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*Senate
1982*

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SOCIAL SECURITY BILL

**SUMMARY OF PROVISIONS, COMPARISON OF TEXT
OF ORIGINAL BILL, AND WAYS AND MEANS
REDRAFT, COMPILATION OF PROPOSED
AMENDMENTS, ETC.**

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OLD-AGE ASSISTANCE

SUMMARY OF OLD-AGE ASSISTANCE PROVISIONS OF THE BILL

The bill provides for a subsidy matching (to \$15 monthly plus 5 percent) State benefits, paid persons 65 and older, where F. E. R. A. (redraft—Social Security Board) approves a State plan, meeting the following requirements:

(1) State-wide; (2) State financial participation; (3) single supervising agency; (4) has administration methods—except selection, tenure, and compensation of personnel—the Federal agency finds necessary for efficiency; (5) requires full reports to the Federal agency.

(Redraft:) The Board shall approve a plan meeting the above requirements, unless its (a) citizenship requirements exclude United States citizens, or (b) residence requirements exclude persons residing in the State 5 of the 9 years, and continuously the year preceding, application.

(Original bill:) The Administrator may approve a plan containing provisions (1), (2), (3), (5), if the plan provides benefits guaranteeing a reasonable subsistence, and denies benefits to no United States citizen residing in the State 5 of the 10 years preceding application, whose income with his spouse's is inadequate to provide a reasonable subsistence.

For comparison, the text of the original bill and the redraft is here inserted.

WAGNER BILL

WAYS AND MEANS REDRAFT

TITLE I. APPROPRIATION FOR OLD-AGE ASSISTANCE

TITLE I. GRANTS TO STATES FOR OLD-AGE ASSISTANCE

APPROPRIATION

SECTION 1. For the purpose of this title

SECTION 1. For the purpose of enabling each State to furnish financial assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to aged individuals without such subsistence,

there is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of \$50,000,000 for the fiscal year ending June 30, 1936, and there is hereby authorized to be appropriated for each fiscal year thereafter the sum of \$125,000,000, of which sum 99% per centum shall be apportioned among the several States as hereinafter provided.

there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$49,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted and had approved by the Social Security Board established by title VII (hereinafter referred to as the "Board") State plans for old-age assistance.

ALLOTMENTS TO STATES FOR OLD-AGE ASSISTANCE

SEC. 2. The Federal Emergency Relief Administrator (hereinafter called the "Administrator") as soon as possible after the commencement of each fiscal year shall make allotments, in amounts as provided in section 6 of this Act, to each State which, through a State

See section 3 (b) (below) quarterly payments to be computed by the Board, based on State reports and certified for payment to the Treasury.

old-age authority, has submitted and had approved by the Administrator a State plan for old-age assistance, and which, through its legislature, has accepted the provisions of this title: *Provided*, That such acceptance may be made, when such legislature is not in session, by the Governor of such State, to be effective until the close of the next session of such legislature thereafter.

DEFINITION OF OLD-AGE ASSISTANCE

SEC. 3. As used in this title "old-age assistance" shall mean financial assistance assuring a reasonable subsistence compatible with decency and health to persons not less than sixty-five years of age, who at the time of receiving such financial assistance, are not inmates of public or other charitable institutions.

APPROVAL OF STATE OLD-AGE PLANS

SEC. 4. A State plan for old-age assistance, offered by the State authority for approval, shall be approved by the Administrator only if such plan—

(a) Is State-wide, includes substantial financial participation by the State, and, if administered by subdivisions of the State, is mandatory upon such subdivisions; and

(b) Establishes or designates a single State authority to administer or supervise the administration of the plan and insures methods of administration which are approved by the Administrator; and

(c) Grants to any person whose claim for assistance is denied the right to appeal to such State authority; and

(b) *supra*, * * * insures methods of administration which are approved by the administrator;

(d) Provides that such State agency shall make full and complete reports to the Federal Emergency Relief Administration in accordance with rules and regulations to be prescribed by the Administrator; and

(Transposed here for comparison)

SEC. 6. As used in this title the term "old-age assistance" means money payments to aged persons;

STATE OLD-AGE ASSISTANCE PLANS

SEC. 2. (a) A State plan for old-age assistance must

(1) Provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State;

(3) Either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

(4) Provide for granting to any individual whose claim for old-age assistance is denied an opportunity for a fair hearing before such State agency;

(5) Provide such methods of administration (other than those relating to the selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan;

(6) Provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports.

(e) Furnishes assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health; and, whether or not it denies assistance to any aged persons, at least does not deny assistance to any person who—

(1) Is a United States citizen

(2) Has resided in the State for five years or more within the ten years immediately preceding application for assistance; and

(3) Has an income which when joined with the income of such person's spouse is inadequate to provide a reasonable subsistence compatible with decency and health.

(4) Is sixty-five years of age or older: *Provided*, That until January 1, 1940, but not thereafter, assistance may be denied to otherwise eligible persons who are less than seventy years of age; and

(f) Provides that so much of the sum paid as assistance to any aged recipient as represents the share of the United States Government in such assistance shall be a lien on the estate of the aged recipient which, upon his death, shall be enforced by the State, and that the net amount realized by the enforcement of such lien shall be deemed to be part of the State's allotment from the United States Government for the year in which such lien was collected;

Provided, That no such lien shall be enforced against any real estate of the recipient while it is occupied by the recipient's surviving spouse, if the latter is not more than fifteen years younger than the recipient and does not marry again.

REPORTS BY STATES

SEC. 5. To obtain the benefits of this title, a State old-age authority shall submit to the Administrator at such time and upon such forms as he may prescribe—

Omitted in redraft.

(7) (*Inserted opposite sec. 4 (f) for comparison.*)

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes, as, a condition of eligibility for old-age assistance under the plan—

(3) Any citizenship requirement which excludes any citizen of the United States

(2) Any residence requirement which excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application or

Omitted in redraft.

(1) An age requirement of more than sixty-five years, except that the plan may impose, effective until January 1, 1940, an age requirement of as much as seventy years

and (7) provide that, if the State or any of its political subdivisions collects from the estate of any recipient of old-age assistance any amount with respect to old-age assistance furnished him under the plan, one-half of the net amount so collected shall be promptly paid to the United States. Any payment so made shall be deposited in the Treasury to the credit of the appropriation for the purposes of this title.

Omitted in redraft.

See section 3 (b) below with respect to required State reports.

(a) An annual statement of the amount of the appropriation made by the State for its current or ensuing fiscal year for the purpose of carrying out the State plan, stating how much of such appropriation is for the actual payment of the expenses of administration; and

(b) An annual estimate of the sum which must be contributed by the political subdivisions of the State during such year for the purpose of carrying out the State plan, estimating how much of the sum is for payment of such old-age assistance and how much for the payment of the expenses of administration; and as soon as possible thereafter, a statement of the exact sums thus contributed; and

(c) At least once in every three months, a statement of the amount actually paid, as old-age assistance, to each person sixty-five years of age or over, and the amount actually expended for the purpose of administration; and

(d) An annual statement of the amount collected, if any, from the estate of any assisted aged person, for which the State is accountable to the United States under section 4 (f) of this Act.

(e) An annual statement of the exact amount, if any, of an allotment made under this title to such State remaining unexpended at the close of the year for which such allotment was made.

AMOUNT OF ALLOTMENTS TO STATES

SEC. 6. (a) The Administrator shall compute annually the amount to be allotted to such State at the sum of (a) and (b) of section 5 of this Act, after deducting therefrom the sum of (d) and (e) of such section. In computing the allotment for administration only so much of the appropriations and/or contributions for that purpose by the State and its political subdivisions shall be taken as a basis of computation which does not exceed 5 per centum of the appropriations for old-age assistance

See section 3 (b) below with respect to State reports.

SEC. 3. (b) The method of computing and paying such amounts shall be as follows:

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of paragraph (1) of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such paragraph, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of aged individuals in the State, and (C) such other investigation as the Board may find necessary.

(b) The Administrator shall direct that the amount of an allotment shall be changed when, under section 5 (b), a definite statement shows that the sums actually required to be contributed differ from the estimated amount, and the change in the amount shall be in relation to the variation between the estimate and actual requirement.

(c) If the sum of all allotments be in excess of the appropriations for the purpose, then the allotment to each State shall be diminished to that percentage which the appropriations bear to the sum of all allotments.

(d) Any unexpended amount of any allotment to a State at the end of the year for which such allotment was made shall be available to the State for the ensuing year.

(e) The Administrator may withdraw his approval to a State plan, if after his approval thereof such plan fails to comply with the conditions specified in section 3 of this act. In case such withdrawal of approval, the Administrator shall notify the State authority of his action and the reasons therefor, and shall notify the Secretary of the Treasury to withhold payments to such State.

Probably the above reference was intended to be section 4 instead of section 3.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amounts which should have been paid to the State under paragraph (1) of subsection (a) for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State at the time or times fixed by the Board, the amount so certified, increased by 5 per centum.

OPERATION OF STATE PLAN

SEC. 4. In the case of any State plan for old-age assistance which has been approved by the Board, if the Board after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan finds—

(1) That the plan has been so changed as to impose any age, residence, or citizenship requirement prohibited by section 2 (b), or, that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) That in the administration of the plan there is a failure to comply substantially with any provision required by section 2 (a) to be included in the plan; the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

PAYMENT OF INSTALLMENTS

SEC. 7. The Administrator shall annually notify the Secretary of the Treasury and the treasurers of the several States of the allotments made under this title, and shall periodically notify the Secretary of the Treasury of the amounts payable as quarterly installments to the treasurers of the several States. The Secretary of the Treasury, after receiving such notice, shall pay such quarterly installments to the treasurer of each such State from the sums allotted to it, unless the Administrator notifies him to withhold payment of any installment, or to change the amount of any allotment, in which case he shall act in accordance with such notification: *Provided*, That no such installment shall exceed one-half of the amounts expended in such State, in the quarter immediately preceding the payment of such installment for the payment of old-age assistance, nor shall it exceed \$15 a month per person and for the administration of the State plan, up to 5 per centum of the total amount expended under such plan in such quarter.

ACTION OF COMPTROLLER GENERAL

SEC. 8. The Comptroller General is authorized and directed to allow credits in the accounts of the Treasury of the United States for payment of allotments in the amounts notified him by the Administrator.

ADMINISTRATION

SEC. 9. From the moneys becoming available under or in accordance with this title not more than one-half of 1 per centum may be expended by the Administrator for all necessary expenditures, including the employment of experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, the purchase of supplies, material, equipment, of office fixtures and apparatus, and the incurring of travel and other expenses as the Administrator may deem necessary to carry out the purpose of

The Administrator shall include in his annual report to Congress a full account of the administration of this title and expenditure of the moneys herein appropriated or authorized.

PAYMENT TO STATES

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 July 1, 1935, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan with respect to each individual who at the time of such expenditure is sixty-five years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$30, and (2) 5 per centum of such amount, which shall be used for paying costs of administering the State plan or for old-age assistance, or both, and for no other purpose.

See section 3 (b) 3, supra re audit and settlement.

ADMINISTRATION

SEC. 5. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$250,000, for all necessary expenses of the Board in administering the provisions of this title.

And see section 703, authorizing Social Security Board to incur expense and employ personnel.

See section 704, Board to make report direct to Congress.

The President is authorized to transfer at any time to any officer or agency of the Government, the duties and powers conferred upon the Administrator under this title.

Not in redraft.

RULES AND REGULATIONS

SEC. 10. The Administrator is authorized to make all rules and regulations necessary to effectuate the purposes of this title.

Sec. 1002 directs this to be done by Social Security Board.

INCLUSION OF TERRITORIES AND DISTRICT OF COLUMBIA

SEC. 11. As used in this title the term "State" includes Hawaii, Alaska, Puerto Rico, and the District of Columbia.

SEC. 1101. When used in this Act—
(1) The term "State" includes Alaska, Hawaii, and the District of Columbia.

OLD-AGE ASSISTANCE

SUMMARY OF PRINCIPAL DIFFERENCES IN ORIGINAL BILL AND REDRAFT

1. Federal administration vested in the Federal Emergency Relief Administrator, by the original bill, is by the redraft vested in the Social Security Board.
2. Requirements that State pension plan provide "a subsistence compatible with decency and health" omitted in redraft.
3. The redraft does not allow withdrawal of approval of a State plan until after opportunity to be heard, nor can approval or withdrawal of approval be conditioned on selection, tenure of office, or compensation of personnel.
4. Puerto Rico is eliminated in the redraft.
5. The original bill matches amounts (to \$15 per month each) paid beneficiaries, plus up to 5 percent of the total pensions paid, expended by the State for administration. The redraft matches the above-mentioned pension payments, and adds 5 percent, which may be used for pension or administration expenses, and is not based on administration expense.
6. The redraft narrows the details the Board considers in passing on the State plan.

**PRESIDENT'S COMMITTEE AND ADVISORY COUNCIL REPORTS COMPARED WITH
OLD-AGE ASSISTANCE PROVISIONS OF THE ORIGINAL BILL**

	TITLE I	President's Committee	Advisory Council (in italics)
Section 1: \$50,000,000 appropriation.		Same.	<i>Not in report.</i>
Section 2: Federal Emergency Relief Administrator designated to administer this title.		Same.	<i>Not in report.</i>
Section 3: Defines "old-age assistance" as—			
(1) Assuring a reasonable subsistence.		(1) Same.	<i>Same.</i>
(2) To persons not less than 65.		(2) Same.	<i>Not in report.</i>
(3) Not inmates of charitable or other institutions.		(3) Same.	<i>Same.</i>
Section 4: (a) State plan approved only if—			
(1) State-wide.		(1) Same.	<i>Same.</i>
(2) Includes substantial financial participation by State.		(2) Not in report.	<i>Not in report.</i>
(3) Mandatory on subdivisions where administered by them.		(3) Same.	<i>Same.</i>
(b) (1) Single State authority.		(1) Same.	<i>Same.</i>
(2) "Insures methods of administration which are approved by the Administrator."		(2) "Plans which are approved."	<i>"Plans to include proposed administrative arrangements."</i>
(c) Right of applicant to appeal.		(c) Same.	<i>Not in report.</i>
(d) Reports to Federal authority.		(d) Same.	<i>Same.</i>
(e) Furnishes "reasonable assistance compatible with decency and health."		(e) Same.	<i>Same.</i>
Any person may qualify who—			
(1) Is United States citizen.		(1) Same.	<i>Same.</i>
(2) State resident 5 of last 10 years.		(2) Same.	<i>Same.</i>
(3) Income (with spouse's) inadequate for "reasonable subsistence, etc."		(3) Same, as to income, but see (7) below.	<i>Same.</i>
(4) Is 65 (or 70, until Jan. 1, 1940).		(4) Same.	<i>Same.</i>
(5) Federal part of pension lien on estate— Except homestead occupied by spouse.		(5) Same. (a) Not in report.	<i>Same.</i> <i>Not in report.</i>
		Committee and council also add:	
		(7) Possess no real or personal property, or possesses real or personal property not over \$5,000.	
Balance of title is not based on any committee recommendations save:			
Section 5: Reports by States (time, details, etc.).		Not in report.	<i>Not in report.</i>
Section 6: Amount of allotment (computation, withdrawing approval, etc.).		That State funds, not exceeding \$15 per month paid any beneficiary be matched, also up to 5 percent of total pensions, for administration.	<i>Same as committee's.</i>
Section 7: Time and amount of payments.		Not in report.	<i>Not in report.</i>
Section 8: Comptroller General.		Not in report.	<i>Not in report.</i>
Section 9: One-half percent appropriation for Federal administration expenses.		Not in report.	<i>Not in report.</i>
Section 10: Administration to make rules.		Implied in report.	<i>Implied in report.</i>
Section 11: "State" includes Hawaii, Alaska, Puerto Rico, and District of Columbia.		Not in report.	<i>Not in report.</i>

AMENDMENTS SUGGESTED TO OLD-AGE ASSISTANCE PROVISIONS

REFERENCES TO ORIGINAL BILL

Amendment by Mr. Epstein, page 510, hearings, to title 1, section 3, page 2, lines 22-23:
Strike out the words "or other charitable institutions."

Amendments by Mr. Irwin, page 727, hearings (executive director of American Foundation for the Blind), to title I, section 3, page 2, lines 18-23:

SEC. 3. As used in this title, "old-age assistance" shall mean financial assistance assuring a reasonable subsistence compatible with decency and health to persons not less than sixty-five years of age who, at the time of receiving such financial assistance, are not inmates of public or other charitable institutions: *Provided*, That in the case of a person so blind as to be unable to perform any work for which eyesight is essential, and so certified by a regular practicing physician, skilled in diseases of the eye, the provisions of this act shall apply to such blind person at the age of fifty years.

Amendment concurred in by Mr. Watts, page 779, hearings (Representative of Virginia Commission for the Blind and American Association of Workers for the Blind), and by S. M. Sinclair (president, Executives of State Commissions and State Agencies for the Blind).

Amendment by Mr. Roeder, page 658, hearings (Assistant Director United States Conference of Mayors and of American Municipal Association), title 1, section 4 (a), page 3, line 6:
Insert the word "government" after the word "State".

TITLE I. *Old-age assistance, suggested changes in original bill*

State standards	Proposer	Found in hearings at page —
Age 60.....	{ Philip Ickler.....	1235
	{ William Green.....	179
	{ Thomas Kennedy.....	1268
	{ Charlton Ogburn.....	777
	{ Joseph P. B. Weir.....	980
Benefits minimum \$50.....	{ Philip Ickler.....	1236
	{ Thomas Kennedy.....	1268
	{ William Green.....	179
Increase Federal benefits to \$20.....	Paul H. Douglas.....	896
Write standards in bill.....	Dr. Graham.....	298
"No discrimination on account of race".....	George Haynes.....	490
Eliminate "compatible with decency, etc.", and leave amount of benefits wholly to States.	{ M. B. Folsom.....	579
	{ H. I. Harriman.....	913
<i>Other changes</i>		
State expense: After 5 years, reduce Government subsidy for expense from 5 percent to 2½ percent.	William Green.....	180
Pure Federal system should be provided for.....	{ Houston.....	641
	{ Philip Ickler.....	1236
Do not require States to deposit funds with the Federal Government.	Abraham Epstein.....	493
F. E. R. A. should not administer pension.....	{ Abraham Epstein.....	509
	{ Francis D. Tyson.....	738

VOLUNTARY ANNUITIES

(THIS TITLE STRICKEN FROM BILL BY WAYS AND MEANS COMMITTEE)

SUMMARY AND COMPARISON OF PROVISIONS OF ORIGINAL BILL AND REDRAFT AND RECOMMENDATIONS OF PRESIDENT'S COMMITTEE AND ADVISORY COMMITTEE

The bill provides that any United States citizen can purchase, by lump sum or installment, voluntary Government annuities of limited amount.

The President's message on economic security, after mentioning old-age assistance and contributory pensions, added:

There still remains, unprotected by either of the two above plans, professional and self-employed groups, many of whom face dependency in old age. Partially to meet their problem, we suggest the establishment of a voluntary Government annuity system, designed particularly for people of small incomes.

The President's committee suggested:

(1) Administration by Social Insurance Board: This provision is in the Wagner-Lewis bill. The Ways and Means redraft vests this in the Secretary of the Treasury.

(2) That the maximum annuity payable to any individual be the "actuarial equivalent of \$50 per month." The Wagner-Lewis bill limits issuance of a certificate for "loans which would amount, with interest accretions, to more than an annuity of \$100 a month after such individual attained the age of 65 years." The Ways and Means redraft that "it shall be unlawful for any one person to hold United States annuity bonds which will provide in the aggregate for annuities exceeding \$1,200 in any 1 year." (The Advisory Counsel recommended \$100 instead of \$50 per month.)

(3) That the plan should be self-supporting, simple in terms, and that premium payments in small amounts be acceptable.

There were no suggested changes or amendments to this title.

COMPARISON OF TEXT OF ORIGINAL BILL AND WAYS AND MEANS REDRAFT

TITLE V OF WAGNER-LEWIS BILL

SEC. 501. The Social Insurance Board is authorized to borrow from time to time on the credit of the United States for the purpose of increasing the old-age fund established under this act.

such sum or sums as in its judgment may be desirable, and to issue therefor

at such prices and upon such terms and conditions as it may determine, annuity certificates: (remainder of section placed opposite sec. 303 of redraft).

(STRICKEN FROM COMMITTEE REDRAFT AND NOT IN NEW BILL) (PREPARED BY TREASURY DEPARTMENT)

SEC. 301. The Secretary of the Treasury is authorized, with the approval of the President, to borrow from time to time on the credit of the United States to meet any public expenditures authorized by law and to retire any outstanding obligations of the United States bearing interest or issued on a discount basis

such sum or sums as in his judgment may be necessary, and to issue therefor, through the Postal Service or other agencies, bonds of the United States to be known as "United States annuity bonds." The various issues and series of the annuity bonds shall be in such forms, shall be offered in such amounts, within the limits of section 1 of the Second Liberty Bond Act, as amended, and shall be issued and be payable in such manner and subject to such terms and conditions, not inconsistent with the provisions of this title and based upon such standard tables of mortality, as the Secretary of the Treasury may from time to time prescribe.

Sec. 502. Each annuity certificate issued under this title shall be in such form and subject to such terms and conditions, and may bear such interest and have such provisions for payment, as the Social Insurance Board may prescribe: *Provided*, That payment of interest may be deferred and payment of principal and interest to persons to whom such certificates have been issued may be made in monthly installments.

TERMS OF ANNUITY BONDS

Sec. 302. (a) Payment to annuitants of the principal of, and interest on, the borrowings evidenced by annuity bonds shall be made in installments; (b) the Secretary of the Treasury may, in his discretion, offer annuity bonds providing for payment of the installments from and after dates stated in the respective annuity bonds, and continuing during (1) a term of years fixed, or (2) the life of the annuitant or the lives of two annuitants with continuation of all or part of the annuity to the survivor, or (3) a term of years fixed or the life of the annuitant (4) a term of years fixed or the lives of two annuitants with continuation of all or part of the annuity to the survivor, whichever period may be longer; (c) the installments shall be such as to afford an investment yield upon payments to the United States for annuity bonds not in excess of 3 per centum per annum compounded semiannually based upon such standard tables of mortality as the Secretary of the Treasury shall have adopted; (d) annuity bonds shall be redeemable at a redemption value affording an investment yield upon the payments so made not in excess of 3 per centum per annum compounded semiannually in the case of the death of the annuitant (or the survivor of two annuitants) before the stated date from and after which installments are first payable; and the Secretary of the Treasury may provide for such redemption before such stated date in such other cases or classes of cases as he shall from time to time prescribe. The liability of the United States to make payment for borrowings against the issuance of annuity bond shall cease only when the respective annuity bonds have been redeemed or the annuities are no longer payable under the terms thereof.

TERMS AND CONDITIONS OF ISSUE

Sec. 303 (a) Annuity bonds may be issued against payment in full (1) in cash, (2) by the surrender of United States savings bonds, at the redemption value thereof, or (3) in installments in accordance with the terms of contracts prescribed and entered into pursuant to section 304 of this title. The Secretary of the Treasury may, under regulations prescribed by him, issue annuity bonds to annuitants in exchange for other annuity bonds owned by them. (b) Annuity bonds may be issued only to citizens of the United States and in

(Sec. 501 continued)

Provided, That no such certificate shall be issued except to United States citizens: *And provided further*, That there shall not be issued to an individual a certificate or certificates for loans which would amount, with interest accretions, to more than an annuity of \$100 a month after such individual attained the age of sixty-five years.

amounts to provide an annuity of less than \$60 or more than \$1,200 in any one year.

No individual shall be entitled to receive under United States annuity bonds annuities aggregating more than \$1,200 in any one year.

ISSUANCE OF STAMPS

SEC. 503. The Board may, under such regulation and upon such terms and conditions as it may prescribe,

issue, or cause to be issued, stamps to evidence payments for, or on account of, such certificates.

CONTRACTS FOR ANNUITY BONDS

SEC. 304. The Secretary of the Treasury is authorized, in his discretion, to prescribe from time to time and make, directly or through the Postal Service or other agencies, contracts for the issuance of annuity bonds upon payment therefor in full under the terms of such contracts. The Secretary may issue or cause to be issued stamps or other evidence of payment and provide for installment payments under the contracts by purchase and surrender of such stamps or other evidence, by deposits to the credit of the United States, or by other means. In accordance with provisions which may be included in the contracts, the Secretary is authorized to credit, at a rate not to exceed 3 per centum per annum compounded semi-annually, interest on payments.

DEPOSITS IN OLD-AGE FUND

SEC. 504. All moneys borrowed under this title shall be deposited by the Board in the old-age fund established under section 404 of this act, to be held and used by the Secretary of the Treasury as part of such fund. The Board shall requisition from such fund from time to time all amounts needed to meet promptly all obligations of the United States arising out of annuity certificates.

RULES AND REGULATIONS

SEC. 505. The Social Insurance Board shall make all rules and regulations necessary to carry out the purposes of this title.

The Wagner-Lewis bill has no further sections and the remainder of the redraft follows:

TAXES AND TAX EXEMPTIONS

SEC. 305. The provisions of section 7 of the Second Liberty Bond Act, as amended (relating to the exemptions from taxation both as to principal and interest of bonds issued under authority of section 1 of that act, as amended), shall apply as well to the annuity bonds; except that annuity and redemption payments upon United States annuity bonds shall be subject to taxation by the United States, any State, and any possession of the United States, and by any local taxing authority, but to no greater extent than such payments upon other annuity bonds or agreements are taxed.

GENERAL CONDITIONS

SEC. 306. Annuity bonds, contracts therefor, and the rights existing thereunder shall not be transferable or assignable, at law or in equity; but, in cases where such rights continue after the death of the annuitant or contracting party, they shall pass in accordance with the provisions of the respective annuity bonds or contracts or, in the absence of such provisions, in accordance with the applicable laws of inheritance. No annuity bond, contract therefor, or moneys paid or payable or rights existing thereunder shall be subject to execution, levy, attachment, garnishment, or other legal process or to the operation of any bankruptcy or insolvency law: *Provided*, That if the Secretary of the Treasury shall be furnished with a copy of an order, judgment, or decree of a court of competent jurisdiction, entered in proceedings to which the holder of an annuity bond or contract therefor is a party, establishing that payments therefor or thereunder were made with the actual intent, as distinguished from intent presumed in law, to hinder, delay, or defraud present or future creditors of the person making such payments, the Secretary of the Treasury shall, under such rules and regulations as he may prescribe, pay into the court an amount equal to the payments so made but not in excess of the then net value of the annuity bond or credits under the contract. In such cases the Secretary of the Treasury is further authorized, under such rules and regulations as he may prescribe, to cancel the annuity bond or contract therefor and make payment of the balance of such net value, if any, to the annuitant or contracting party, or to reduce the amount of the installments under the annuity bond or of the credits under the contract to the extent required by the amount so paid into the court. Neither the United States nor any officer or employee thereof shall be a proper or necessary party to any proceedings brought to establish such payment to hinder, delay, or defraud creditors nor be bound by any order, judgment, or decree entered therein.

RECEIPTS AND PAYMENTS

SEC. 307. All payments received for or on account of annuity bonds shall be covered into the Treasury as public-debt receipts, and the Secretary of the Treasury is authorized and directed to make, from any money in the Treasury not otherwise appropriated, as public-debt redemptions, the payments provided for in the annuity bonds or contracts therefor. The appropriation for expenses provided by section 10 of the Second Liberty Bond Act, as amended, and extended by the act of June 16, 1921 (U. S. C., title 31, secs. 760 and 761), shall be available for all necessary expenses under this title; and the Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General from such appropriation such sums as are shown to be required for the expenses of the Post Office Department in connection with the handling of annuity bonds, contracts for annuity bonds, and stamps and other evidence or means of payment therefor.

PENALTIES

SEC. 308. Whoever, in any application for an annuity bond or contract therefor, or in any document or statement, written or oral, required under this title or any regulations with respect to annuity bonds or contracts therefor, makes any false statement as to any material fact, knowing such statement to be false, shall forfeit to the United States a sum equal to twice the difference between the net value of the annuity bond or the credits under such contract, at the time of such forfeiture, and the amount which would have been the net value at that time, of such annuity bond or credits had such false statement not been made. The Secretary of the Treasury, under such rules and regulations as he may prescribe, is authorized to enforce such forfeiture by appropriate civil proceedings brought in the name of the United States in any court of competent jurisdiction; and upon such forfeiture the Secretary of the Treasury shall cancel such annuity bond or contract therefor and make payment of the balance of the net value thereof to the annuitant or contracting party after satisfying the forfeiture and any costs of the proceedings.

FISCAL AGENCY SERVICES

SEC. 309. At the request of the Secretary of the Treasury, the Postmaster General, under such regulations as he may from time to time prescribe, shall require the employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal agency services as may be desirable and practicable in connection with the issue, delivery, safe-keeping, redemption, and payment of the annuity bonds, contracts for annuity bonds, and stamps and other evidence or means of payment therefor.

DEPOSITS WITH POSTAL SAVINGS SYSTEM

SEC. 310. At the request of the Secretary of the Treasury, the board of trustees of the Postal Savings System is authorized to permit, subject to such regulations as it may from time to time prescribe, (a) the withdrawal of postal savings deposits on less than 60 days' notice for the purpose of acquiring United States annuity bonds, and in such case to make payment of interest to the date of withdrawal whether or not the regular interest payment date; and, (b) deposits with it to the credit of the United States as payment for United States annuity bonds or under contracts therefor.

REPORTS

SEC. 311. The Secretary of the Treasury shall include in his annual report to Congress a full account of the administration of this title.

CONTRIBUTORY ANNUITIES

SUMMARY OF CONTRIBUTORY ANNUITY PROVISIONS OF THE BILL

The bill levies a tax on employer and employee and provides for old-age annuities, administered by the Social Security Board (original bill, Social Insurance Board) paid without a means test, to persons who, with their employers, paid the tax imposed.

A comparison of important provisions of the original bill and redraft follows:

ORIGINAL BILL

TAX RATE

January 1, 1937: $\frac{1}{2}$ percent from employer and $\frac{1}{2}$ percent from employee. Thereafter at each 5-year period rate increases $\frac{1}{2}$ on each, reaching $2\frac{1}{2}$ for each on January 1, 1957.

WHAT EMPLOYERS AND EMPLOYEES TAXED

All persons, firms, etc. (save Federal or State Governments or subdivisions), employing one or more persons under 60, a majority of whose duties are in the continental United States (excepting nonmanual workers receiving over \$250 per month).

All employees meeting this description also taxed.

BENEFICIARY'S ELIGIBILITY REQUIREMENT

(1) Is 65, (2) taxes paid on his behalf at least 200 different weeks before he reached 65, and (3) during a period of at least 5 years before reaching 65, (4) not employed by another in gainful occupation.

AMOUNT OF BENEFIT

15 percent of average monthly wage where wages have been paid in each of 200 weeks; 1 percent additional each 40 weeks thereafter until total of 400 weeks (with maximum of 20 percent for first 10 years), 2 percent additional for each 40 weeks thereafter (with 40 percent maximum for entire 20-year period). Computations use \$150 maximum for average wage. Lower percentage of benefits for those coming into system after January 1, 1942.

WAYS AND MEANS COMMITTEE REDRAFT

TAX RATE

January 1, 1937: 1 percent from employer and 1 percent from employee. Thereafter at each 3-year period rate increases $\frac{1}{2}$ percent on each, reaching 3 percent for each on January 1, 1949.

WHAT EMPLOYERS AND EMPLOYEES TAXED

All persons, firms, etc. (save Federal or State Governments, or subdivisions acting in governmental capacity), employing one or more persons under 60 for duties performed in the United States. For tax purposes, wages taxable only up to \$3,000 per year per individual employed.

All employees meeting this description also taxed. Exception: No employer or employee is taxed where employment is (1) agricultural, (2) domestic, or (3) casual—i. e., not in usual course of employer's trade or business—or (where nonprofit) (4) religious, (5) charitable, (6) literary, or (7) educational employers.

BENEFICIARY'S ELIGIBILITY REQUIREMENT

(1) Is 65, (2) received at least \$2,000 in wages after December 31, 1936, and before reaching 65, (3) and received wages for employment in each of at least 5 years in the above period.

AMOUNT OF BENEFIT

$\frac{1}{2}$ percent monthly of total wages on which taxes were paid (where \$2,000 or over) up to \$3,000, plus $\frac{1}{2}$ percent between \$3,000 and \$45,000, plus $\frac{1}{4}$ percent of all over \$45,000.

Maximum annuity is \$85 per month.

CONTRIBUTORY ANNUITIES

COMPARISON OF TEXT OF ORIGINAL BILL

AND

WAYS and MEANS REDRAFT

WAGNER-LEWIS BILL

TITLE III. EARNINGS TAX

SEC. 301. Commencing on January 1, 1937, there shall be levied and assessed upon every employee as defined in this title an earnings tax, to be collected from and paid by every employer subject to this title:

(1) As of January 1, 1937, the tax shall be at the rate of one-half of 1 per centum of the wages paid by such employer to such employee.

(2) As of January 1, 1942, the tax shall be at the rate of 1 per centum of the wages paid by such employer to such employee.

(3) As of January 1, 1947, the tax shall be at the rate of 1½ per centum of the wages paid by such employer to such employee.

(4) As of January 1, 1952, the tax shall be at the rate of 2 per centum of the wages paid by such employer to such employee.

(5) As of January 1, 1957, the tax shall be at the rate of 2½ per centum of the wages paid by such employer to such employee.

The amount of such tax (but no part of the tax levied under sec. 302) shall be deducted by the employer from the wages of his employee.

WAYS and MEANS REDRAFT

TITLE VIII. TAXES WITH RESPECT TO EMPLOYMENT

SEC. 801. In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages (as defined in sec. 811) received by him after December 31, 1936, with respect to employment (as defined in sec. 811) after such date:

(1) With respect to employment during the calendar years 1937, 1938, and 1939, the rate shall be 1 per centum.

(2) With respect to employment during the calendar years 1940, 1941, and 1942, the rate shall be 1½ per centum.

(3) With respect to employment during the calendar years 1943, 1944, and 1945, the rate shall be 2 per centum.

(4) With respect to employment during the calendar years 1946, 1947, and 1948, the rate shall be 2½ per centum.

(5) With respect to employment after December 31, 1948, the rate shall be 3 per centum.

DEDUCTION OF TAX FROM WAGES

Sec. 802. (a) The tax imposed by section 801 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid. Every employer required so to deduct the tax is hereby made liable for the payment of such tax, and is hereby indemnified against the claims and demands of any person for the amount of any such payment made by such employer.

(b) If more or less than the correct amount of tax imposed by section 801 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made in connection with subsequent wage payments to the same individual by the same employer.

DEDUCTIBILITY FROM INCOME TAX

SEC. 803. For the purposes of the income tax imposed by title 1 of the Revenue Act of 1934 or by any act of Congress in substitution therefor, the tax imposed by section 801 shall not be allowed as a deduction to the taxpayer in computing his net income for the year in which such tax is deducted from his wages.

Not in original bill.

EMPLOYMENT EXCISE TAX

SEC. 302. Commencing on January 1, 1937, there shall be levied and assessed upon every employer as defined in this title an employment excise tax, to be collected from and paid by every such employer.

(1) As of January 1, 1937, the tax shall be at the rate of one-half of 1 per centum of the pay roll of such employer.

(2) As of January 1, 1942, the tax shall be at the rate of 1 per centum of the pay roll of such employer.

(3) As of January 1, 1947, the tax shall be at the rate of 1½ per centum of the pay roll of such employer.

(4) As of January 1, 1952, the tax shall be at the rate of 2 per centum of the pay roll of such employer.

(5) As of January 1, 1957, the tax shall be at the rate of 2½ per centum of the pay roll of such employer.

Not in original bill.

Not in original bill.

EXCISE TAX ON EMPLOYERS

SEC. 804. In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in sec. 811) paid by him after December 31, 1936, with respect to employment (as defined in sec. 811) after such date:

(1) With respect to employment during the calendar years 1937, 1938, and 1939, the rate shall be 1 per centum.

(2) With respect to employment during the calendar years 1940, 1941, and 1942, the rate shall be 1½ per centum.

(3) With respect to employment during the calendar years 1943, 1944, and 1945, the rate shall be 2 per centum.

(4) With respect to employment during the calendar years 1946, 1947, and 1948, the rate shall be 2½ per centum.

(5) With respect to employment after December 31, 1948, the rate shall be 3 per centum.

ADJUSTMENT OF EMPLOYERS' TAX

SEC. 805. If more or less than the correct amount of tax imposed by section 804 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments with respect to the tax shall be made in connection with subsequent wage payments to the same individual by the same employer.

REFUNDS AND DEFICIENCIES

SEC. 806. If more or less than the correct amount of tax imposed by section 801 or 804 is paid or deducted with respect to any wage payment and the overpayment or underpayment of tax cannot be adjusted under section

802 (b) or 805 the amount of the overpayment shall be refunded and the amount of the underpayment shall be collected, in such manner and at such times (subject to the statutes of limitations properly applicable thereto) as may be prescribed by regulations made under this title.

COLLECTION AND PAYMENT OF TAXES

SEC. 303 (a) The taxes provided for in this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

SEC. 807. (a) The taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections.

(b) Such taxes shall be collected and paid in such manner, at such times, and under such conditions, not inconsistent with this title (either by making and filing returns, or by stamps, coupons, tickets, books, or other reasonable devices or methods necessary or helpful in securing a complete and proper collection and payment of the tax or in securing proper identification of the taxpayer), as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

(b) All provisions of law, including penalties, applicable with respect to any tax imposed by section 600 or section 800 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in regard to the taxes imposed by this title.

(c) All provisions of law, including penalties, applicable with respect to any tax imposed by section 600 or section 800 of the Revenue Act of 1926, and the provisions of section 607 of the Revenue Act of 1934, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable with respect to the taxes imposed by this title.

(d) In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

RULES AND REGULATIONS

SEC. 304. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe and publish all needful rules and regulations for the enforcement of this title, and in particular for—

(a) Collection and payment of the tax by stamps, coupons, tickets, books, or such other reasonable device or method as may be necessary or helpful in securing a complete and proper collection of the tax and for regulating the manner, times, and conditions in, at, and under which the tax shall be collected and paid,

RULES AND REGULATIONS

SEC. 808. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title.

including the making and filing of returns and the affixing or other use of said stamps, tickets, books, or other device or devices; and

(b) Issue, sale, custody, production, cancellation, and disposition of such stamps, tickets, books, or other device or devices, including the substitution or replacement thereof in case of loss, destruction, or defacement.

SALE OF STAMPS BY POSTMASTERS

SEC. 305. The Commissioner of Internal Revenue shall furnish to the Postmaster General without prepayment a suitable quantity of adhesive stamps, issued or used for the collection of any tax imposed by this title, to be distributed to, and kept for sale by, the various postmasters in the United States. The Postmaster General may require each such postmaster to give additional or increased bond as postmaster for the value of the stamps so furnished, and each such postmaster shall deposit the receipts from the sale of such stamps to the credit of, and render accounts to, the Postmaster General at such times and in such form as he may by regulations prescribe. The Postmaster General shall at least once monthly transfer all collections from this source to the Treasury as internal-revenue collections.

PENALTIES

SEC. 306. (a) Except as provided in this title or in regulations made pursuant thereto, every person who buys, sells, offers for sale, transfers, takes, or gives in exchange, or pledges or gives in pledge any stamp, coupon, ticket, book, or other device prescribed by the Commissioner of Internal Revenue for the collection of any tax imposed by this title, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than \$1,000 or sentenced to not more than six months' imprisonment, or both.

(b) Any person who, with intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book, or other device prescribed

SALE OF STAMPS BY POSTMASTERS

SEC. 809. The Commissioner of Internal Revenue shall furnish to the Postmaster General without prepayment a suitable quantity of stamps, coupons, tickets, books, or other devices prescribed by the Commissioner under section 807 for the collection or prepayment of any tax imposed by this title, to be distributed to, and kept on sale by all post offices of the first and second classes, and such post offices of the third and fourth classes as (1) are located in county seats, or (2) are certified by the Secretary of the Treasury to the Postmaster General as necessary to the proper administration of this title. The Postmaster General may require each such postmaster to furnish bond in such increased amount as he may from time to time determine and each such postmaster shall deposit the receipts from the sale of such stamps, coupons, tickets, books, or other devices, to the credit of, and render accounts to, the Postmaster General at such times and in such form as the Postmaster General may by regulations prescribe. The Postmaster General shall at least once a month transfer to the Treasury as internal-revenue collections, all receipts so deposited.

PENALTIES

SEC. 810. (a) Whoever buys, sells, offers for sale, uses, transfers, takes or gives in exchange, or pledges or gives in pledge, except as authorized in this title or in regulations made pursuant thereto, any stamp, coupon, ticket, book, or other device prescribed by the Commissioner of Internal Revenue under section 807 for the collection or payment of any tax imposed by this title, shall be fined not more than \$1,000 or imprisoned for not more than six months, or both.

(b) Whoever, with intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book or other device prescribed

by the Commissioner of Internal Revenue for the collection of any tax imposed by this title, or who uses, sells, lends, or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or who makes, uses, sells or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device, shall, upon conviction thereof, be punished by a fine not exceeding \$5,000 or by imprisonment not exceeding five years, or both.

DEFINITIONS

SEC. 307. When used in this title—

(1) The term "person" means an individual, a trust or estate, a partnership, syndicate, group, pool, joint venture, or other incorporated organization, or a corporation, association, joint-stock company, or insurance company.

(2) The term "domestic", when applied to a corporation or partnership, means created or organized in the United States or under the laws of the United States or of any State or Territory.

(3) The term "foreign", when applied to a corporation or partnership, means a corporation or partnership which is not domestic.

((5) and (4) transposed for comparison)

(5) The term "employee" shall include every individual who on January 1, 1957, has not attained the age of sixty years and who receives wages under any contract of employment or hire, oral or written, express or implied, and the greater part of whose duties under such contract is performed within the continental United States or on board a vessel subject to the jurisdiction of the United States.

(4) The term "employer" shall include every person who employs an employee, as defined in this title, except that it shall not include the Federal Government,

the States or any political subdivision thereof, a governmental instrumentality,

by the Commissioner of Internal Revenue under section 807 for the collection or payment of any tax imposed by this title, or uses, sells, lends or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device, shall be fined not more than \$5,000 or imprisoned not more than five years, or both.

DEFINITIONS

SEC. 1001. When used in this Act—

(3) The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(4) The term "corporation" includes associations, joint-stock companies, and insurance companies.

((a) and (b) transposed for comparison)

SEC. 811. When used in this title—

(b) The term "employment" means any service, of whatever nature, performed within the United States by an employee for his employer, except—

(1) Agricultural labor;

(2) Domestic service in a private home;

(3) Casual labor not in the employer's trade or business;

(4) Service performed by an individual who has attained the age of 65;

(5) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country;

(6) Service performed in the employ of the United States Government or of an instrumentality of the United States;

(7) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions.

or any employer subject to the Railway Retirement Act, including any amendments hereafter made to such act.

(6) The term "wages" shall mean the total of every form of remuneration received by an employee, from an employer, whether paid directly or indirectly by an employer, including salaries, commissions, bonuses, and the reasonable money value of rent, housing, lodging, board (except in the case of board, the total money value shall not be included unless such total value is in excess of \$10 for any calendar month), payments in kind, and similar advantages; but it shall not include any such remuneration received by a non-manual worker who is employed at a monthly salary of more than \$250 a month

(7) The term "pay roll" means the total amount of all wages paid by an employer subject to this title.

(8) The term "continental United States" means the several States and the District of Columbia and excludes territories and possessions of the United States.

TITLE IV

SEC. 403. For the purposes of this title, there is hereby appropriated from the funds in the Treasury not otherwise appropriated * * * (b) the proceeds derived from all taxes imposed under title III of this Act, to be allocated to the old-age fund established under this title.

SEC. 404. (a) There is hereby established in the Treasury a fund to be known as the "old-age fund", to be held and invested under the same terms and conditions as the unemployment trust fund established under title VI of this act; and the Secretary of the Treasury is hereby authorized and directed so to manage such fund.

(8) Service performed in the employ of a corporation, community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash,

except that such term shall not include that part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

SEC. 1001 (a) (1). The term "United States" when used in a geographical sense means the States, Alaska, Hawaii, and the District of Columbia.

TITLE II

OLD-AGE RESERVE ACCOUNT

SEC. 201. (a) There is hereby created an account in the Treasury of the United States to be known as the "Old-age reserve account" hereinafter in this title called the "account." There is hereby authorized to be appropriated to the account for each fiscal year, beginning with the fiscal year ending June 30, 1937, an amount sufficient as an annual premium to provide for the payments required under this title, such amount to be determined on a reserve basis in accordance with accepted actuarial principles, and based upon such tables of mortality as the Secretary of the Treasury shall from time to time adopt, and upon an interest rate of 3 per centum per annum

(b) The Social Insurance Board shall, from time to time, requisition from such fund the amounts necessary for the making of all payments under section 405 of this Act and shall annually cause to be made, and transmitted to the Secretary of the Treasury in the form of a formal instrument, actuarial valuations of the future income and future expenditures of the old-age fund, which shall show the future obligations of the Government under this title.

(Title VI gives right in the Secretary of the Treasury to invest or reinvest the fund in any primary obligation of the United States, or one guaranteed as to principal and interest by it; investment allowed by open market operations. Returns on investments from an original issue shall be (after adjustment to next lower multiple of $\frac{1}{8}$ of 1 percent) the average interest payable on all outstanding primary United States obligations. Other obligations shall be acquired on such terms as to provide a yield of not less (by more than $\frac{1}{8}$ of 1 percent) than such average rate. Obligations of the United States may be issued for the sole purpose of affording "suitable investment at such interest rates as may be required for the purposes of this section.")

compounded annually. The Secretary of the Treasury shall submit annually to the Bureau of the Budget an estimate of the appropriations to be made to the account.

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the amounts credited to the Account as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Account. Such special obligations shall bear interest at the rate of 3 per centum per annum. Obligations other than such special obligations may be acquired for the Account only on such terms as to provide an investment yield of not less than 3 per centum per annum.

(c) Any obligations acquired by the Account (except special obligations issued exclusively to the Account) may be sold at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Account shall be credited to and form a part of the Account.

(e) All amounts credited to the Account shall be available for making payments required under this title.

(f) The Secretary of the Treasury shall include in his annual report the actuarial status of the Account.

PAYMENT OF OLD-AGE ANNUITIES

SEC. 405 (a) On and after January 1, 1942, the Board shall requisition from the old-age fund and cause to be paid

METHOD OF MAKING PAYMENTS

(Section transferred here for comparison)

SEC. 207. The Board shall from time to time certify to the Secretary of the Treasury the name and address of each person entitled to receive a payment under this title, the amount of such payment, and the time at which it should be made, and the Secretary of the Treasury, through the Division of Disbursement of the Treasury Department, and prior

to qualified aged persons, old-age annuities out of the sums appropriated under subsection (b) of section 403 of this Act. No person shall receive such old-age annuity unless

(1) at the time when it is paid to him, he is not less than sixty-five years of age; and

(2) Taxes were paid on his behalf under section 301 of this Act, prior to the day when he attained the age of sixty years; and

(3) Taxes were paid on his behalf, under section 301 of this Act, for at least two hundred different weeks in not less than a five-year period entirely prior to his attaining the age of sixty-five years; and

(4) He is not employed by another in a gainful occupation.

(b) Any person qualified to receive an old-age annuity shall, upon complying with all rules and regulations to be prescribed by the Secretary of Labor and reasonably designed to facilitate the just and prompt payment of such annuities, be entitled to receive once in each month, commencing not earlier than January 1, 1942, a monthly installment of such annuity in the amount and under the conditions hereinafter prescribed, as follows:

(1) A person on whose behalf taxes were paid under section 301 of this Act prior to January 1, 1942, and prior to such person attaining the age of sixty-five years, shall receive as his monthly installment an amount equal to a percentage of his average monthly wage. If taxes were paid on his behalf—

(A) In two hundred different weeks (in not less than five years), such percentage shall be 15 per centum of such wage;

(B) For each forty different weeks (prior to his attaining the age of sixty-five years) over such two hundred weeks, up to an additional two hundred weeks, there shall be added to such percentage 1 per centum, except that such addition shall not exceed 1 per centum for the twelve-month period commencing at the end of the original five-year period, whichever ends later, and for each twelve-month period thereafter.

to audit and settlement by the General Accounting Office, shall make payment in accordance with the certification by the Board.

(Section transferred here for comparison)

SEC. 210 (c). The term "qualified individual" means any individual with respect to whom it appears to the satisfaction of the Board that—

(1) He is at least sixty-five years of age; and

(2) The total amount of wage paid to him with respect to employment after December 31, 1936, and before he attained the age of sixty-five

was not less than \$2,000; and (3) Wages were paid to him with respect to employment in each of five or more calendar years (whether or not consecutive) after December 31, 1936, and before he attained the age of sixty-five.

Not in redraft.

OLD-AGE BENEFIT PAYMENTS

SEC. 202. (a) Every qualified individual (as defined in section 210) shall be entitled to receive, with respect to the period beginning on the date he attains the age of sixty-five, or on January 1, 1942, whichever is the later, and ending on the date of his death, an old-age benefit (payable as nearly as practicable in equal monthly installments), as follows:

(1) If the total wages (as defined in section 210) determined by the Board to have been paid to him with respect to employment (as defined in section 210) after December 31, 1936, and before he attained the age of sixty-five, were not more than \$3,000, the old-age benefit shall be at a monthly rate of one-half of 1 per centum of such total wages.

(2) If such total wages were more than \$3,000 the old-age benefit shall be at a monthly rate equal to the sum of the following:

(A) One-half of 1 per centum of \$3,000; plus

(B) One-twelfth of 1 per centum of the amount by which such total wages exceeded \$3,000 and did not exceed \$45,000; plus

(C) One-twenty-fourth of 1 per centum of the amount by which such total wages exceeded \$45,000.

(C) For each forty different weeks (prior to his attaining the age of sixty-five years) over such aggregate of four hundred weeks, there shall be a further addition of 2 per centum, except that such addition shall not exceed 2 per centum for the twelve-month period commencing at the end of the additional two hundred weeks or the fifth of the twelve-month periods under (B), whichever ends later, and for each twelve-month period thereafter.

If in the five years under (A) such taxes were paid in more than two hundred weeks, such excess weeks over two hundred shall be counted toward the additional two hundred weeks under (B); and if in the five twelve-month periods under (B) such taxes were or are counted as having been paid in more than two hundred weeks, such excess weeks over two hundred shall be counted towards the additional four hundred weeks under (C).

(2) A person on whose behalf such taxes were paid only after January 1, 1942, shall receive as his monthly installment, an amount equal to 10 per centum of his average monthly wage plus 1 per centum of such wage for each forty different weeks (prior to his attaining the age of sixty-five years) over the original two hundred (in not less than a five-year period) in which such taxes were paid, except that such addition shall not exceed 1 per centum for the twelve-month period commencing at the end of the original two hundred weeks or the original five-year period, whichever ends later, and for each twelve-month period thereafter. If in the original five-year period such taxes were paid in more than two hundred weeks, taxes paid in such excess weeks over two hundred shall be deemed to have been paid in a subsequent twelve-month period.

(See corresponding limit to amount of pension, sec. 405 (b) 5.)

(b) In no case shall the monthly rate computed under subsection (a) exceed \$85.

(c) If the Board finds at any time that more or less than the correct amount has theretofore been paid to any individual under this section, then, under regulations made by the Board, proper adjustment shall be made in connection with subsequent payments under this section to the same individual.

(3) Any person entitled to the payment of any installment under either paragraph (1) or (2) of this subsection, may, if such person has a dependent spouse, elect to receive a joint survivorship annuity of identical actuarial value in lieu of the annuity provided under either of such paragraphs, under such rules and regulations as the Social Insurance Board shall prescribe.

(4) In no event shall the actuarial value of an annuity paid to a person under this section be less than the amount paid in taxes on his behalf together with interest accretions as determined by the Social Insurance Board.

(5) As used in this section "average monthly wage" shall mean the total amount of wages upon which taxes were paid under section 301 of this act on behalf of the employee and prior to his attaining the age of sixty-five years, such amount to be divided by the number of months in which such taxes were paid, except that such average monthly wage shall not exceed \$150. For the purpose of calculating the average monthly wage, the Social Insurance Board shall adjust the various lengths of the periods for which wages were paid to a monthly basis.

(See corresponding limit to amount of pension, sec. 202 (b), supra.)

PAYMENTS UPON DEATH

(c) If any person on whose behalf taxes have been paid under section 301 of this act dies before receiving any benefits, or before receiving in benefits an amount equal to the total amount of such taxes paid on his behalf, with interest accretions prior to the date of first receiving an annuity as determined by the Social Insurance Board, there shall be paid to his

SEC. 203. (a) If any individual dies before attaining the age of sixty-five, there shall be paid to his estate an amount equal to 3½ per centum of the total wages determined by the Board to have been paid to him, with respect to employment after December 31, 1936.

(b) If the Board finds that the correct amount of the old-age benefit payable to a qualified individual during his life under section 202 was less than 3½ per centum of the total wages by which such old-age benefit was measurable, then there shall be paid to his estate a sum equal to the amount, if any, by which such 3½ per centum exceeds the amount (whether more or less than the correct amount) paid to him during his life as old-age benefit.

(c) If the Board finds that the total amount paid to a qualified individual under an old-age benefit during his life was less than the correct amount to which he was entitled under section 202, and that the correct amount of such old-age benefit was 3½ per centum or more of the total wages by which such old-age benefit was measurable, then there shall be paid to his estate a sum equal to the amount, if any, by which the correct amount of the old-age benefit exceeds the amount which was so paid to him during his life.

estate an amount equal to the difference between such amount of taxes together with such interest accretions and the benefits he has received.

PAYMENTS TO AGED INDIVIDUALS NOT QUALIFIED
FOR BENEFITS

(d) Any person upon whose behalf taxes were paid under section 301 of this Act, who upon reaching the age of sixty-five is not entitled to benefits, may thereafter claim from the Social Insurance Board an amount equal to the amount of such tax payments, and the Social Insurance Board shall pay him such amount, together with interest accretions as determined by such Board. No person who thus claims and receives any amount under this section shall thereafter be entitled to an old-age annuity or any installment thereof.

SEC. 204. (a) There shall be paid in a lump sum to any individual who, upon attaining the age of sixty-five, is not a qualified individual, an amount equal to $3\frac{1}{2}$ per centum of the total wages determined by the Board to have been paid to him, with respect to employment after December 31, 1936, and before he attained the age of sixty-five.

(b) After any individual becomes entitled to any payment under subsection (a), no other payment shall be made under this title in any manner measured by wages paid to him, except that any part of any payment under subsection (a) which is not paid to him before his death shall be paid to his estate.

AMOUNTS OF \$500 OR LESS PAYABLE TO ESTATES

SEC. 205. If any amount payable to an estate under section 203 or 204 is \$500 or less, such amount may, under regulations prescribed by the Board, be paid to the persons found by the Board to be entitled thereto, under the law of the State in which the deceased was domiciled, without the necessity of compliance with the requirements of law with respect to the administration of such estate.

SEC. 206. If the Board finds that the total amount paid to a qualified individual under an old-age benefit during his life was more than the correct amount to which he was entitled under section 202, and was $3\frac{1}{2}$ per centum or more of the total wages by which such old-age benefit was measurable, then upon his death there shall be repaid to the United States by his estate the amount, if any, by which such total amount paid to him during his life exceeds whichever of the following is the greater: (1) Such $3\frac{1}{2}$ per centum, or (2) the correct amount to which he was entitled under section 202.

SEC. 207. (Transferred opposite 405 of original bill for comparison.)

ASSIGNMENT

SEC. 208. The right of any person to any future payment under this title shall not be transferable or assignable, at law or in equity, and none of the moneys paid or payable or rights existing under this title shall be subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency law.

PENALTIES

SEC. 209. Whoever in any application for any payment under this title makes any false statement as to any material fact, knowing such statement to be false, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

DEFINITIONS

SEC. 210. (Omitted as identical with sec. 811, *supra*, save subsection (c) transferred for comparison to space opposite 405 (a) on page 23.)

CONTRIBUTORY ANNUITIES

SUMMARY OF PRINCIPAL DIFFERENCES IN ORIGINAL BILL AND REDRAFT

As shown in the comparison on page 15, *supra*, there are differences with respect to rate of tax, and dates the rates are effective; with respect to persons subject to tax; eligibility for benefits and method of computing benefits. In addition to these changes:

- (1) The redraft adds that the employee cannot deduct the tax levied, from his income tax.
- (2) The redraft eliminates the necessity of all postmasters keeping stamps provided for.
- (3) The redraft sets limitations and restrictions on joint survivorship annuities.
- (4) The redraft provides for the payment to persons entitled to benefits, on death of beneficiary, without necessity of administration, where benefits are \$500 or less.
- (5) The redraft prohibits assignment of rights to benefits, and exempts rights to benefits, and benefits paid from execution or operation of bankruptcy laws.
- (6) The redraft eliminates the necessity of retiring to qualify for the benefits of the annuity.

COMPARISON OF ORIGINAL BILL WITH REPORT OF PRESIDENT'S COMMITTEE AND OF THE ADVISORY COUNCIL

WAGNER BILL

RECOMMENDATIONS OF PRESIDENT'S COMMITTEE AND THE ADVISORY COUNCIL

TITLE III

(Advisory council recommendations in *italics*)

SECS. 301 and 302. January 1, 1937: ½ percent; January 1, 1942: 1 percent; January 1, 1947: 1½ percent; January 1, 1952: 2 percent; January 1, 1957: 2½ percent (maximum); against employer, and same tax against employee as defined in section 307.

Same.

Same, save "Taxes shall be paid on both pay roll and wages on the assumption that the weekly wages of a single worker does not exceed \$50."

SEC. 303. Bureau of Internal Revenue collects tax.

Not mentioned.

SEC. 304. Permits collection by stamps or other devices.

Not mentioned.

Not mentioned.

SEC. 305. Stamps handled by Post Office.

Not mentioned.

Not mentioned.

SEC. 306. Penalties.

Not mentioned.

Not mentioned.

SEC. 307. "Employer" includes all, save Federal and State Government and subdivisions employing an "employee." "Employee" all hired for work substantially performed in continental United States or on United States vessels, save nonmanual workers employed at exceeding \$250 per month, or under Railway Retirement act.

Same, save recommendation does not include limits of "continental United States" or inclusion of United States vessels.

Same as President's committee, save it excludes Agricultural workers, and nonmanual workers receiving over \$100 per week.

SEC. 402. Social Insurance Board, among duties, administers old-age annuities.

SEC. 404. Old-age fund established in Treasury, to be invested like unemployment fund and held on requisition of Board.

SEC. 405. After January 1, 1942, unemployed persons, over 65, for whom taxes have been paid for work in 200 weeks in not less than 5-year period, prior to attaining 65, receive a monthly pension graduated (approximately) as follows:

Minimum is 15 percent of average wage of a beneficiary qualifying under section 405; for each 40 weeks after the initial 200, 1 percent is added to the minimum until a total of 400 weeks has been reached (with maximum of 20 percent at end of first 10-year period).

For the succeeding 400 weeks after this period, 2 percent is added for each 40 weeks (with maximum of 40 percent for 20-year period).

Where taxable employment first begins after January 1, 1942, there is a 10-percent minimum; for each 40 weeks after the initial 200 weeks, 1 percent is added to the minimum (with a maximum of 10-percent benefits for the first 5 years and 1 percent annually thereafter).

Computations use \$150 as maximum average monthly wage. Monthly wage is determined by reducing periods for which tax is paid to months, and dividing total wage by the number of months.

Annuitant with dependent spouse may elect a joint annuity of equal actuarial value of the annuity provided herein.

Heirs of deceased receive the accrued value of the taxes paid for deceased.

Ineligibles, for whom taxes were paid, receive only accrued value of taxes.

Same. *Suggests control of administration by the Board, and, so far as possible; administration by State agencies administering unemployment insurance.*

Same.

Same.

Same.

Same.

President's committee report states: "Under one proposal studied by the Committee * * * If * * * eligible to retire in the sixth year after becoming members, their annuity shall be equal to 15 percent of the average weekly wage * * * not counting that portion of the wage in excess of \$150 per month. For those retiring in the next 5 years this annuity is to be increased by 1 percent * * * for each additional 40 weeks * * * but the increase shall not exceed 1 percent per year * * *. Thereafter * * * increased 2 percent for each 40 weekly contributions, but not more than 2 percent per year, until a maximum pension of 40 percent of the first \$150 average monthly wage upon which contributions have been paid shall be reached." It adds provisions for payments for employment beginning after January 1, 1942, essentially those of the Wagner-Lewis bill for such period. *Council report virtually the same, but that in computing benefits \$35 be taken as maximum wage, and first \$15 of weekly wage be weighted more heavily.*

Same.

Not in report.

Same save 3 percent interest specified as annual accrual. *Same as President's committee.*

Same save 3 percent interest specified as annual accrual. *Same.*

Recommends allowing person who leaves taxable employment to remain in system by paying his and his employer's contributions.

PROPOSED AMENDMENTS TO OLD-AGE CONTRIBUTORY ANNUITY PROVISIONS OF THE ORIGINAL BILL

SPECIFIC AMENDMENTS—

Proposed by George A. Huggins, Executive Committee Church Pension Conference:

Amend section 307, subsection 5 (p. 20, line 24) by striking out the period in line 24, inserting a comma and adding the following:

Excluding every individual for whom a provision is made and maintained through an organization for the purpose, which provision is at least equal to the provision made under this act for such individual, as found from time to time by the Social Insurance Board.

Proposed by Dr. C. H. Marvin, American Council on Education:

Amend section 307, subsection 4 (p. 20, line 12) by striking out the period in line 12, inserting a comma and adding the following:

Or any corporation, or trust, or community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation.

CHANGES PROPOSED IN GENERAL TERMS

(Section references are to the original bill)

THE PAY-ROLL AND EARNINGS TAX (SECS. 301 AND 302)

		Hearings page
Tax on employer and employee should total 3 percent Jan. 1, 1937; 4 percent Jan. 1, 1942; 5 percent Jan. 1, 1947.....	William Green.....	181
Tax rate in bill is satisfactory.....	{ H. I. Harriman.....	918
	{ Murray Latimer.....	765
Tax should be levied on machines, not pay rolls, with a small, flat rate, weekly worker contribution.....	Philip Ickler.....	1239
Tax should be levied on incomes, not pay rolls.....	{ Sam W. Rayburn....	711
	{ Charlton Ogburn....	772
	{ Murray Latimer....	763
Plan should avoid creating huge reserves.....	{ M. B. Folsom.....	573, 588
	{ J. Douglas Brown...	284
Employees making over \$250 per month should pay tax on \$250.....	H. I. Harriman.....	915

EXEMPTIONS (SEC. 307)

Agricultural workers should be exempted.....	Advisory Council....	233
Agricultural and domestic workers should be exempted.....	{ M. B. Folsom.....	589
	{ Abraham Epstein....	512
	{ H. I. Harriman....	917
Exemption should be allowed State and subdivisions only where it is acting in a governmental capacity.....	Noel Sargent.....	956
Wage earners in lower brackets should be exempt from tax but entitled to the annuity.....	C. H. Houston.....	645
	{ M. B. Folsom.....	588
Company plans, meeting standards of Social Insurance Board, should be continued.	{ Noel Sargent.....	956
	{ H. I. Harriman....	917
	{ J. F. Kolb.....	868
This possible by the Board paying into the private insurance fund the taxes collected for its beneficiaries.....	H. Walter Forster..	(letter)
Nonprofit hospitals should pay no tax.....	Robert Jolly.....	255
Y. M. C. A. employees should have option as to coming into old-age annuity system.....	Owen E. Pence.....	436
Nonprofit religious, charitable, scientific, or educational bodies should pay no tax.	Dr. C. H. Marvin...	1076

THE SOCIAL INSURANCE BOARD (SEC. 401)

	Hearings page
The Board should be an independent bureau and not in the Department of Labor.....	{ Abraham Epstein..... 515 Robert G. Elbert..... 825
The Board should have labor representation.....	William Green..... 154
Board member appointments should be confirmed by the Senate.....	{ Noel Sargent..... 956 Abraham Epstein..... 515

ELIGIBILITY FOR ANNUITY (SEC. 405 (a))

Eligibility tests should be only: (1) age 60; (2) taxes paid in 200 weeks over 5-year period before 60; (3) worker employed no longer by another.....	William Green..... 181
Eligibility as to age should be 60 years.....	{ Thomas Kennedy... 1269 Carlton Ogburn..... 774 Phillip Ickler..... 1238

AMOUNT OF ANNUITY (SEC. 405 (b))

Annuities paid should bear such relationship to the tax levied as to prevent either the building up of huge reserves, or result in the huge deficit contemplated in the bill.....	M. B. Folsom..... 588
Benefits should be only the actuarial value of the beneficiary's contributions, and these benefits exempt in determining his income in applying the means test where the earned annuity must be supplemented by old-age pension.....	Abraham Epstein.... 514
Lower-group benefits should be increased so that minimum benefits on \$50 per month average salary would be 18 percent; on \$50 to \$100 salary, 13 percent; and on \$100 to \$150 salary, 10 percent. These proportions should be retained for the higher percentages where employment extends beyond the minimum period.....	William Green..... 181
Initial benefits should be as high as possible; credit should be given for some periods of unemployment and larger credits should be given for wages in the lower brackets.....	Murray Latimer..... 765
The first \$15 of the average weekly wage should be weighted more heavily than the remainder of the wage in determining benefits.....	Advisory Council.... 233

AID TO DEPENDENT CHILDREN ("MOTHERS' PENSIONS")

RECOMMENDATIONS OF PRESIDENT AND COMMITTEES

The President's message of January 17, 1935, recommends "Federal aid to dependent children through grants to States for the support of existing mother's pension systems." Though Puerto Rico has such pension it was not included in the redraft.

The President's Committee recommended an initial appropriation of approximately \$25,000,000 per year, and added "Federal grants should be made conditional on passage and enforcement of mandatory State laws, and on the submission of approved plans assuring minimum standards in investigation, amounts of grants, and administration. After a specified date, State financial participation should be insisted upon. This might take the form either of equalization grants to local units or of per capita grants, as the several States may prefer." This was also the recommendation of the Advisory Committee, which suggested June 30, 1937, as the date when State financial participation should be required.

Administration is by the original bill vested in F. E. R. A., as recommended by the President's Committee. The redraft vests administration in the social-security board. The Advisory Council recommended the Children's Bureau.

SUMMARY OF PROVISIONS OF BILL

ORIGINAL BILL

SEC. 201. Appropriation, 1936, \$25,000,000, 99% percent for distribution to States, thereafter same amount.

SEC. 204. State plans, must provide—

(1) After June 30, 1936, aid available throughout State, with State financial participation.

(2) State agency make reports to Federal agency.

(2-b) Furnishes assistance compatible with decency and health.

(3) Single State administrative or supervisory agency.

(4) Not in original bill.

Plan must have—

(b) Methods of administration approved by Federal agency and

Residence requirement not longer than 1 year.

SEC. 206 (a) Federal allotment one-third of total State expenditure.

REDRAFT

SEC. 401. Appropriation, 1936, \$24,750,000 for distribution to States, thereafter such sum as necessary.

SEC. 402 (a).

Same.

Same.

Not in redraft.

Same.

Right of denied claimant to be.

(b) Same (save selection, tenure, and compensation of personnel not to be passed on by Federal agency).

Same, but also adds "or born within the State within 1 year."

SEC. 403 same. But also provides no State expenditures shall be considered in excess of \$18 per month per family with dependent child, plus \$12 for each additional dependent child in family.

SEC. 206. (b) Federal agency may withdraw allotment where State plans fail to comply with 204, supra.

SEC. 209. One-half of 1 percent of \$25,000,000 appropriated for Federal Relief Administrator, for administering provisions of the title.

The above provisions and others appear in the comparison of the text of the original bill and redraft, which follows:

COMPARISON OF TEXT

ORIGINAL BILL

REDRAFT

TITLE II

TITLE IV

APPROPRIATION FOR AID TO DEPENDENT CHILDREN

APPROPRIATION FOR AID TO DEPENDENT CHILDREN

SEC. 201. For the purposes of this title,

there is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of \$25,000,000 for the fiscal year ending June 30, 1936, and the sum of \$25,000,000 is hereby authorized to be appropriated for each fiscal year thereafter, not more than 99½ per centum of such sums to be apportioned among the several States as hereinafter provided.

SEC. 401. For the purpose of enabling each State to furnish financial assistance assuring, as far as practicable under the conditions of such State, a reasonable subsistence compatible with decency and health to dependent children without such subsistence, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Board, State plans for aid to dependent children.

(Sec. 202 transferred to space below sec. 204.)

(Sec. 203 transferred to space opposite redraft sec. 406 for comparison.)

APPROVAL OF STATE PLANS FOR AID TO DEPENDENT CHILDREN

STATE PLANS FOR AID TO DEPENDENT CHILDREN

SEC. 204. A State plan for aid to dependent children, offered by a State authority for approval, shall be approved by the Administrator only if such plan—

(a) Provides that not later than June 30, 1936, and thereafter, aid to dependent children shall be available, to persons in need of the same, in every political subdivision of the State,

SEC. 402 (a) A State plan for aid to dependent children must—

(1) Provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;
(2) Provide for financial participation by the State;

and that the State shall make substantial contributions to the payment thereof; and

(b) Provides that such State authority shall make full and complete reports to the Federal Emergency Relief Administration in accordance with rules and regulations to be prescribed by the Administrator; and

(c) Furnishes assistance at least great enough to provide, when added to the income of the family, a reasonable subsistence compatible with decency and health; and

(d) Establishes or designates a single State agency, to administer or supervise the administration of the plan

and insures methods of administration and payment

which are approved by the Administrator: and

(e) Does not impose a residence requirement, as a condition precedent to the granting of such aid, of longer than one year.

(6) (Transposed for comparison) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports

(3) Either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

(4) Provide for granting to any individual, whose claim with respect to aid to a dependent child is denied, an opportunity for a fair hearing before such State agency;

(5) Provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes as a condition of eligibility for aid to dependent children, a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for one year immediately preceding the application for such aid, or (2) who was born within the State within one year immediately preceding the application.

ALLOTMENTS TO STATES FOR AID TO DEPENDENT CHILDREN

SEC. 202. The Administrator shall, as soon as possible after the commencement of each fiscal year, make allotments, in amounts as provided in section 206 of this Act, to each State which, through a State authority, has submitted and had approved by him a State plan for aid to dependent children, and which, through its legislature, has accepted the provisions of this title: *Provided*, That, such acceptance may be made, when such legislature is not in session, by the Governor of such State, to be effective until the close of the next session of such legislature thereafter.

REPORTS BY STATES

SEC. 205. To obtain the benefits of this title a State authority shall submit to the Federal Emergency Relief Administration at such time and on such forms as the Administrator may prescribe—

(a) An annual statement of the amount of the appropriation made by the State for its current or ensuing fiscal year, and the amount made available for such year by the political subdivisions of such State, for the purpose of carrying out the State plan for aid to dependent children; and

(b) At least once in every 3 months, a statement of the amount actually expended for such purpose; and

(c) An annual statement of the exact amount if any, of any allotment made under this title to such State, remaining unexpended at the close of the year for which such allotment was made; and

(d) An annual statement of the number of dependent children whose mothers are receiving aid or are on the waiting list therefor under the State plan for aid to dependent children.

AMOUNT OF ALLOTMENTS TO STATES

SEC. 206. (a) The Administrator shall compute annually the amount to be allotted to such State at a sum equal to one-third of the amount reported under section 204 (a).

If the sum of all allotments under this paragraph be in excess of the appropriations for the purpose, then the allotment to each State shall be diminished to that percentage which the appropriations bear to the sum of all such allotments.

SEC. 401, *supra* (in part). The sums made available under this title shall be used for making payments to States which have submitted and had approved by the Board, State plans for aid to dependent children.

Sec. 403 (b) (1) below for contents of State report.

PAYMENT TO STATES

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 July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-third of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 for any month with respect to one such dependent child and \$12 for such month with respect to each of the other dependent children.

Not in redraft.

206. (b) The Administrator shall allot, in each fiscal year, so much of the amounts made available under this title for the preceding fiscal year as were not required for the purposes of paragraph (a) of this section, to any or all States with approved plans for aid to dependent children, in amounts apportioned by him on a basis of need, taking into account, among other things, the numbers reported under section 205 (d) of this act.

(c) Any unexpended amount of any allotment to a State at the end of the year for which such allotment was made shall be available to the State for the ensuing year.

(See sec. 206 (a) supra for somewhat similar provisions.)

Not in redraft.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than two-thirds of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B), records showing the number of dependent children in the State, and (C) such other investigation as the Board may find necessary.

PAYMENT OF INSTALLMENTS

SEC. 207. The Administrator shall annually notify the Secretary of the Treasury and the treasurers of the several States of the allotments made under this title, and shall periodically notify the Secretary of the Treasury of the amount payable, as a quarterly installment, to the treasurer of each State. The Secretary of the Treasury, after receiving such notice, shall pay such quarterly installment to the treasurer of each such State from the sums allotted to it, unless the Administrator notifies him to withhold payment of any installment, or to change the amount of any allotment, in which case he shall act in accordance with such notification, *Provided,*

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board,

That no such installment shall exceed the amounts expended by such State in the quarter immediately preceding the payment of such installment for the purpose of carrying out the State plan for aid to dependent children.

reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter.

ACTION OF COMPTROLLER GENERAL

SEC. 208. The Comptroller General is authorized and directed to allow credit in the accounts of the Treasury of the United States for payment of allotments in the amount notified him by the Administrator.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State at the time or times fixed by the Board, the amount certified.

OPERATION OF STATE PLANS

206 (d) The Administrator may withdraw his approval of a State plan for aid to dependent children, if after his approval thereof such plan fails to comply with the conditions specified in Section 204 of this Act. In case of such withdrawal of approval, he shall notify the State authority of his action and the reasons therefor, and shall notify the Secretary of the Treasury to withhold payments to such State.

SEC. 404. In the case of any State plan for aid to dependent children which has been approved by the Board, if the Board, after notice and opportunity for hearing to the State Agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence requirement prohibited by section 402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases, or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 402 (a) to be included in the plan, the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State,

ADMINISTRATION

SEC. 209. From the moneys becoming available under and/or in accordance with this title not more than one-half of 1 per centum may be expended by the Administrator for all necessary expenditures, including the employment of experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, the purchase of supplies, material, equipment, of office fixtures and apparatus, and the incurring of travel and other expenses as the Administrator may deem necessary to carry out the purpose of this title.

The Administrator shall include in his annual report to Congress a full account of the administration of this title and expenditures of the moneys herein appropriated or authorized.

The President is authorized to transfer at any time to any officer or agency of the Government, the duties and powers conferred upon the Administrator under this title.

DEFINITION OF DEPENDENT CHILDREN

SEC. 203. As used in this title, "dependent children" shall mean children under the age of sixteen in their own homes, in which there is no adult person, other than one needed to care for the child or children, who is able to work and provide the family with a reasonable subsistence compatible with decency and health.

INCLUSION OF TERRITORIES

SEC. 210. As used in this title, the term "State" includes Alaska, Hawaii, Puerto Rico, and the District of Columbia.

RULES AND REGULATIONS

SEC. 211. The Administrator is authorized to make all rules and regulations necessary, to effectuate the purposes of this title.

ADMINISTRATION

SEC. 405. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$250,000 for all necessary expenses of the Board in administering the provisions of this title.

SEC. 704. The Board shall make a full report to Congress, at the beginning of each regular session, of the Administration of the functions with which it is charged.

DEFINITION

SEC. 406. When used in this title—

(a) The term "dependent child" means a child under the age of sixteen, who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a residence maintained by one or more of such relatives as his or their own home;

(b) The term "aid to dependent children" means money payments with respect to a dependent child or dependent children.

SEC. 1001 (a). The term "State" includes Alaska, Hawaii, and the District of Columbia.

SEC. 1002. * * * The Social Security Board * * * shall make and publish such rules and regulations, not inconsistent with this Act, as may be necessary * * *.

GRANTS TO STATES FOR MATERNAL AND CHILD WELFARE

RECOMMENDATIONS OF THE PRESIDENT, THE PRESIDENT'S COMMITTEE, AND THE ADVISORY COUNCIL

The President, in his message to Congress of January 17, 1935, recommended, "Federal aid to dependent children through grants to States for * * * services for the protection and care of homeless, neglected, dependent, and crippled children." No suggestions were made as to conditions on which such grants should be made.

The President's committee, in its report to the President, recommended a program which would "provide for an extension of maternal and child health service, especially in rural areas. It should include: (a) Education of parents and professional groups in maternal and child care; supervision of the health of expectant mothers, infants, pre-school and school children, and children leaving school for work; (b) provide for transportation, hospitalization, and convalescent care of crippled children in areas of less than 100,000 population. * * * Since the passage, in 1920, of the Federal Vocational Rehabilitation Act, the Government has been assisting the States in a service of individual preparation for, and placement in, employment of persons vocationally handicapped through industrial or public accidents, disease, or congenital causes. * * * The desirability of continuing this program, correlating it with existing and contemplated service to workers in the general program of economic security, we believe to be most evident." The Children's Bureau was recommended for administration.

The above was also the recommendation of the Advisory Council of the Committee on Economic Security. The security bill follows all of the above, the redraft adding vocational education provisions.

In the original bill, title 7, and, in the redraft, title 5, cover provisions for (1) maternal and child health; (2) care of crippled children, (3) child welfare service, while the redraft included, in addition, provisions with respect to vocational rehabilitation.

These will be taken up in the order named.

CHILD WELFARE SERVICES

SUMMARY OF CHILD WELFARE SERVICES PROVISION IN THE BILL

The expressed purpose of the grant of \$1,500,000 annually authorized to be appropriated is to strengthen public welfare services for the care of homeless, dependent, and neglected children in rural areas. The provision of the original bill also included area suffering from severe economic distress.

The original bill distributed the \$1,500,000 (1) up to 5 percent to the Children's Bureau and the balance to the States qualifying to receive it on a matching basis, as follows: (2) \$1,000,000 to be divided \$10,000 per State, the balance apportioned according to population; (3) the balance from \$500,000 to States unable to match the funds or for special demonstrations of methods of child welfare service.

The redraft distributes the entire \$1,500,000 to the States \$10,000 to each State, the balance apportioned according to rural population. No provision requires the State to match Federal funds.

The original bill requires the approval by the Children's Bureau of a State plan as a condition to the receipt of any Federal funds. This is eliminated in the redraft.

CHILD WELFARE SERVICES

COMPARISON OF TEXT OF ORIGINAL BILL AND REDRAFT

ORIGINAL BILL

REDRAFT

CHILD WELFARE

CHILD WELFARE SERVICE

SEC. 703. (a) In order to enable the Federal Government to cooperate with the State agencies of public welfare in extending and strengthening, especially in rural areas and areas suffering from severe economic distress, welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of \$1,500,000, and there is hereby authorized to be appropriated \$1,500,000 for each fiscal year thereafter. From these amounts so much, not to exceed 5 per centum, as the Children's Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose, to be available until expended. The remainder shall be allotted to States for the purpose of assistance to local units, especially in rural areas, in the development of public child-welfare services and for improvement of standards and methods of child-caring service throughout the State. For each fiscal year, from the appropriations herein authorized,

(1) The Secretary of Labor shall apportion \$1,000,000 among the States, allotting \$10,000 to each State and the balance to States in the proportion which their population bears to the total population of the United States:

Provided, That no allotment made to a State under this paragraph shall exceed the sum of the amount made available by the State for the purposes of this section and the amount apportioned to it under paragraph (2) of this subsection.

(2) The Secretary of Labor shall apportion the remainder among States unable, because of severe economic distress, to match in full the amounts allotted under paragraph (1), for their use in matching such sums, or for special demonstrations of methods of community child-welfare service.

SEC. 521. For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, in rural areas, public welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$1,500,000.

Such amount shall be allotted for use by cooperating State public-welfare agencies, to each State, \$10,000, and such part of the balance as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the costs of county and local child-welfare services in rural areas.

(b) The sums provided under paragraph (2) of subsection (a) shall be available for expenditure until the close of the succeeding fiscal year. So much of the amount apportioned under paragraph (1) of subsection (a) to any State for any fiscal year as remains unpaid to such State at the close thereof shall be available until the close of the succeeding fiscal year for expenditures in that State under the conditions prescribed in such paragraph (1), or, if not requested by the State agency of welfare, for allocation to States as provided in such paragraph (2).

(c) In order to receive the benefits of this section a State must, through its State department of public welfare, or, if there be none or more than one such agency, through a State agency designated by the legislature or provisionally designated by the Governor if the legislature be not in session, to cooperate with the Children's Bureau under the provisions of this section, submit to the Children's Bureau a detailed plan for effectuating the purposes of this section within such State, and information concerning the amounts made available by the State for such purposes, which should at least equal the amounts made available for similar purposes during the fiscal year next preceding the passage of this act, unless exceptional circumstances can be shown; and if an allocation under paragraph (2) of subsection (a) of this section is requested, the conditions leading to such a request.

A plan must include reasonable provision for State administration, State financial participation, furthering local public child-welfare services, and cooperation with health and welfare groups and organizations, and give due consideration to demonstration services or services of a more permanent character in rural or other needy areas or among groups of the population in special need. When the Chief of the Children's Bureau deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section he shall approve the same and send due notice of such approval to the State agency concerned.

The amount of any allotment to a State under this section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

Not in redraft.

MATERNAL AND CHILD HEALTH

SUMMARY OF MATERNAL AND CHILD HEALTH PROVISIONS OF THE BILL

The expressed purpose of the grant of \$4,000,000 annually (redraft \$3,800,000) authorized to be appropriated, is for extending services for promoting health of mothers and children, especially in rural areas, and those areas suffering from severe economic distress.

The original bill distributed the \$4,000,000 (1) up to 5 percent to the Children's Bureau, and the balance to States qualifying to receive it; (2) \$20,000 to each State; (3) \$1,000,000 apportioned to States according to live births, the above to be on a matching basis; and (4) \$800,000 to aid States in severe economic distress, to match the above.

The redraft, having elsewhere appropriated for the Children's Bureau, distributes \$3,800,000 (1) \$20,000 to each State; (3) \$1,800,000 apportioned to States according to live births, in quarterly installments on a matching basis.

Both original bill and redraft provide for approval of the State plan by the Children's Bureau.

The redraft adds a provision that allotments may be discontinued where an approved plan proves unsatisfactory.

COMPARISON OF TEXT OF ORIGINAL BILL AND REDRAFT

ORIGINAL BILL

WAYS AND MEANS REDRAFT

TITLE VII

TITLE VII

MATERNAL AND CHILD HEALTH

MATERNAL AND CHILD WELFARE

PART 1. MATERNAL AND CHILD HEALTH SERVICES

SEC. 701. (a) In order to enable the Federal Government to cooperate with the State agencies of health in extending and strengthening services for the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress, there is hereby appropriated the sum of \$4,000,000 from funds in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1936, and there is hereby authorized to be appropriated for each fiscal year thereafter, the sum of \$4,000,000. From these amounts so much, not to exceed 5 per centum, as the Children's Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose, to be available until expended. The remainder shall be allocated for furthering and strengthening State and local health services to mothers and children, extending maternity nursing services in counties predominantly rural, and conducting special demonstration and research in maternal care and other aspects of maternal and child health service.

SEC. 501. For the purpose of enabling each State to extend and improve, as far as practicable under the conditions in such State, services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress, there is hereby authorized to be appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, the sum of \$3,800,000. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for such services.

GRANTS TO STATE

For each fiscal year, allocations of the appropriations herein authorized shall be as follows:

(1) For furthering and extending maternal and child health and maternity nursing services, the Secretary of Labor shall allot \$20,000 to each State and apportion \$1,000,000 among the States in the proportion which the number of live births in each State bears to the total number of live births in the United States as determined annually by the latest available statistics for the United States Birth Registration area: *Provided*, That no allotment made to a State under this paragraph shall exceed the sum of the amount made available by the State for the purpose of this paragraph and the amount allotted to it under paragraph (2) of this section;

(2) The Secretary of Labor shall apportion among States unable, because of severe economic distress, to match by themselves in full the amounts made available under paragraph (1), for their use in matching such sums \$800,000;

(3) The Secretary of Labor shall allocate the remainder for special demonstrations and research in maternal care in rural areas, and in other aspects of maternal and child health.

(b) The sums provided under paragraphs (2) and (3) of subsection (a) of this section shall be available until the close of the succeeding fiscal year. So much of the amount apportioned under paragraph (1) to any State for any fiscal year as remains unpaid to such State at the close thereof shall be available until the close of the succeeding fiscal year for expenditures in that State, under the conditions specified in paragraph (1), or if not requested by the State agency of health, for apportionment among States as provided in paragraph (2).

(c) In order to receive the benefits of paragraphs (1) and (2) of subsection (a) of this section, a State shall, through its State agency of health, submit to the Children's Bureau detailed plans for effectuating the purposes of this section within such State and information concerning the amounts made available by the State for such purposes, which, unless exceptional circumstances can be shown, must at least equal the amounts available for similar

SEC. 502. (a) Out of the sums appropriated under section 501 for each fiscal year the Secretary of Labor shall allot to each State \$20,000 and such part of \$1,800,000 as he finds that the number of live births in such State bears to the total number of live births in the United States.

(b) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to the States \$880,000 (in addition to the allotments made under subsection (a)), according to the financial need of each State for assistance in carrying out its State plan, as determined by him after taking into consideration the number of live births in such State.

(b) The amount of any allotment to a State under subsection (a) for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under section 504 until the end of the second succeeding fiscal year. No payment to a State under section 504 shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

APPROVAL OF STATE PLAN

SEC. 503. (a) A State plan for maternal and child-health services must (1) provide for financial participation by the State; (2) provide for the administration or supervision of the plan by the State health agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Chief of the Children's Bureau to be necessary for the efficient operation of the

purposes at the time of the passage of this Act; and if an allocation under subsection (a) paragraph (2) is requested, the conditions leading to such a request. A State plan must include reasonable provision for State administrative and supervisory services, for furthering local maternal and child-health services administered by local public-health units for State financial participation, and for cooperation with medical, nursing, and welfare groups and organizations; and must give due consideration to the development of demonstration services or services of a more permanent character in rural and other needy areas or among groups of the population in special need.

When the Chief of the Children's Bureau deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section and in accordance with accepted standards of public-health practice developed by Federal Bureaus and other agencies, he shall approve the same and send due notice of such approval to the Secretary of Labor and the State agency concerned.

SEC. 701 (a) (1) and (2) supra contains provisions as to apportionment of funds.

plan; (4) provide that the State health agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for the extension and improvement of local maternal and child-health services administered by local child-health units; (6) provide for cooperation with medical, nursing, and welfare groups and organizations; and (7) provide for the development of demonstration services in needy areas and among groups in special need.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and after such approval he shall thereupon notify the Secretary of Labor and the State health agency of his approval.

PAYMENT TO STATES

SEC. 504. (a) From the sums appropriated therefor and the allotments available under Section 502 (a), the Secretary of the Treasury shall pay to each State which has an approved plan for maternal and child-health services, for each quarter, beginning July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such investigation as he may find necessary.

(2) The Secretary of Labor shall then certify the amount so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

(c) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States from the allotments available under section 502 (b), and the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

OPERATION OF STATE PLANS

SEC. 505. In the case of any State plan for maternal and child-health services which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 503 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

VOCATIONAL REHABILITATION

No mention was made of vocational rehabilitation in the President's message, but the report of the committee, submitted with the message, called attention to the need of continuing the Federal Vocational Rehabilitation Act.

Section 531 of the redraft is a new section, and authorizes an increase in the appropriation for vocational rehabilitation, without modifying the act in any way. The authorized appropriation is \$841,000 for 1936 and 1937 and \$1,938,000 thereafter, plus \$22,000 for 1936 and 1937 administration, and \$102,000 thereafter. The increase after 1937 offsets the appropriations already authorized which expire with 1937. This new section is as follows:

VOCATIONAL REHABILITATION, PART 4

SEC. 531 (a) In order to enable the United States to cooperate with the States and Hawaii in extending and strengthening their programs of vocational rehabilitation of the physically disabled, and to continue to carry out the provisions and purposes of the Act, entitled "An Act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended (U. S. C., title 29, ch. 4; U. S. C., Supp. VII, title 29, secs. 31, 32, 34, 35, 37, 39, and 40), there is hereby authorized to be appropriated for the fiscal years ending June 30, 1936 and June 30, 1937, the sum of \$841,000 for each such fiscal year in addition to the amount of the existing authorization, and for each fiscal year \$5,000 shall be apportioned among the several States in the manner provided in such Act of June 2, 1920, as amended.

(b) For the administration of such Act of June 2, 1920, as amended, by the Federal agency authorized to administer it, there is hereby authorized to be appropriated for the fiscal years ending June 30, 1936, and June 30, 1937, the sum of \$22,000 for each such fiscal year in addition to the amount of the existing authorization, and for each fiscal year thereafter the sum of \$102,000.

EXPENSES OF CHILDREN'S BUREAU

PART 5. ADMINISTRATION

The original bill authorizes 5 percent of the appropriations authorized in the title totaling \$8,500,000, or \$425,000 as expenses of the Children's Bureau in administering the title.

SEC. 541. (a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$425,000, for all necessary expenses of the Children's Bureau in administering the provisions of this title.

(b) The Children's Bureau shall make such studies and investigations as will promote the efficient administration of this title.

(c) The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this title, except section 531.

CRIPPLED CHILDREN

SUMMARY OF CRIPPLED CHILDREN PROVISIONS OF THE BILL

The expressed purpose of the grant of \$3,000,000 annually (redraft \$2,850,000) authorized to be appropriated, is to enable each State to extend services for locating and providing diagnosis, treatment, and hospitalization of crippled children, especially in rural areas. The redraft adds "and in areas suffering from severe economic distress."

The original bill distributed the \$3,000,000 (1) up to 5 percent to the Children's Bureau, and the balance to States qualified to receive it on a matching basis (excepting to States in severe economic distress) as follows: (2) \$20,000 to each State; (3) the remainder to States "on the basis of need."

The redraft, having elsewhere appropriated for the Children's Bureau, distributes \$2,850,000 annually; each quarter paying the State one-half total expenditures for the previous quarter, distribution being (1) \$20,000 to each State, (3) the remainder to States according to the need of each State as determined "after taking into consideration the number of crippled children * * * and the cost of furnishing such services."

Both bills require the approval of the State plan by the Children's Bureau. The redraft adds a provision that allotments may be stopped, after opportunity for a hearing, where the administration of an approved plan proves unsatisfactory. A comparison of the text of the original bill and redraft follows:

ORIGINAL BILL

CARE OF CRIPPLED CHILDREN

SEC. 702 (a) In order to enable the Federal Government to cooperate with the State agencies concerned with the provision of medical care and other services for crippled children, especially in rural areas, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of \$3,000,000, and for each fiscal year thereafter there is authorized to be appropriated \$3,000,000.

From this amount so much, not to exceed 5 per centum, as the Children's Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose to be available until expended.

The remainder shall be allotted to States for purposes of locating crippled children, and of providing facilities for diagnosis and care, hospitalization, and aftercare, especially for children living in rural areas.

REDRAFT

SERVICES FOR CRIPPLED CHILDREN

APPROPRIATION

SEC. 511. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State, services for locating crippled children, and for providing medical, surgical, corrective, and other services and care, and facilities for diagnosis, hospitalization, and after care, for children who are crippled or who are suffering from conditions which lead to crippling there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$2,850,000.

The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for such services.

(See preceding page for Children's Bureau appropriation.)

ALLOTMENTS TO STATES

For each fiscal year the Secretary of Labor shall allot \$20,000 to each State and apportion the remainder among the States on the basis of need as set forth in plans developed by the State agencies concerned and approved by the Children's Bureau:

SEC. 512. (a) Out of the sums appropriated pursuant to section 511 for each fiscal year the Secretary of Labor shall allot to each State \$20,000, and the remainder to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(b) The amount of any allotment to a State under subsection (a) for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under section 514 until the end of the second succeeding fiscal year. No payment to a State under section 514 shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

Provided, That except in the case of severe economic distress or other exceptional circumstance, no allotment under this subsection shall exceed the sum made available by the State for the purposes of this section.

APPROVAL OF STATE PLANS

(b) In order to receive the benefits of this section a State must, through an authorized State agency concerned with the provision of medical care and other services for crippled children, submit to the Children's Bureau a detailed plan for effectuating the purposes of this section within such State, and information concerning the amounts made available by the State for the purposes of this section, which should at least equal the amounts made available for similar purposes during the fiscal year next preceding the passage of this act, unless exceptional circumstances can be shown; and if an allocation in addition to the original allotment of \$20,000 is requested, the conditions leading to such a request. A State plan must include reasonable provision for State administration, adequate facilities for locating and diagnosing children, adequate medical care, hospitalization and after care, and cooperation with medical, health, and welfare groups and organizations.

SEC. 513. (a) A State plan for crippled children must (1) provide for financial participation by the State; (2) provide for the administration of the plan by a State agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Chief of the Children's Bureau to be necessary for the efficient operation of the plan; (4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for carrying out the purposes specified in section 511; and (6) provide for cooperation with medical, health, nursing, and welfare groups and organizations and with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children.

When the Chief of the Children's Bureau deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section, he shall approve the same and send due notice of such approval to the Secretary of Labor and the State agency concerned.

Sec. 702 (a) (last clause) *Provided*, That except in the case of severe economic distress or other exceptional circumstance, no allotment under this subsection shall exceed the sum made available by the State for the purposes of this section.

Sec. 702 (a) (next to last clause).

For each fiscal year the Secretary of Labor shall allot \$20,000 to each State and apportion the remainder among the States on the basis of need as set forth in plans developed by the State agencies concerned and approved by the Children's Bureau.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State agency of his approval.

PAYMENT TO STATES

SEC. 514. (a) From the sums appropriated therefor and the allotments available under Section 512, the Secretary of the Treasury shall pay to each State which has an approved plan for services for crippled children, for each quarter, beginning July 1, 1936, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such investigation as he may find necessary.

(2) The Secretary of Labor shall then certify the amount so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

OPERATION OF STATE PLANS

SEC. 515. In the case of any State plan for services for crippled children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 513 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

There is in Title X of the redraft the following general provision:

SEC. 1001. (d) Nothing in this Act shall be construed as authorizing any Federal official, agent, or representative, in carrying out any of the provisions of this Act, to take charge of any child over the objection of either of the parents of such child, or of the person standing in loco parentis to such child, in violation of the laws of a State.

SUGGESTED AMENDMENTS, CHILD WELFARE

REFERENCES TO WAGNER BILL

AMENDMENT BY MR. M. M. WALTER, REPRESENTING THE NATIONAL REHABILITATION ASSOCIATION

Amend title VII, section 702 (a), page 55, lines 2, as follows:

In order that crippled children who receive medical care and other services under paragraph (a) of section 702 of this act may be given vocational guidance, training, and placement in employment, as provided by an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise, and their return to civil employment," approved June 2, 1920, as amended (U. S. C., title 20, secs. 31, 32), and to carry out all provisions of said act of June 2, 1920, as amended, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, and annually thereafter, the sum of \$2,040,000 for allotment to the States, provided that not in excess of 5 per centum shall be used for administration by the Federal agency authorized to administer said act of June 2, 1920, as amended.

In order to provide for correlation and to prevent duplication of services, the Division of Vocational Rehabilitation in the Office of Education and the Children's Bureau of the Department of Labor shall, in carrying out the provisions of this act, establish a plan of cooperation between their respective offices and provide for similar plans of cooperation between the respective State agencies carrying out the provisions of this act, such cooperative agreements to be incorporated in the State plans submitted to the respective Federal agencies for approval.

AMENDMENT BY DR. JOHN W. STUDEBAKER, COMMISSIONER OF EDUCATION, INTERIOR DEPARTMENT

Amend title VII, section 702, as follows:

1. Section 702 (a) (p. 54, line 4) change the phrase "medical care and other services for crippled children" to "medical care and other services for the physical welfare of crippled children."

2. Section 702 (a) (p. 54, lines 16 and 17) change the phrase "facilities for diagnosis and care, hospitalization, and after care" to "facilities for medical diagnosis and physical care, hospitalization, and convalescent care."

3. Section 702 (b) (p. 55, line 5) change the phrase "medical care and other services for crippled children" to "medical care and other services for the physical welfare of crippled children."

4. Section 702 (b) (p. 55, lines 16-18) change the phrase "facilities for locating and diagnosing children * * * and after care" to "facilities for location and medical diagnosis of crippled children * * * and convalescent care."

5. Section 703 (a) (p. 56, lines 6-8) change the phrase "welfare services for * * * dependent and neglected children, and children in danger of becoming delinquent" to "child-welfare services for * * * dependent neglected, and pre-delinquent or delinquent children."

(B) Suggestions for an additional title to be added to the bill, to provide for the education of physically handicapped children:

1. In order to enable the Federal Government to cooperate with the State agencies concerned with the education of physically handicapped children, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of \$10,000,000, and for each fiscal year thereafter there is authorized to be appropriated \$10,000,000, same to be allocated to the United States Office of Education in the Department of Interior to be expended for the education of physically handicapped children as hereinafter provided.

2. For the purposes of this act physically handicapped children shall include the crippled, the blind and partially seeing, the deaf and hard of hearing, children having cardiac difficulties, children having tuberculous tendencies, and other children who are physically handicapped to the degree that they need special educational facilities.

3. From the amount appropriated, so much, not to exceed 5 per centum, as the United States Office of Education shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for these purposes to be available until expended.

4. The remainder shall be allotted to the States on the basis of population, for providing education and educational facilities for physically handicapped children: *Provided*, (a) That no allotment under this subsection shall exceed the sum made available by the State or local community, or both, for purposes of this section.

(b) That in every case the State shall present proof that there is either embodied in the statutes of the State or otherwise provided a specification designed to assist local school units in carrying the excess burden of cost involved in the education of physically handicapped children over and above that required for educating normal children.

(c) That a State plan be set up for administration of funds and for their equitable distribution regardless of locality, race, color, or economic status of the children concerned; for supervision of the work done, for necessary interschool or interdistrict arrangements; for transportation; and for other provisions essential to the carrying out of this act.

(d) That allotments within the State may be made in conformity with population distribution, administrative organization, and other factors conditioning educational costs.

(e) That not more than 25 percent of the fund allocated to any State shall be used for residential schools or institutions for physically handicapped children.

5. When the Commissioner of Education deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section he shall approve the same and send due notice of such approval to the Secretary of the Interior and the State agency concerned.

AMENDMENT BY ROBERT B. IRWIN, EXECUTIVE DIRECTOR OF AMERICAN FOUNDATION FOR THE BLIND

Amend title VII, section 702, as follows:

After the words "crippled children" wherever they occur (subsec. (a), lines 5 and 16, and subsec. (b), line 6) the words "including children with seriously defective vision" to be inserted.

CARE OF THE BLIND

Title IX (to be inserted).

Sec. 901 (a). In order to enable the Federal Government to cooperate with the State agencies concerned with the amelioration of the condition of the blind and the prevention of blindness, especially in rural districts, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of \$1,500,000, and there is hereby authorized to be appropriated \$1,500,000 for each fiscal year thereafter. From these amounts so much, not to exceed 5 per centum, as the Secretary of Labor shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose, to be available until expended. The remainder shall be allotted to States for purposes of locating blind persons and providing facilities for diagnosis and care of their eye conditions, vocational training, employment, home teaching, and other social service, and to provide special equipment used in the education and employment of the blind: *Provided*, That no portion of such moneys shall be expended for direct relief, or paid to a blind person, except as compensation for services rendered or as a maintenance subsidy during a period of vocational training; nor shall any portion be paid to any educational institution for the instruction or maintenance of any person under the age of twenty-one, except for persons who are both blind and deaf. For each fiscal year from the appropriations herein authorized—

(1) The Secretary of Labor shall apportion \$1,000,000 among the States, allotting \$10,000 to each State, and the remainder to States in proportion to the number of certified blind persons registered in each State: *Provided*, That no allotment made to a State under this paragraph shall exceed the sum of the amount made available by the State for the purposes of this section and the amount apportioned to it under paragraph (2) of this subsection.

(2) The Secretary of Labor shall apportion the remainder among States unable, because of severe economic distress, to match in full the amounts allotted under paragraph (1) for their use in matching such sums or for special demonstrations of methods of welfare work for the blind.

(b) The sums provided under paragraph (2) of subsection (a) shall be available for expenditure until the close of the succeeding fiscal year. So much of the amount apportioned under paragraph (1) of subsection (a) to any State for any fiscal year as remains unpaid to such State at the close thereof, shall be available until the close of the succeeding fiscal year for expenditures in that State under the conditions prescribed in such paragraph (1), or, if not requested by the State agency for the welfare of the blind, for allocation to States as provided in such paragraph (2).

(c) In order to receive the benefits of this section a State must, through a State agency concerned with the amelioration of the condition of the blind or, if there be none or more than one such agency, through a State agency designated by the legislature or provisionally designated by the Governor if the legislature be not in session, to cooperate with the Department of Labor under the provisions of this section, submit to the Department of Labor a detailed plan for effectuating the purposes of this section within such State, information concerning the number of certified blind persons resident in the State, and information concerning the amounts made available by the State for the purposes of this section which should at least equal the amounts made available

for similar purposes during the fiscal year next preceding the passage of this act, unless special circumstances can be shown; and, if an allocation under paragraph (2) of subsection (a) of this section is requested, the conditions leading to such request. A State plan must include reasonable provision for State administration, adequate facilities for locating and certifying blind persons, adequate medical care of the eyes, reasonable provision for vocational training, employment, and home instruction of the blind, and cooperation with medical, health, and welfare groups and organizations. When the Secretary of Labor deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section, he shall approve the same and send due notice of such approval to the State agency concerned.

(d) For the purposes of this section, a blind person shall be defined to mean one whose vision is insufficient for the ordinary activities of life for which eyesight is essential, such insufficiency of vision to be determined by examination by a regular practicing physician, skilled in diseases of the eye: *Provided*, That such examining physician shall certify in writing the diagnosis, prognosis, and visual acuity of the person examined, and shall state whether in his opinion such person is blind within the meaning of this act and whether there is any likelihood that his vision could be restored or improved by proper treatment, operation, or adjustment of glasses.

PARTICIPATION BY DEPARTMENT OF LABOR

SEC. 902. (a) Out of the amounts authorized in this title the Secretary of Labor is authorized to employ such experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, to be taken from the eligible lists of the Civil Service Commission, and to purchase such supplies, material, equipment, office fixtures, and apparatus, and to incur such travel and other expenses as it may deem necessary for carrying out the purposes of this title. It shall be the duty of the Secretary of Labor to make or cause to be made such studies, investigations, and reports as will promote the efficient administration of this title.

(b) Within 30 days after an appropriation has been made under the authority of this title, the Secretary of Labor shall make the apportionments on the basis of certified registered blind persons as provided herein; shall certify to the Secretary of the Treasury and to the treasurers of the several States the amounts apportioned for the purposes specified, and shall certify to the Secretary of the Treasury the amounts estimated by the Secretary of Labor to be necessary for administering the provisions of this title.

(c) Within 60 days after any appropriation authorized by this title has been made, and as often thereafter while such appropriation remains unexpended as changed conditions may warrant, the Secretary of Labor shall ascertain and certify to the Secretary of the Treasury and the Treasurer of the United States the amounts to which each State is entitled under the provisions of this title, in accordance with plans submitted by the States and approved by the Secretary of Labor. Such certificate shall show that the State has complied with all requirements of the pertinent sections of the title. When in conformity with the provisions of the title such certificate until revoked as provided in subsection (d) hereof, shall be sufficient authority to the Treasurer to make payment to the State in accordance therewith.

(d) Each State agency cooperating with the Department of Labor under the provisions of this title shall make such reports concerning its operations and expenditures as shall be prescribed or requested by the Department. The Department, after due notice in writing, setting forth the reasons therefor, may revoke any existing certificate provided for in subsection (c) whenever it shall determine that any State agency has not properly expended or supervised the expenditure of moneys paid to it for the purposes and in accordance with the provisions of this title.

(e) The Secretary of Labor shall perform or cause to be performed under his supervision the duties required for the carrying out of the provisions of this title and shall include in his annual report to Congress a full account of the administration of this title and expenditures of the moneys herein authorized.

(f) As used in this title, the term "State" shall include Alaska, Hawaii, Puerto Rico, and the District of Columbia.

NOTE.—In case the duties provided for in this title can be assigned to the Children's Bureau, it is suggested that section 901 be renumbered under title VII and section 902 omitted.

Section 901 amendment, above, also proposed by Mr. L. L. Watts, president, The American Association for Workers for the Blind.

AMENDMENT BY NATIONAL CONFERENCE OF CATHOLIC CHARITIES

Amend title VII, section 703, pages 56-57 to read as follows:

SEC. 703. In order to enable the Federal Government, through the Children's Bureau, to cooperate with the State agencies of public welfare in extending and strengthening, especially in rural areas, and in other areas where such services have not been organized or are inadequate to meet the need, welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of \$1,500,000 and there is hereby authorized to be appropriated, the sum of \$1,500,000 for each fiscal year thereafter. From this amount so much, not to exceed 5 percent, as the Children's Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose to be available until expended. The remainder shall be available for (a) cooperative demonstrations looking toward the assumption of full State and local responsibility following a demonstration period, or for services of a more permanent character, such demonstrations and services to be carried on through the Children's Bureau and the State agencies of public welfare, with the cooperation of health and welfare groups and organizations, in areas predominantly rural and among groups of the population in special need, and for (b) assisting the State agencies of welfare in developing State-wide services for the stimulation, encouragement, and assistance of adequate methods of community child welfare organization for the prevention and treatment of dependency, delinquency, and other types of social need among children. The sums provided for cooperative services under this section shall be available for expenditure until the close of the succeeding fiscal year.

AMENDMENT BY MICHIGAN CRIPPLED CHILDREN'S COMMISSION

Amend title VII, section 702, page 55, by adding the following:

Wherever appearing in the act, crippled child should be defined as "one under 21 years of age whose activity is or may become so far restricted by loss, defect, or deformity of bones or muscles, or nerves involving bones or muscles, as to reduce his or her normal capacity for education and self-support; an orthopedic or plastic surgery case which has a definite crippling condition that actually or potentially handicaps the child, educationally and/or vocationally."

Amend section 702 (a), page 54, lines 14-18, by striking out the sentence on those lines, and inserting the following:

The remainder shall be allotted to States for purposes of locating crippled children, and of providing facilities for diagnosis and care, hospitalization, and aftercare including education when not otherwise available, especially for children living in rural districts.

Amend section 702 (a), page 55, lines 15-18, by striking out the sentence on those lines and inserting the following:

State plan must include reasonable provisions for State administration, adequate facilities for locating and diagnosing children, adequate medical care, hospitalization, and aftercare, including education when not otherwise available, and cooperation with medical, health, educational, and welfare groups and organizations.

AMENDMENT BY AMERICAN EUGENICS SOCIETY

Amend section 701 (a), page 51, line 11, by inserting before the words "maternal care", the word "contraceptives".

UNEMPLOYMENT COMPENSATION

SUMMARY OF UNEMPLOYMENT COMPENSATION PROVISIONS OF THE BILL

The bill is designed to encourage adequate State systems of unemployment compensation by levying a uniform tax on employers and then giving them credit on their State unemployment contributions, and granting the State financial assistance for operating its plan when the State system meets approved administrative standards. The original bill included provisions designed to encourage stabilization through tax reduction, but this was eliminated in the Ways and Means redraft, which also restricted State plans to the pool type of unemployment compensation by limiting credit on the Federal tax to State contributions paid into pooled funds.

THE FEDERAL TAX

The bill provides a tax on employers measured by pay rolls, increasing to 3 percent for 1938. The original bill provides for 1 or 2 percentum for 1936 and 1937, depending on the index of industrial production, while the redraft provides an unconditional 1 percent tax for 1936 and 2 percent for 1937.

EMPLOYERS TAXED

Employers liable for the tax in the original bill were all persons (save Federal and State Governments, subdivisions and instrumentalities) (1) who in 13 or more weeks in the year (2) had four or more in their employment (3) in the continental United States (4) not included in any unemployment system established by an act of Congress (save for the District of Columbia). In the redraft besides the exemption of employment by the State and Federal Government (a) agricultural labor, (b) domestic service in a private home, (c) service on ship (d), family employment and employment by nonprofit, (e) religious, (f) charitable, (g) literary, or (h) educational bodies is exempted. Other employers are liable if they (1) in each of any 20 days of the year, in different calendar weeks (2) had a total of 10 or more in their employ (3) in the United States, Alaska, or Hawaii. The original bill included as employees counted those working for a person who contracts to perform a part of the taxpayer's usual business, but the redraft includes only those in the relation of master and servant with the taxpayers.

STATE PLANS

In order for an employer within a State to obtain credit against the Federal tax for State contributions, it must be found by the Secretary of Labor (redraft Social Security Board) that under the plan: (1) All compensation is paid through public employment offices; (2) benefits are payable 2 years after initial contributions are required; (3) State unemployment funds deposited with the Secretary of the Treasury; (4) and withdrawn solely for payments of compensation; (5) compensation denied no one, otherwise eligible, for refusing work available directly because of a labor dispute, or where wages or other conditions substantially less favorable than those prevailing locally for similar work or where the employment would require joining a labor union or interfere with labor organization membership; (6) the State law is so drawn as to be modifiable or repealable.

CREDIT AGAINST TAX

The bill gives credit up to 90 percent of the Federal Tax for contributions paid for the support of approved State unemployment compensation systems.

The Wagner bill allowed the original credit against Federal tax to continue after State payments were reduced to the taxpayer in either pooled or employer reserve State systems, because of his favorable employment experience. Conditions were specified under which this full credit would be allowed.

The redraft allows credit for State contributions only where the State has a pooled system, and eliminates the credit mentioned in the preceding paragraph, for reduction because of favorable employment experience.

COMPARISON

The comparison below is of the recommendation of the President's committee and the Advisory Council, compared with the original bill's provisions. Following this is a comparison of the text of the original bill and redraft.

UNEMPLOYMENT INSURANCE

COMPARISON OF PROVISIONS OF ORIGINAL BILL AND REPORT OF PRESIDENT'S COMMITTEE AND THE ADVISORY COUNCIL

Advisory Council in *italics*.

ORIGINAL BILL IMPOSITION OF TAX

REPORT OF PRESIDENT'S COMMITTEE AND ADVISORY COUNCIL

SEC. 601. Three percent tax imposed on pay rolls, *but* if production average for year ending September 30, 1935 does not exceed 81 percent of 1923-25 average, tax for 1936 shall be 2 percent; *also* based on production for year ending September 30, 1936, the same rules as above shall determine whether the tax is 1 percent or 2 percent, for 1937, save in no event shall it be less than for 1936.

Same, save production averages not specified in report.

"If for the year 1935 the index of production shall be less than 90 percent of 1926 the rate the first year shall be 1 percent."

CREDIT ALLOWABLE AGAINST TAX

SEC. 602. Employer credited, up to 90 percent of above tax, for contributions to State unemployment fund, of State which,

Entire section approximates committee recommendations.

(a) has accepted Act U. S. C. title 29, sec. 49.

Same.

Same.

(b) pays benefits 2 years after initial contributions, and through public employment offices.

Same.

(c) deposits unemployment funds with United States Treasury or its agencies.

Federal Reserve banks.

(d) uses these funds only for paying benefits.

Same.

(e) does not refuse benefits to employees refusing employment.

Same.

- (1) due directly to a strike, etc.; *Same.*
 (2) where wages, hours, etc., substantially *Same.*
 less than those prevailing in the locality;
 (3) where employment would require joining *Same.*
 a company union, or interfere with membership
 or joining any bona fide labor organization;
 (f) State law so drawn as to prevent vested
 rights being created.

FINDINGS OF FACT

SEC. 603. Secretary of Labor annually noti- *Not in report.*
 fies Secretary of the Treasury and the States *Not in report.*
 which States comply with section 602.

UNEMPLOYMENT TRUST FUND

SEC. 604. (a) Unemployment trust fund es- *In general, the section conforms to the*
 tablished in the Treasury. The Secretary may *committee's report, save the report recom-*
 invest in any primary obligation of the United *mends 3 per centum interest.*
 States, or one guaranteed as to principal and
 interest by it; investment allowed by open-
 market operations. Returns on original issue
 investment shall be (after adjustment to next
 lower multiple of one-eighth per centum) the
 average interest on all outstanding primary ob-
 ligations. Other obligations shall be acquired
 on terms to provide a yield of not less (by ex-
 ceeding one-eighth of 1 per centum) than such
 average rate. United States obligations may
 be issued solely to afford investment at such
 "interest rates as may be required for the pur-
 poses of this section."

*The Advisory Council limits its recom-
 mendation to the following provision: "Reserve
 funds should be deposited in the Federal Reserve
 banks under obligation that they be so managed
 as to assist stabilization and employment * * *
 reserve accounts shall receive interest at 3 percent.*

(b) States have an undivided interest in
 fund with separate accounts kept for each, and
 interest accruals to account computed quar-
 terly on average balances.

(c) Money is payable to States on requis-
 ition. Securities may be sold by the Secretary
 when necessary. Obligations originally issued
 to the fund acquired at par plus accrued
 interest.

(d) Secretary may designate Federal Re- *Not in report.*
 serve or national banks as depositories. *Not in report.*

ADMINISTRATION REFUNDS AND PENALTIES

SEC. 605. (a) Internal Revenue, with ap-
 proval of Treasury, prescribes collection regu-
 lations.

(b) Tax is payable annually to the collector *Report "The collection of the Federal tax*
 of payor's district, before Feb. 1, with 1 per ** * * should be under the control of the*
 cent per month added. *Secretary of the Treasury." Not in Advisory*
Council report.

(c) Penalties, etc., are those of sec. 600 and title 11 of the Revenue Act of 1926.

(d) tax payable in installments

Not in report. *Not in report.*

(e) extensions granted up to 6 months. Interest $\frac{1}{2}$ of 1 percent per month for period granted.

DEFINITIONS

Sec. 606. Employers are all (save Federal and State governments, subdivisions, and instrumentalities)

(1) within each of 13 or more weeks in the year

(1) Period suggested. (1) *Same.*

(2) had four or more in "employment" (including persons under a contractor engaged in employers usual line of business)

(2) *Same.* (2) *Six or more.*

"Employment" all work, substantially within the continental United States, save that included in some Federal unemployment system.

Not in report. *Not in report.*

"State Law" is one for systematic compensation, requiring contributions from employers, including national banks and those engaged in interstate commerce (excepting those under Federal unemployment system).

Not in report. *Not in report.*

"Unemployment fund" is a State fund, administered by it in paying compensation; and must always include 1 percent contributions from pay rolls even though the State also allows separate reserve accounts.

"We recommend, however, that such credit be allowed * * * on the condition that the employee * * * continues to pay at least 1 percent into the pooled State fund." *Not in Advisory Council report.*

Guaranteed employment account is separate account in hands of State, contributed by employer who guarantees at least 40 weeks full wages per year to each employee.

No definition in report. *"55 percent of the maximum period of possible work during the year, under such financial guarantee as State approves.*

(Remainder of definitions in section do not contain provisions mentioned in reports.)

ADDITIONAL CREDITS

Sec. 607. Employers are entitled to credit as if continuing to pay initial State rate, where it was initially uniform, and has been reduced to him.

Entire section same. *Nothing in report respecting initial uniformity.*

Sec. 608. Conditions for credit:

(a) Where employee must continue contributing 1 percent to a pooled fund;

(b) If permitted to reduce contributions to a reserve account, is permitted because benefits have not been scaled because of inadequacy of reserve, and it amounts to not less than 15 percent of annual pay roll.

Where plant accounts allowed, and reserves equal to 15 percent of last 2 or last 5 years' average pay roll refund allowed employers. Similar refund where pooled systems with merit ratings. (No further details in Advisory Committee's recommendations.)

(c) Complied with guaranteed employment and 7½ reserves.

(d) If permitted to reduce contributions to a pooled fund (not below 1 percent) is permitted because the State law permits variable rates, operative to him after 5 years' compensation experience by him in the system.

Amount of reserves not in report.

No requirement as to limit of reduced contributions.

APPROPRIATION

SEC. 403. \$5,000,000 for 1936 and \$50,000,000 annually thereafter, 98 per centum to be apportioned among States.

SEC. 406. \$4,000,000 for 1936 and \$49,000,000 annually thereafter to be apportioned among States meeting the provisions of Sec. 602, on basis of needs, in case the State also meets the following:

Amount not in report.

Amount not in report.

CONDITIONS OF ALLOTMENTS

SEC. 407 (a). Board finds that:

(1) All positions held by appointees selected on merit under rules approved by the Board, and on non partisan basis.

Same.

Same.

(2) Administrative practices calculated to insure payment of full benefits when due.

Implied.

Implied.

(3) Benefits payable as matter of right, with fair hearing before impartial tribunal for those denied.

Same.

Same.

(4) Benefits paid through public employment offices.

Same.

Same.

(5) All unemployment taxes on employer and employee is deposited with Federal treasury and spent solely for benefits.

Same.

Federal Reserve banks.

(6) State makes full and complete reports to Board. Payments can be stopped at any time on reversal of Board's previous findings and shall notify State.

Same as to reports. Same as to reports.

Added that State be required to set up local representative advisory council.

NOTIFICATION

SEC. 408. Annually the Board notifies the States and the Secretary of the Treasury of the allotment, which is paid in installments.

CONTROLLER GENERAL

SEC. 409. Authorized to allow Secretary credits for paying Board allotments,

UNEMPLOYMENT COMPENSATION

COMPARISON OF TEXT OF ORIGINAL BILL AND WAYS AND MEANS REDRAFT

ORIGINAL BILL

REDRAFT

ALLOTMENTS TO STATES FOR UNEMPLOYMENT
COMPENSATION ADMINISTRATIONGRANTS TO STATES FOR UNEMPLOYMENT COM-
PENSATION ADMINISTRATION

APPROPRIATION

SEC. 406. The Board shall periodically make allotments, in a total amount of not more than \$4,000,000 in the fiscal year ending June 30, 1936, and thereafter not more than \$49,000,000 in each year, to those States which have unemployment compensation laws requiring contributions for which credits against tax are allowed under title VI of this Act.

SEC. 301. For the purpose of assisting the States in the administration of their unemployment compensation laws, there is hereby authorized to be appropriated, for the fiscal year ending June 30, 1936, the sum of \$4,000,000 and for each fiscal year thereafter the sum of \$49,000,000, to be used as hereinafter provided.

PAYMENTS TO STATES

The total amount, or so much thereof as the Board deems necessary, allocated under this section shall be apportioned among such States on the basis of need for such financial assistance in the proper administration of such laws.

SEC. 302. (a) The Board shall from time to time certify to the Secretary of the Treasury for payment to each State which has an unemployment compensation law approved by the Board under Title IX, such amounts as the Board determines to be necessary for the proper administration of such law during the fiscal year in which such payment is to be made. The Board's determination shall be based on (1) the population of the State; (2) an estimate of the number of persons covered by the State law and of the cost of proper administration of such law; and (3) such other factors as the Board finds relevant. The Board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year.

(See sec. 409, below, for somewhat similar provision.)

(b) Out of the sums appropriated therefor, the Secretary of the Treasury shall, upon receiving a certification under subsection (a), pay, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, to the State agency charged with the administration of such law the amount so certified.

CONDITIONS OF UNEMPLOYMENT COMPEN-
SATION ADMINISTRATION ALLOTMENTS

SEC. 407. (a) No allotment shall be made or installment paid to a State, under Section 406 of this Act, unless and until the Board has made a finding of fact and has certified the same to the Secretary of Labor and the Secretary of the Treasury, that—

(1) All positions in the administration of the unemployment compensation law of such State are filled by persons appointed on a nonpartisan basis, and selected on the basis of merit under rules and regulations prescribed or approved by the Board; and

(2) Administrative regulations and practices are reasonably calculated to insure full payment of unemployment compensation when due; and

(3) Unemployment compensation is paid as a matter of right and in accordance with the terms of the State unemployment compensation law to all persons eligible thereto under such law, and that all persons whose claims for compensation are denied are given a fair hearing, before an impartial tribunal; and

(4) All such unemployment compensation is paid through public employment offices of the State; and

(5) All of the money raised by contributions of employers and employees under such State law is deposited upon collection to become a part of the unemployment trust fund established under title VI of this Act,

and, upon being requisitioned, is expended solely in the payment of unemployment compensation; and

(6) The State agency charged with the administration of the unemployment compensation law makes, upon request, full and complete reports to the Social Insurance Board relating to the effect and administration of such law, on forms to be prescribed by the Board, and makes available upon request to any agency of the United States charged with the administration of public works or other assistance

PROVISIONS OF STATE LAWS

SEC. 303. (a) The Board shall make no certification for payment to any State unless it finds that the law of such State, approved by the Board under Title IX, includes provisions for—

(See sec. 303 (a) (1) below.)

(1) Such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be reasonably calculated to insure full payment of unemployment compensation when due; and

(3) Opportunity for a fair hearing, before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied; and

(2) Payment of unemployment compensation solely through public employment offices in the State; and

(4) The payment of all money received in the unemployment fund of such State, immediately upon such receipt, to the Secretary of the Treasury to the credit of the unemployment trust fund established by section 904; and

(5) Expenditure of all money requisitioned by the State agency from the unemployment trust fund, in the payment of unemployment compensation, exclusive of expenses of administration; and

(6) The making of such reports, in such form and containing such information as the Board may from time to time require, and compliance with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and

(7) Making available upon request to any agency of the United States charged with the administration of public works or assistance

through public employment, the names and addresses and ordinary occupation of each recipient of unemployment compensation and the date when such recipient received the last regular payment of compensation to which he was entitled under the State law.

(b) Payment of any installment to a State to which an allotment has been made shall be withheld if the Board reverses the previous finding made by it under this section, and notifies the Secretary of the Treasury and the treasurer of the affected State of such reversal and the reason or reasons therefor. The amounts thus withheld in any fiscal year shall be added to the total amount from which allotments are made in the next fiscal year.

NOTIFICATION

SEC. 408. The Board shall, as soon as possible after the commencement of the fiscal year, notify the Secretary of the Treasury, and the treasurers of the several States of the States to which allotments for that fiscal year have been made under this title, and of the sums allotted. The Secretary of the Treasury shall thereupon pay in monthly installments to the treasurer of each such State the sums allotted to it, unless the Board notifies him to withhold payment of any installment or to change the amount of any allotment, in which case he shall act in accordance with such notification.

ACTION OF COMPTROLLER GENERAL

SEC. 409. The Comptroller General is authorized and directed to allow credit in the accounts of the Treasury of the United States for payment of allotments in the amount notified him by the Board.

through public employment, the name, address, ordinary occupation, and employment status of each recipient of unemployment compensation, and a statement of such recipient's rights to further compensation under such law.

(b) Whenever the Board, after notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is—

(1) a denial, in a substantial number of cases, of unemployment compensation to individuals entitled thereto under such law; or

(2) a failure to comply substantially with any provision specified in subsection (a) the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that there is no longer any such denial or failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

(See 303 (b) (2) *supra*.)

(See sec. 302 (b), *supra*.)

TITLE VI

IMPOSITION OF TAX

SEC. 601. There shall be levied, assessed, and collected annually from every employer subject to this title, for the taxable year commencing January 1, 1936, and for each taxable year thereafter an excise tax, measured by an amount equal to 3 per centum of such employer's pay roll;

Provided, That

(a) If the Federal Reserve Board's adjusted index of total industrial production averages, for the year ending September 30, 1935, not more than 84 per centum of its average for the years 1923-25, inclusive, the Governor of the Federal Reserve Board shall certify that fact to the Secretary of the Treasury and to Congress, and the tax imposed under this section shall, for the taxable year commencing January 1, 1936, be measured by an amount equal to 1 per centum of such employer's payroll;

(b) *Between 84 and 95 per centum, tax 2 percent.*

(c) If such index averages, for the year ending September 30, 1936, not more than 84 per centum of such earlier average, such fact shall be so certified, and the tax imposed under this section shall, for the taxable year commencing January 1, 1937, be measured by an amount equal to 1 per centum of such employer's pay roll, except that in no event shall the measure of tax for the taxable year commencing January 1, 1937, be less than the measure of tax for the taxable year commencing January 1, 1936;

(d) If such index averages, for the year ending September 30, 1936, more than 84 per centum but less than 95 per centum of such earlier average, such fact shall be so certified, and the tax imposed under this section shall for the taxable year commencing January 1, 1937, be measured by an amount equal to 2 per centum of such employer's pay roll, except that in no event shall the measure of tax for the taxable year commencing January 1, 1937, be less than the measure of tax for the taxable year commencing January 1, 1936.

TITLE VIII

TAX ON EMPLOYERS OF TEN OR MORE

IMPOSITION OF TAX

SEC. 901. On and after January 1, 1936, every employer (as defined in section 907) shall pay for each calendar year an excise tax, with respect to having individuals in his employ, equal to the following percentages of the total wages (as defined in section 907) payable by him (regardless of the time of payment) with respect to employment (as defined in section 907) during such calendar year:

(1) With respect to employment during the calendar year 1936 the rate shall be 1 per centum;

(2) With respect to employment during the calendar year 1937 the rate shall be 2 per centum:

(3) With respect to employment after December 31, 1937, the rate shall be 3 per centum.

ALLOWABLE CREDIT

SEC. 602. Any employer may credit against the tax thus due, up to 90 per centum of the tax, the amount of his contributions for the taxable quarter to any unemployment fund under any State law;

Provided, That the Secretary of Labor has, in the month of December in the taxable year, made a finding of fact and certified to the Secretary of the Treasury that—

(a) The State by whose law such contributions were required has accepted the provisions of the Act of June 6, 1933 (U. S. C., title 29, sec. 49 (c); 48 Stat. 113);

(b) Payment of all compensation is made and/or is to be made through the public employment offices in such State, and commences under such State law two years after contributions are first made under such law;

(c) The State agency of such State, to safeguard the money paid as contributions and to assist in maintaining the stability of industry and employment, deposits all such money, or causes it to be deposited, immediately upon its being paid as contributions, in the unemployment trust fund, or in a bank or banks designated as agents of such trust fund to be held as part of such trust fund, in accordance with section 604 of this Act;

(d) None of the money requisitioned by such State agency, in accordance with section 604 of this Act, has been used for any purpose except the payment of compensation;

(e) Compensation is not denied in such State to otherwise eligible employees for refusing to accept new work under any of the following conditions: (1) If the position offered

CREDIT AGAINST TAX

SEC. 902. The taxpayer may credit against the tax imposed by section 901 the amount of contributions, with respect to employment during the taxable year, paid by him (before the date of filing his return for the taxable year) into an unemployment fund under a State law. The total credit allowed to a tax payer under this section for all contributions paid into unemployment funds with respect to unemployment during such taxable year shall not exceed 90 per centum of the tax against which it is credited, and credit shall be allowed only for contributions made under the laws of States certified for the taxable year as provided in section 903.

CERTIFICATION OF STATE LAWS

SEC. 903. (a) The Social Security Board shall approve any State law submitted to it, within thirty days of such submission, which it finds provides that—

(1) All compensation is to be paid through public employment offices in the State;

(2) No compensation shall be payable with respect to any day of unemployment occurring within two years after the first day of the first period with respect to which contributions are required;

(3) All money received in the unemployment fund shall immediately upon such receipt be paid over to the Secretary of the Treasury to the credit of the Unemployment Trust Fund established by section 904;

(4) All money withdrawn from the Unemployment Trust Fund by the State agency shall be used solely in the payment of compensation, exclusive of expenses of administration;

(5) Compensation shall not be denied in such State to any otherwise eligible individual for refusing to accept new work under any of the following conditions: (A) If the position

is vacant due directly to a strike, lock-out, or other labor disputes; (2) if the wages, hours, and other conditions of the work offered are substantially less favorable to the employee than those prevailing for similar work in the locality; (3) if acceptance of such employment would either require the employee to join a company union or would interfere with his joining or retaining membership in any bona fide labor organization;

(f) The State law includes provisions which permit modification thereof at the will of the legislature or which prevent the creation of vested rights against modification or repeal of such law at any time.

FINDINGS OF FACT

SEC. 603. In December 1935 the Secretary of Labor shall notify the Secretary of the Treasury and the treasurers of the several States of the names of those States having State laws which, if faithfully executed, may entitle employers to credit for contributions made under such laws in the taxable year commencing January 1, 1936. Annually thereafter the Secretary of Labor shall make findings of fact and certifications to the Secretary of the Treasury, as provided in section 602 of this Act, as to compliance by the States with the conditions of subsections (a) to (f) inclusive, of section 602, and shall notify the treasurers of the several States of the names of those States which he finds to comply with such subsections.

UNEMPLOYMENT TRUST FUND

SEC. 604. (a) There is hereby established in the Treasury a trust fund to be known as the "Unemployment Trust Fund." The Secretary of the Treasury is authorized and directed to receive and hold in this fund any and all moneys delivered in accordance with section 602 of this Act by any State agency to him at the Treasury or at any bank designated by him for the purpose, and to receive and hold the income derived therefrom.

offered is vacant due directly to a strike, lock-out, or other labor dispute; (B) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; (C) if as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization;

(6) All the rights, privileges, or immunities conferred by such law or by acts done pursuant thereto shall exist subject to the power of the legislature to amend or repeal such law at any time.

The Board shall, upon approving such law, notify the governor of the State of its approval.

(b) On December 31 in each taxable year the Board shall certify to the Secretary of the Treasury each State whose law it has previously approved, except that it shall not certify any State which, after notice and opportunity for hearing to the State agency, the Board finds has changed its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with any such provision.

(c) If, at any time during the taxable year, the Board has reason to believe that a State whose law it has previously approved, may not be certified under subsection (b), it shall promptly so notify the governor of such State.

UNEMPLOYMENT TRUST FUND

SEC. 904. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the "Unemployment Trust Fund", hereinafter in this title called the "fund". The Secretary of the Treasury is authorized and directed to receive and hold in the Fund all moneys deposited therein by a State agency from a State unemployment fund. Such deposit may be made directly with the Secretary of the Treasury or with any Federal Reserve bank or member bank of the Federal Reserve System designated by him for such purpose.

The fund or any part thereof may be invested or reinvested in any primary obligations of the United States or in any obligations guaranteed as to both principal and interest by the United States; and such obligations may be acquired by purchase of outstanding obligations at the market price thereof or on original issue at par. Obligations acquired by the fund on original issue,

which are issued exclusively to the fund, shall bear interest at a rate equal (after adjustment to the next lower multiple of one-eighth of 1 per centum) to the average rate of interest payable at the time of such acquisition upon all primary obligations of the United States (other than obligations issued directly to the fund) then forming part of the public debt.

Every other obligation acquired for the fund shall be acquired on such terms as to provide an effective investment yield which shall not be less, by more than one-eighth of 1 per centum than such average rate.

(See provisions of section just below.)

It shall be the duty of the Secretary of the Treasury to invest as herein provided such portion of the fund as is not, in his judgment, required to meet current withdrawals. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance thereof to the fund for the sole purpose of providing it with suitable investments at such interest rates as may be required for the purposes of this section, not-

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purposes such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate.

Obligations other than such special obligations may be acquired for the fund only on such terms as to provide an investment yield not less than the yield which would be required in the case of special obligations if issued to the fund upon the date of such acquisition.

(c) Any obligations acquired by the fund (except special obligations issued exclusively to the fund) may be sold at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the fund shall be credited to and form a part of the fund.

(See 904 (b), supra, for somewhat similar provisions.)

withstanding the availability in the market of obligations of the United States bearing the same or different interest rates; and to an amount not in excess of the face amount, from time to time outstanding, of obligations originally issued to the fund, the Secretary of the Treasury is authorized in his discretion and on the basis of fair market values to invest and reinvest in, and to sell (or, in the case of primary obligations of the United States, to cancel) any obligations of a kind in which he is authorized to invest the fund, but without limitation as to interest rate. Obligations so acquired shall be held in a special account. All purchases, retirements, and sales under this section shall be deemed to be public debt transactions.

(b) Each State agency shall have an undivided interest in the fund, but the Secretary of the Treasury shall maintain a separate book account for each such State agency, and shall credit quarterly on March 31, June 30, September 30, and December 31, to each such account a proportionate part of the earnings of the fund for the preceding quarter, on the basis of the average daily balance of such account.

(c) The Secretary of the Treasury is authorized and directed to pay out of the fund to any State agency such part of the money held in trust for it, as may be duly requisitioned in accordance with the terms of this Act. Whenever in order to make any such payment it is necessary to dispose of any obligations held in the fund, the Secretary of the Treasury is authorized to sell such obligations on the market, or to acquire such obligations for the account of the United States at the market price thereof: *Provided*, That obligations originally issued to the fund shall be so acquired for the account of the United States at par plus accrued interest.

(d) The Secretary of the Treasury is hereby authorized to appoint any one or more of the Federal Reserve or national banks as his agents, on such terms and conditions as he may prescribe, to hold and have custody of the fund or any part thereof, and such banks are hereby authorized to act as such agents.

(e) The fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency and shall credit quarterly on March 31, June 30, September 30, and December 31, of each year, to each account on the basis of the average daily balance of such account, a proportionate part of the earnings of the fund for the quarter ending on such date.

(f) The Secretary of the Treasury is authorized and directed to pay out of the fund to any State agency such amount as it may duly requisition, not exceeding the amount standing to the account of such State agency at the time of such payment.

(Same provision in sec. 904 (a) supra.)

ADMINISTRATION, REFUNDS AND PENALTIES

SEC. 605. (a) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe and publish necessary rules and regulations for the enforcement of the provisions of this title.

(Sec. 605 (b) below provides for payment to collectors of internal revenue.)

(b) Every employer liable for tax under this title shall make a return under oath within one month after the close of the year with respect to which such tax is imposed to the collector of internal revenue for the district in which is located his principal place of business. Such return shall contain such information and made in such manner, as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector within one month after the close of the year with respect to which the tax is imposed. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per centum a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect to the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this Act, be applicable in respect to the tax imposed by this Act. The Commissioner may extend the time for filing the return of the tax imposed by this Act, under such rules and regulations as he may prescribe with the approval of the Secretary of the Treasury, but no such extension shall be for more than sixty days.

(c) Returns required to be filed for the purpose of the tax imposed by this Act shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law as returns made under title II of the Revenue Act of 1926.

ADMINISTRATION, REFUNDS AND PENALTIES

SEC. 1002. The Secretary of the Treasury * * * shall make and publish such rules and regulations * * * as may be necessary * * *.

SEC. 908. Same as section 1002.

SEC. 905. (a) The tax imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections.

(b) Not later than January 31, next following the close of the taxable year, each employer shall make a return of the tax under this title for such taxable year. Each such return shall be made under oath, shall be filed with the collector of internal revenue for the district in which is located the principal place of business in the United States, then with the collector at Baltimore, Maryland, and shall contain such information and be made in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations prescribe.

All provisions of law (including penalties) applicable in respect to the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this title, be applicable in respect to the tax imposed by this title. The Commissioner may extend the time for filing the return of the tax imposed by this title, under such rules and regulations as he may prescribe with the approval of the Secretary of the Treasury, but no such extension shall be for more than sixty days.

(c) Returns filed under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

(d) The taxpayer may elect to pay the tax in four equal installments, in which case the first installment shall be paid on the date prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month, after such day. If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

(e) At the request of the taxpayer, the time for payment of any initial installment of the amount determined as the tax by the taxpayer may be extended under regulations prescribed by the Commissioner with the approval of the Secretary of the Treasury, for a period not to exceed six months from the date prescribed for the payment of such installment. In such case the amount in respect of which the extension is granted shall be paid (with interest at the rate of one-half of 1 per centum per month) on or before the date of the expiration of the period of the extension.

DEFINITIONS

SEC. 606. When used in this title the term "employer" shall mean any person, partnership, association, corporation, whether domestic or foreign, or the legal representative, trustee in bankruptcy, receiver, or trustee thereof, or the legal representative of a deceased person, who or whose agent or predecessor in interest has, within each of thirteen or more calendar weeks in the taxable year, employed

(d) The taxpayer may elect to pay the tax in four equal installments instead of in a single payment, in which case the first installment shall be paid not later than the last day prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month, after such last day. If the tax or any installment thereof is not paid on or before the last day of the period fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

(e) At the request of the taxpayer the time for payment of the tax or any installment thereof may be extended under regulations prescribed by the Commissioner with the approval of the Secretary of the Treasury, for a period not to exceed six months from the last day of the period prescribed for the payment of the tax or any installment thereof. The amount of the tax in respect of which any extension is granted shall be paid (with interest at the rate of one-half of 1 per centum per month) on or before the date of the expiration of the period extension.

(f) In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

INTERSTATE COMMERCE

SEC. 906. No person required under a State law to make payments to an unemployment fund shall be relieved from compliance therewith on the ground that he is engaged in interstate commerce, or that the State law does not distinguish between employees engaged in interstate commerce and those engaged in intrastate commerce.

DEFINITIONS

SEC. 907. When used in this title—

(a) The term "employer" does not include any person unless on each of some twenty days during the taxable year,

each day being in a different calendar week, the total number of individuals who were in his employ for some portion of the day (whether

at least four persons in employment subject to this title, except that the term "employer" shall not include the Federal Government, the governments of the several States, municipal corporations, or other governmental instrumentalities. In determining whether an employer employs enough persons to be an "employer" subject hereto, and determining for what tax he is liable hereunder, he shall whenever he contracts with any subcontractor for any work which is part of his usual trade, occupation, profession, or business, be deemed to employ all persons employed by such subcontractor on such work, and he alone shall be liable for the tax measured by wages paid to such persons for such work; except as any such subcontractor, who would in the absence of the foregoing provision be liable to pay said tax, accepts exclusive liability for said tax under an agreement with such employer made pursuant to regulations promulgated by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury.

"Wages shall mean every form of remuneration for employment received by a person from his employer, whether paid directly or indirectly by the employer, including salaries, commissions, bonuses, and the reasonable money value of board, rent, housing, lodging, payments in kind, and similar advantages.

"Employment" shall mean any employment in which substantially all of the person's work is, or was, performed within the continental United States under any contract of hire, oral or written, express or implied,

(Exemptions (1), (2), (3), and (4) not in original bill.)

(Sec. 606 to same effect.)

(Sec. 606 to same effect.)

or not at the same moment of time) was ten or more.

(See subs. (c) (5) (6) below.)

(Not in redraft.)

(b) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash.

(c) The term "employment" means any service, of whatever nature, performed within the United States by an employee for his employer, except—

- (1) Agricultural labor;
- (2) Domestic service in a private home;
- (3) Service performed as an officer or member of the crew of a vessel on the navigable waters of the United States;
- (4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;
- (5) Service performed in the employ of the United States Government or of an instrumentality of the United States;
- (6) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;

(Not in original bill.)

whether such person was hired and paid directly by the employer or through any other person employed by the employer, provided the employer had actual or constructive knowledge of such contract; except that for the purposes of this title it shall not include any employment included in any unemployment compensation system (other than for the District of Columbia) established by an act of Congress.

"State agency" shall mean any State officer, board, or other authority designated, under a State law, to direct the administration of an unemployment fund in such State.

"Unemployment fund" shall mean a special fund, established under a State law, and administered by a State agency in trust for the payment of compensation, and shall include so much of such fund as is administered as a pooled fund (which shall never be less, except insofar as it may be diminished by payment of compensation, than the amount raised by contributions measured by 1 per centum of pay roll) and so much, if any, for which the State agency maintains separate accounts for individual employers or groups of employers who are required to make contributions.

FOUND ONLY IN ORIGINAL BILL

"Pooled fund" shall mean an unemployment fund or any part thereof in which all contributions are mingled and undivided, and from which compensation is payable to all eligible employees, except that it is payable to persons employed by employers for whom individual or group reserve accounts are maintained by the State agency only when such accounts, and any other liability of employers for compensation, are exhausted.

"Reserve account" shall mean a separate account, maintained by a State agency, of contributions paid by an employer or group of employers, from which compensation is payable to the employees of such employer or group unless such account is exhausted.

"Guaranteed employment account" shall mean a separate account, maintained by a State agency, of contributions paid by an employer or group of employers who guarantee full wages, for not less than forty weeks in each taxable year to all of their employees, or all of their employees in any plant or plants operated by such employer or group, and give adequate guarantees for the payment thereof as prescribed by the State law, from which account may be payable compensation to each such employee if his guarantee is not renewed and he is otherwise eligible for benefits under such law.

"Pay roll" shall mean the total amount of all wages paid by the employer during the taxable year to persons employed by him in employment, subject to this Act.

(7) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(Not in redraft.)

(d) The term "State agency" means any State officer, board, or other authority, designated under a State law to administer the unemployment fund in such State.

(e) The term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation, all the assets of which are mingled and undivided, and in which no separate account is maintained with respect to any person.

"State law" shall mean a statute enacted by any one of the several States which provides for systematic compensation and the creation of an unemployment fund under the direction of a State agency, requires contributions from employers, whether or not they are national banks, and whether or not they are engaged in interstate commerce, except insofar as they are included in any unemployment compensation system (other than one for the District of Columbia) established by Act of Congress, and which may require that employees and/or the State also contribute.

ORIGINAL BILL

"Contributions" shall mean the amount which the employer has duly paid, as required by a State law, in and for the taxable year, into an unemployment fund.

"Compensation" shall mean the cash benefits payable under a compulsory State law to employees for their unemployment.

(Sec. 605, *supra*, same provision.)

Section 606 provides in essence that employment shall mean any employment performed within the continental United States.

SEC. 307. Continental United States means the several States and District of Columbia, and excludes Territories and possessions.

The term "person" means an individual, a trust or estate, a partnership, syndicate, group pool, joint venture, or other incorporated organization, or a corporation association, joint stock company or insurance company.

"Employee" as used in this title, shall mean any employed person who is covered by a State law and/or may become eligible for compensation thereunder,

REDRAFT

(f) The term "contributions" means payments required by a State law to be made by an employer into an unemployment fund, to the extent that such payments are made by him without any part thereof being deducted or deductible from the wages of individuals in his employ.

(g) The term "compensation" means cash benefits payable to individuals with respect to their unemployment.

RULES AND REGULATIONS

SEC. 908. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title except sections 903 and 904.

TITLE X—GENERAL PROVISIONS

DEFINITIONS

SEC. 1001. (a) When used in this Act—

(1) The term "State" (except when used in section 531) includes Alaska, Hawaii, and the District of Columbia.

(2) The term "United States" when used in a geographical sense means the States, Alaska, Hawaii, and the District of Columbia.

(3) The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(4) The term "corporation" includes associations, joint-stock companies, and insurance companies.

(5) The term "shareholder" includes a member in an association, joint-stock company, or insurance company.

(6) The term "employee" includes an officer of a corporation,

(b) The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(c) Whenever under this Act or any Act of Congress, or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then for the purposes of this Act the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

SUMMARY OF DIFFERENCES IN UNEMPLOYMENT COMPENSATION PROVISIONS OF THE ORIGINAL BILL AND REDRAFT

Besides the difference in (1) time of imposition of one and two percent Rates (2) the employers subject to tax (3) the types of State systems allowed (4) credit on tax where reduction in payments allowed under state law (which differences are outlined on pages 56 and 57 hereof) the following additional principal differences exist:

(5) Territorial coverage: The original bill imposes the tax measured by employment substantially performed "in the continental United States", defined as the Several States, and The District of Columbia, excluding all Territories, while the redraft includes employment "in the United States", which it defines geographically as "the States, Alaska, Hawaii, and the District of Columbia." Also the redraft excludes all employment as officer or crew on navigable waters.

(6) Specific facts are designated in the redraft for Board consideration in apportioning Federal funds to States for assistance in administering its State plan.

(7) The redraft eliminates from Board consideration questions as to selection, compensation, and tenure of office of State personnel; also omits the provision requiring persons to be "appointed on a nonpartisan basis under rules and regulations prescribed or approved by the Board."

(8) The redraft requires opportunity for hearing to a State before rejection of a plan after its approval, and states specific grounds for suspension of approval.

UNEMPLOYMENT COMPENSATION

AMENDMENTS OFFERED AT HEARINGS (REFERENCE TO WAGNER BILL)

Amendments by Mr. E. H. Andrews, State Industrial Commissioner of New York:

Amend section 406, page 29, line 23, as follows: After the word "basis" insert: "of the proportion of the number of insured workers in each State and"; and on the same page, line 24, change period after word "laws" to a comma, and insert:

Provided, however, That the amount to be distributed to the States in the discretion of the Board because of such additional need of financial assistance shall not exceed 10 percent of the total allotment to be made.

Amend section 407 (5), page 31, line 6, as follows: After the word "compensation" insert:

Except when the Board in its discretion shall approve the separate application of a State to requisition a stated amount to be expended for payment of administration expenses made necessary by the inadequacy of the periodic allotment.

Amend section 602 (b), page 36, line 18, as follows: After the word "law" insert "not later than."

Amend section 602 (d), page 37, line 6, as follows: After the word "compensation" insert before semicolon "and as otherwise provided in such section."

Amendment by Mr. M. B. Folsom, assistant treasurer, Eastman Kodak Co.: Amend section 602 (d) (3), page 37, lines 3-6 to read as follows:

If acceptance of such employment would affect the applicant's right to accept or refrain from accepting or retaining membership in or observance of the rules of an organization of employees.

Amendments by Mr. E. H. Andrews: Amend section 602 (f), page 37, line 21, as follows: Insert new subdivision G:

(g) The State law provides for payment of compensation benefits after a specified waiting period of not less than 3 weeks, at a rate not less than 50 percent of the employees' full-time weekly wages.

Amend section 606, page 43, line 17, as follows: Strike out word "within"; same page, line 18, strike out words "each of" and insert "at any time in any;" same page, line 18, strike out words "or more", so that passage shall read: "who or whose agent or predecessor in interest at any time in any 13 calendar weeks."

Amend section 606, page 45, line 4, as follows: Strike out word "and" and after word "advantages" but before period add words:

and gratuities received by the employee in the course of his employment from a person other than his employer, the value of which shall be determined by the Board. When so determined, such value shall be deemed an integral part of the wages of the employee and for pay-roll purposes as part of the wages paid by the employer.

Amendment by M. B. Folsom: Amend section 606, page 46, lines 2-5, as follows: Strike out "(which shall * * * Pay roll)"

Amendments by Mr. E. F. Andrews: Amend section 606, page 46, line 3, as follows: After word "compensation", insert: "and as otherwise limited under section 407 (5)."

Amend section 606, page 47, line 15, as follows: After word "thereunder" and before period insert:

but shall not include any person employed at other than manual labor when such nonmanual worker is paid at a rate of wage or salary of more than \$2,500 a year or more than \$50 a week."

Amendments by Mr. M. B. Folsom: Amend section 608, page 48, lines 20-25, by striking out subsection (a).

Amend subsection (b), page 49, lines 9 and 17, as follows: Where "15 percent" appears, change to "10 percent."

Amend subsection (d), page 50, lines 7 and 8, as follows: Strike out (but not * * * State), also strike out in line 10 (over and * * * roll).

Amendment by Mr. William Green:

Amend section 407 (a) by adding the following subsections after subsection (6):

(7) The State has accepted the provisions of the act of June 6, 1933 (U. S. C., title 29, sec. 49 (c); 48 Stat. 113).

(8) Payment of all compensation is made and/or is to be made through the public employment offices in such State, and commences under such State law 2 years after contributions are first made under such law.

(9) The State agency of such State, to safeguard the money paid as contributions and to assist in maintaining the stability of industry and employment, deposits all such money, or causes it to be deposited, immediately upon its being paid as contributions, in the unemployment trust fund, or in a bank or banks designated as agents of such trust fund to be held as part of such trust fund, in accordance with section 604 of this act.

(10) None of the money requisitioned by such State agency, in accordance with section 604 of this act, has been used for any purpose except the payment of compensation.

(11) Compensation is not denied in such State to otherwise eligible employees for refusing to accept new work under any of the following conditions: (a) If the position offered is vacant due directly to a strike, lock-out, or other labor disputes; (b) if the wages, hours, and other conditions of the work offered are substantially less favorable to the employee than those prevailing for similar work in the locality; (c) if acceptance of employment would either require the employee to join a company union or would interfere with his joining or retaining membership in any bona fide labor organization.

(12) The State law includes provisions which permit modification thereof at the will of the legislature or which prevent the creation of vested rights against modification or repeal of such law at any time.

(13) That no contributions for the payment of premiums or the raising of this fund for unemployment compensation is required of employees.

(14) That no more than 1 week of waiting days from date of loss of job before his days of unemployment begin to count.

(15) That said State laws permit unemployment compensation to be paid consecutively for 26 weeks, provided the unemployed is without a job and has not declined the offer of a job during said time.

(16) That the unemployed during said 26 weeks or the portion thereof he is without a job shall receive 50 percentum of his normal wages with a maximum of \$15 a week.

(b) Payment of any installment to a State to which an allotment has been made shall be withheld if the Board reverses the previous finding made by it under this section, and notifies the Secretary of the Treasury and the treasurer of the affected State of such reversal.

SUGGESTED CHANGES IN UNEMPLOYMENT COMPENSATION PROVISIONS

Besides the above specific amendments, the following general suggestions for changes in the bill were suggested at the hearings:

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Tax should be 2½ percent against employers and one-half of 1 percent against employees, and apply to only first \$250 of monthly wages.....	M. B. Folsom.....	585
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THE SOCIAL SECURITY BOARD

The original bill provides for a three-member Social Insurance Board, with 6-year staggered terms, appointed by the President, established in the Department of Labor, with personnel appointed subject to the approval of the Secretary of Labor, and, save officers, attorneys and experts, under civil service.

The redraft provides for a similar board, called the "Social Security Board," adds that the appointment of the members be with the advice and consent of the Senate. It is an independent bureau. Besides granting the Board power to appoint and fix compensation of personnel, no further provisions with respect to personnel appear in the redraft. The Board reports direct to Congress.

DUTIES

The Board has the duties of studying further social legislation, passing on State old-age pension and unemployment-compensation systems, and distributing the Federal aid to these systems, as authorized in the act. In the original bill it issued voluntary annuities (which are not provided for in the redraft).

The Board is, by the redraft, further given the duty of passing on State plans for dependent children, and distributing the Federal aid, as provided in the act. This duty was vested by the original bill in the Federal Emergency Relief Administrator.

RECOMMENDATIONS OF THE PRESIDENT'S COMMITTEE AND THE ADVISORY COUNCIL WITH RESPECT TO BOARD

The President's committee recommended the following:

"The creation of a Social Insurance Board within the Department of Labor, to be appointed by the President and with terms to insure continuity of administration, is recommended to administer the Federal Unemployment Compensation Act and the system of Federal contributory old-age annuities.

"The Federal Emergency Relief Administration is recommended as the most appropriate existing agency for the administration of noncontributory old-age pensions and grants-in-aid to dependent children. If this agency should be abolished, the President should designate the distribution of its work. It is recommended that all social-welfare activities of the Federal Government be coordinated and systematized."

The Advisory Council recommended the following:

"We recommend that the national administration of unemployment compensation be vested in the United States Department of Labor, and that the responsibility for all quasi-judicial and policy decisions be vested in a representative board, which is to have quasi-independent status, but that this board consist of the Secretary of Labor, the Secretary of Commerce, and five members appointed by the President for terms of five years (which shall initially be staggered so that the term of one member shall expire each year).

"It is contemplated that the old-age insurance reserve funds will be invested and managed by the Treasury. All other aspects of administration are to be vested in a Federal insurance authority."

THE SOCIAL SECURITY BOARD

COMPARISON OF TEXT OF ORIGINAL BILL AND WAYS AND MEANS REDRAFT

ORIGINAL BILL

REDRAFT

SOCIAL INSURANCE BOARD

ESTABLISHMENT

SEC. 401. (a) There is hereby established in the Department of Labor a Social Insurance Board (hereinafter referred to as the "Board") to be composed of three members to be appointed by the President. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment. Each member shall receive a salary at the rate of \$10,000 a year and shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of enactment of this title shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years and one at the end of six years after the date of enactment of this title. The President shall designate the chairman of the Board.

DUTIES OF SOCIAL INSURANCE BOARD

SEC. 402. The Social Insurance Board shall have, among its duties, the duties of—

(a) Studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age insurance, unemployment compensation, accident compensation, health insurance and related subjects:

SEC. 701. There is hereby established a Social Security Board (in this Act referred to as the "Board") to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. Each member shall receive a salary at the rate of \$10,000 a year and shall hold office for a term of six years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this Act shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years, and one at the end of six years, after the date of the enactment of this Act. The President shall designate one of the members as the chairman of the Board.

DUTIES OF SOCIAL SECURITY BOARD

SEC. 702. The Board shall perform the duties imposed upon it by this Act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age pensions, unemployment compensation, accident compensation, and related subjects.

EXPENSES OF THE BOARD

(b) The Board is authorized, subject to the approval of the Secretary of Labor, to appoint and fix the compensation of such officers, attorneys, and experts as may be necessary for carrying out its functions under this act, without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, and subject to the civil-service laws, to appoint such other officers and employees as are necessary in the execution of its functions and fix their salaries in accordance with Classification Act of 1923, as amended.

SEC. 703. The Board is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out its functions under this Act.

REPORTS

(Secretary of Labor makes Board reports.)

SEC. 704. The Board shall make a full report to the Congress, at the beginning of each regular session, of the administration of the functions with which it is charged.

SUGGESTED CHANGES

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The Board should have labor representation.....	William Green.....	154
The Board should be composed of the Director of Unemployment Insurance, who should be chairman, 2 members appointed by the President with the consent of the Senate, and the Secretaries of Labor and Commerce. There should also be an Advisory Board, 3 representing employers, 3 employees, and 3 the public..	Abraham Epstein ...	475

PUBLIC-HEALTH WORK

The purpose of this title is merely to augment existing public-health services, along traditional lines, with grants in aid, in amounts determined by the States' health problems, population, and financial needs. The texts of the original bill and redraft follow:

ORIGINAL BILL

APPROPRIATIONS FOR PUBLIC HEALTH

SEC. 801. There is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of \$10,000,000 for the fiscal year ending June 30, 1936, and there is hereby authorized to be appropriated for each fiscal year thereafter the sum of \$10,000,000 to be allocated to the Bureau of the Public Health Service to be expended as hereinafter provided.

LOCAL PUBLIC HEALTH SERVICES

SEC. 802. From the amounts appropriated under this title, the Bureau of the Public Health Service shall annually allot \$8,000,000 to the several States, in amounts determined on the basis of the need of each State for such assistance, for the purpose of developing State health services including the training of personnel for State and local health work and for the purpose of assisting counties and/or other political subdivisions of the States in maintaining adequate public-health programs. Payment of any allotment, or installment thereof, shall be made only after the Secretary of the Treasury has made a finding of fact that there is need to make such money available in such State, and has notified the Treasurer of the United States to pay such allotment or installment, and the amount thereof. Any money appropriated for the purposes of this section but not expended during the fiscal year shall be available for payment of allotments to the States in the next fiscal year.

REDRAFT

PUBLIC HEALTH WORK APPROPRIATION

SEC. 601. For the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public health services, including the training of personnel for State and local health work, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$8,000,000 to be used as hereinafter provided.

STATE AND LOCAL PUBLIC HEALTH SERVICES

SEC. 602. (a) The Surgeon General of the Public Health Service, with the approval of the Secretary of the Treasury, shall, at the beginning of each fiscal year, allot to the States the total of (1) the amount appropriated for such year pursuant to section 601; and (2) the amounts of the allotments under this section for the preceding fiscal year remaining unpaid to the States at the end of such fiscal year. The amounts of such allotments shall be determined on the basis of (1) the population; (2) the special health problems; and (3) the financial needs; of the respective States. Upon making such allotments the Surgeon General of the Public Health Service shall certify the amounts thereof to the Secretary of the Treasury.

(b) The amount of an allotment to any State under subsection (a) for any fiscal year, remaining unpaid at the end of such fiscal year, shall be available for allotment to States under subsection (a) for the succeeding fiscal year, in addition to the amount appropriated for such year.

(c) Prior to the beginning of such quarter of the fiscal year, the Surgeon General of the Public Health Service shall, with the approval

of the Secretary of the Treasury, determine in accordance with rules and regulations prescribed by such Surgeon General after consultation with a conference of the State and Territorial health authorities, the amount to be paid to each State for such quarter from the allotment to such State, and shall certify the amount so determined to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

(d) The moneys so paid to any State shall be expended solely in carrying out the purposes specified in section 601, and in accordance with plans presented by the health authority of such State and approved by the Surgeon General of the Public Health Service.

BUREAU OF THE PUBLIC HEALTH SERVICE

SEC. 803. (a) From the amounts appropriated under this title, \$2,000,000 shall annually be available to the Bureau of the Public Health Service, for the further investigation of disease and problems of sanitation, and related matters. Out of the amounts made available in this section the Bureau of the Public Health Service is authorized to employ such experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, to be taken from the eligible lists of the Civil Service Commission, and to purchase such supplies, material, equipment, office fixtures, and apparatus, and to incur such travel and other expenses as it may deem necessary for carrying out the purposes of this title.

(b) The Secretary of the Treasury shall make all rules and regulations necessary to carry out the purposes of this title.

INVESTIGATIONS

SEC. 603. (a) There is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$2,000,000 for expenditure by the Public Health Service for investigation of disease and problems of (including the printing and binding of the findings of such investigations), and for the pay and allowances and traveling expenses of personnel of the Public Health Service, including commissioned officers, engaged in such investigations or detailed to cooperate with the health authorities of any State in carrying out the purposes specified in section 601: Provided that no personnel of the Public Health Service shall be detailed to cooperate with the health authorities of any State except at the request of the proper authorities of such State.

(b) The personnel of the Public Health Service paid from any appropriation not made pursuant to subsection (a) may be detailed to assist in carrying out the purposes of this title. The appropriation from which they are paid shall be reimbursed from the appropriation made pursuant to subsection (a) to the extent of their salaries and allowances for services performed while so detailed.

(c) The Secretary of the Treasury shall include in his annual report to Congress a full account of the administration of this title.