State’s proportionate share”.

#### SEC. 503. AID TO THE BLIND.

(a) Section 1003 (a) of the Social Security Act, as amended, is amended to read as follows:

“SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1946, (1) an amount, which shall be used exclusively as aid to

the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan with respect to each needy individual who is blind and is not an inmate of a public institution, not counting so much of such expenditure with respect to any such individual for any month as exceeds \$45—

“(A) Two-thirds of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$15 multiplied by the total number of such individuals who received aid to the blind for such month, plus

“(B) One-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.”

(b) Section 1003 (b) of such Act is amended by striking out “one-half”, and inserting in lieu thereof “the State’s proportionate share”.

#### SEC. 504. EFFECTIVE PERIOD.

Sections 501, 502, and 503 shall be effective with respect to the period commencing October 1, 1946 and ending on December 31, 1947.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

### TITLE VI—VETERANS’ EMERGENCY HOUSING ACT OF 1946

SEC. 601. Section 2 (a) of the Act of June 11, 1946 (Public Law 404, Seventy-ninth Congress) is amended by striking out the period at the end thereof and inserting a semicolon and the following: “and the Veterans’ Emergency Housing Act of 1946”.

And the Senate agree to the same.

R. L. DOUGHTON,  
JOHN D. DINGELL,  
A. WILLIS ROBERTSON,  
W. D. MILLS,  
HAROLD KNUTSON,  
DANIEL A. REED,  
ROY O. WOODRUFF,  
*Managers on the Part of the House.*  
WALTER F. GEORGE,  
DAVID I. WALSH,  
ALBEN BARKLEY,  
TOM CONNALLY,  
ROBERT M. LA FOLLETTE, Jr.,  
A. H. VANDENBERG,  
ROBERT A. TAFT,  
*Managers on the Part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7037) to amend the Social Security Act and the Internal Revenue Code, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

**Amendment No. 1:** This amendment eliminates section 103 of the House bill, which would have repealed the last sentence of section 201 (a) of the Social Security Act reading:

There is also authorized to be appropriated to the Trust Fund such additional sums as may be required to finance the benefits and payments provided under this title.

Thus, the amendment leaves this sentence in the Social Security Act. The House recedes.

**Amendments Nos. 2, 2½, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 22, 23, 24, 27, 33, 35, 36, and 37:** These amendments, necessitated by Reorganization Plan No. 2 of 1946 which abolished the Social Security Board and transferred its functions to the Federal Security Administrator, delete (except as noted below) the references which the House bill made to the Social Security Board or to "the Board" and substitute references to the Federal Security Administrator or to "the Administrator", with corresponding changes in pronouns. Amendment No. 11 inserts a provision that when used in the Social Security Act the term "Administrator", unless the context otherwise requires, means the Federal Security Administrator. Amendment No. 10 retains a reference to the Board but enlarges the reference to include the Administrator. The House recedes.

**Amendment No. 12:** This amendment inserts the latter "(a)" after the section heading of section 301 of the bill. The House recedes.

**Amendment No. 13:** This amendment is also necessitated by Reorganization Plan No. 2 of 1946 and retains reference to the Board but enlarges the reference to include the Administrator. The House recedes with an amendment striking out the date "July 17" which was a clerical error in the Senate amendment and inserts in lieu thereof the date "July 16" which was the date on which Reorganization Plan No. 2 took effect.

**Amendment No. 14:** This amendment changes one of the conditions attached by the House bill to the congressional permission to the States to collect contributions under their unemployment compensation laws, based on maritime employment. The House bill made the permission subject to the conditions imposed by section 1606 (b) of the Internal Revenue Code on the collection of contributions from Federal instrumentalities and their employees. The amendment limits the condition to that contained in the second sentence (other than clause (2) thereof) of section 1606 (b); and eliminates the requirement that a State law

provide for refunds in the event that such law is not certified for tax-credit purposes. The House recedes.

Amendment No. 15: This amendment provides that section 1606 (f) of the Internal Revenue Code, granting the limited permission above referred to, shall not operate to invalidate, before July 1, 1947, any provision of a State unemployment compensation law in effect on the date of enactment of the bill. The House bill contained no corresponding provision. The House recedes with an amendment changing the date from "July 1, 1947," to "January 1, 1948."

Amendment No. 17: This amendment strikes out the definition contained in the House bill of "Federal maritime wages" and substitutes a new definition of the same term. The definition establishes the basis on which maritime wage credits will be determined for purposes of title XIII of the Social Security Act, which provides a temporary system of unemployment compensation for maritime workers. The definition in the House bill limits the term to "wages" as defined in section 209 of the Social Security Act, whereas the amendment does not contain this limitation. The House recedes.

Amendments Nos. 18 and 19: These amendments delete from title XIII of the Social Security Act definitions of the terms "State" and "United States" which appeared in the House bill. Identical definitions are contained in title XI of the Social Security Act, which apply generally to the whole act. The House recedes.

Amendment No. 20: This amendment inserts an authorization to the Federal Security Administrator, for purposes of title XIII of the Social Security Act, to determine in accordance with regulations issued by him the allocation of maritime services and wages among the several States. Such allocation will determine which State law will govern the benefit rights of Federal maritime workers. The House recedes.

Amendment No. 21: This amendment strikes out a limitation, contained in the House bill, upon the allocation of maritime wage credits among the States under title XIII of the Social Security Act. The House bill provided that a claimant who receives compensation pursuant to title XIII under the law of one State can thereafter receive further compensation pursuant to that title only under the law of the same State, except as the Administrator otherwise prescribes by regulations. The House recedes.

Amendments Nos. 25 and 26: These amendments provide that during the fiscal year 1947, funds appropriated for grants to the States pursuant to title III of the Social Security Act shall be available for carrying out the purposes of title XIII. No corresponding provision appeared in the House bill. The House recedes with an amendment to amendment No. 26 which provides that no compensation will be paid to any individual pursuant to this title (XIII) with respect to unemployment occurring prior to the date when funds are made available for such payment. The purpose of the conference agreement is to prevent liability attaching for payment of compensation for unemployment occurring before funds have been appropriated and are available for making such payments.

Amendment No. 28 changes the caption of section 401 of the bill. The House recedes.

Amendment No. 29: This amendment strikes out from the House bill an authorization of increased appropriations necessary to extend to the Virgin Islands the grant-in-aid programs for maternal and child

welfare and inserts provisions increasing the authorization of appropriations for all the States. The authorization for maternal and child health service grants is increased from \$5,820,000 to \$15,000,000 a year, with the matched grants to each State increased from \$20,000 plus a share in \$2,800,000 to \$50,000 plus a share in the remainder of \$7,500,000, and the unmatched grants increased from \$1,980,000 to \$7,500,000. The authorization for grants for services to crippled children is increased from \$3,870,000 to \$10,000,000 a year, with the matched grants to each State increased from \$20,000 plus a share in \$1,830,000 to \$40,000 plus a share in the remainder of \$5,000,000, and the unmatched grants increased from \$1,000,000 to \$5,000,000. The authorization for child welfare grants is increased from \$1,510,000 to \$5,000,000, with the allotment to each State increased from \$10,000 plus a share in the remainder of the \$1,510,000 to \$30,000 plus a share in the remainder of \$5,000,000. The authorization of appropriations for administration of these grants is fixed, for the fiscal year 1947, at \$1,500,000. The House bill contained no provision corresponding to these increases for all of the States, and no authorization of appropriations for administrative expenses. The House recedes with an amendment which reduces the increases contained in the Senate amendment by approximately one-half. The Senate amendment proposed an increase to \$31,500,000 and the conference agreement reduces such figure to \$23,000,000.

Amendment No. 30: This amendment provides that amended allotments under the maternal and child welfare programs shall not be required for the fiscal year 1947 until further appropriations have been made, and shall then be made in such manner as is provided in the appropriation act. The House bill contained no corresponding provision. The House recedes with an amendment limiting the allotments for the fiscal year 1947 to the sums authorized by the conference agreement.

Amendments Nos. 31 and 32: These amendments strike out an amendment, contained in the House bill, to section 202 (f) (1) of the Social Security Act, and substitute a different amendment of the same section. The Senate amendment would accomplish the purpose intended to be accomplished, but not clearly expressed, by the House bill. The House recedes.

Amendment No. 34: This amendment corrects an error in the House bill in a reference to a provision of existing law. The House recedes.

Amendments Nos. 38, 39, 40, and 41: These amendments make three changes in existing law, which would not have been made by the House bill, to permit the withdrawal from the Federal unemployment trust fund, for the payment by a State of disability compensation, of any payments which that State may have collected from employees under its unemployment compensation law and deposited in the trust fund, or which it may in the future collect and deposit. To accomplish this, identical provisos are added to sections 1603 (a) (4) and 1607 (f) of the Federal Unemployment Tax Act and section 303 (a) (5) of the Social Security Act. The present Federal definition of a State "unemployment fund" will not be affected by the Senate amendments except in the one particular noted. Withdrawals from the trust fund other than those specifically authorized by the amendments will still be permissible only for the same purposes as in the past. The House recedes.

Amendment No. 42: This amendment permits the Federal Security Administrator during the present fiscal year to expend existing appropriations for the administration of the Social Security Act, and for payments to the States pursuant to titles I, III, IV, V, X, and XIII of that act, at an accelerated rate (and thereby to incur deficiencies) to the extent, but only to the extent, that such acceleration of expenditures is necessary to meet additional costs resulting from the enactment of the bill. The House bill contained no corresponding provision. The Senate recedes since the Director of the Bureau of the Budget has authority under existing law to accomplish the same result.

Amendments Nos. 43, 44, 45, 46, 47, 48, 49, 50, and 51: The bill as it passed the House increased the existing ceilings on the Federal share of old-age assistance payments from \$20 to \$25, made the same change in the case of aid to the blind, and in the case of aid to dependent children increased the Federal share from \$9 for the first child in the home and \$6 for additional children to \$13.50 and \$9, respectively.

The Senate amendments, while retaining the above ceilings, also provide for variable matching ratios ranging from a 50-50 matching to a 66 $\frac{2}{3}$ -33 $\frac{1}{3}$ , depending on the per capita income of the State as compared with the per capita income of the United States.

The House recedes with an amendment which, while retaining the liberalized ceilings on the Federal share of assistance payments, substitutes for the variable matching formula a formula under which the Federal share would be two-thirds of the first \$15 of monthly payments of old-age assistance or aid to the blind and one-half the remainder of the payment up to the over-all Federal maximum share of \$25. Similarly in the case of aid to dependent children, the Federal share would be two-thirds of the first \$9 of the payment and one-half of the balance up to the over-all Federal maximum share of \$13.50 or \$9.

The following tables illustrate the effect of the conference agreement with respect to the matching formula governing Federal contributions to State payments for the period October 1, 1946, to January 1, 1948, for public assistance, under titles I, IV, and X of the Social Security Act. Table No. 1 applies to aid to the aged and blind and table No. 2 applies to aid to dependent children. The new formula will apply uniformly in all States regardless of State per capita income or any other measure of relative economic resources among the States:

TABLE NO. 1.—Aid to aged and the blind

Average State payment	Federal contributions	
	Existing law (in all States)	Conference report (in all States)
Under \$15.....	1 50	1 66 $\frac{2}{3}$
\$16.....	\$3. 00	\$10. 50
\$20.....	10. 00	12. 50
\$25.....	12. 50	15. 00
\$30.....	15. 00	17. 50
\$40.....	20. 00	22. 50
\$45 and over.....	20. 00	25. 00

<sup>1</sup> Percent.

<sup>2</sup> On a benefit of \$12, for example, the Federal contribution under existing law amounts to \$6. Under the conference formula the Federal contribution would be 66 $\frac{2}{3}$  percent or \$8.

<sup>3</sup> Ceiling.



TABLE NO. 2.—Aid to dependent children

Average State payment	Federal contributions			
	Existing law		Conference formula	
	First child	Second child	First child	Second child
\$0 or less.....	1 50	1 50	1 00%	1 00%
\$10.....	\$5. 00	\$5. 00	\$6. 50	\$6. 50
\$12.....	6. 00	6. 00	7. 50	7. 50
\$15.....	7. 50	6. 00	9. 00	9. 00
\$18.....	9. 00	6. 00	10. 50	9. 00
\$21.....	9. 00	6. 00	12. 00	9. 00
\$24 or more.....	9. 00	6. 00	13. 50	9. 00

1 Percent.  
 2 Ceiling.

Amendment No. 52: This amendment added a new title, title VI. It authorized and directed the Joint Committee on Internal Revenue Taxation to make a full and complete study and investigation of all aspects of social security, particularly in respect to coverage, benefits, and taxes related thereto. The House bill contained no provisions corresponding to the title added by this amendment. The Senate recedes.

Amendment No. 53: This amendment, for which there appears no corresponding provision in the House bill, would amend section 22 (b) (2) (B) of the Internal Revenue Code, relating to the taxation of annuities purchased by employers for their employees. The present provisions of this section are to the effect that, in the case of such an annuity contract other than one purchased by an employer under a plan meeting certain requirements prescribed by section 165 and other than one purchased by an employer exempt from the income tax under section 101 (6), if the employee's rights under the contract are nonforfeitable except for the failure to pay premiums, the amount contributed by the employer for such annuity contract is required to be included in the income of the employee in the year in which the amount is contributed. The amendment contained in this section of the bill would add a proviso to the foregoing provision so that amounts contributed by an employer to a trust for the purchase of annuity contracts for the benefit of an employee shall not be included in the income of the employee in the year in which the contribution is made, if the contribution is made pursuant to a written agreement between the employer and the employee, or between the employer and the trustee, prior to October 21, 1942, and if the terms of such agreement entitle the employee to no rights, except with the consent of the trustee, under the annuity contracts other than the right to receive annuity payments. This amendment would become effective with respect to taxable years beginning after December 31, 1938.

The Senate amendment also contained a provision exempting the Veterans' Emergency Housing Act of 1946 from the provisions of the Administrative Procedure Act.

The House recedes with an amendment striking out the provision relating to employees' annuities and leaving in the provision exempting

the Veterans' Emergency Housing Act of 1946 from the provisions of the Administrative Procedure Act.

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