

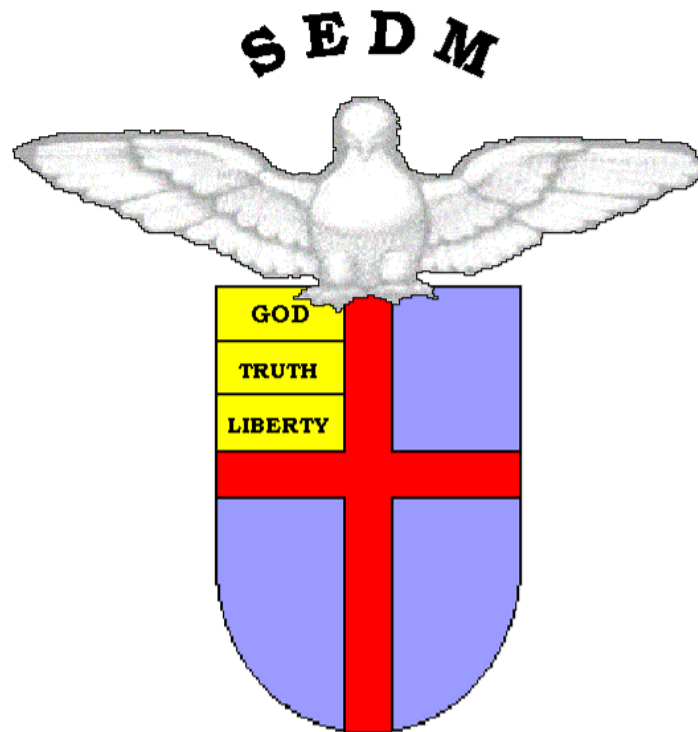
The Social Security Act of August 14, 1935

74th Congress Sess I
Chapter 531

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Join the march to OLD AGE SECURITY



Return
YOUR APPLICATION FOR A
SOCIAL SECURITY
ACCOUNT NUMBER
through the post office
NOT LATER THAN
DEC 5, 1936



WHO IS ELIGIBLE — EVERYBODY WORKING FOR SOME OR OTHER EMPLOYER WITH ONLY A FEW EXCEPTIONS SUCH AS AGRICULTURE, DOMESTIC SERVICE, AND GOVERNMENT WORK. APPLICATIONS FOR SOCIAL SECURITY ACCOUNTS ARE AVAILABLE THROUGH EMPLOYERS. IF YOU DO NOT GET ONE FROM YOUR EMPLOYER ASK FOR ONE AT THE POST OFFICE.



HOW TO RETURN APPLICATIONS:

- 1. BRING IT BACK TO YOUR EMPLOYER
- 2. BRING IT TO ANY LABOR ORGANIZATION OF WHICH YOU ARE A MEMBER
- 3. BRING IT TO YOUR LETTER CARRIER
- 4. DELIVER IT TO LOCAL POST OFFICE
- 5. MAIL IT IN A SEALED ENVELOPE ADDRESSED: POSTMASTER: SECURITY NO IT HERE. NO POSTAGE NEEDED.

Social Security Board

SOCIAL SECURITY

A Social Insurance scheme, a hazardous, implied-in-law quasi-contract. A Divisible, independent, consensual, severable, and unilateral contract with an illegal, inadequate and implied consideration. It isn't a contract at all, but a stipulation.

Social security is a fraud because its purpose and intent has been wholly misrepresented and concealed by the Congress of the United States, the originators thereof. It is also a fraud because that concealed purpose and intent is extended totally outside of the lawful boundaries of the authority of the Congress of the United States.

When you applied for your Social Security Account number did they tell you:

1). That you couldn't work unless you had a number ? (economic coercion);

2). That it was merely a "government retirement program" ? (misrepresentation);

3) That you were thereby surrendering your common law rights and agreeing to be subjected to a legislative maritime jurisdiction ? (concealment);

4) That you were thereby agreeing to a conversion of your citizenship from de jure to de facto ? (concealment).

5) That you thereby agreeing to relinquish your natural status at law and converting yourself from a human being to an artificial entity in the eyes of the law (corporation);

6) That you were thereby agreeing to be regulated and taxed because of the nature of that new status ? (concealment)

7) that your application for said account constituted a power of attorney ? (concealment).

8). That you were agreeing to be considered a resident of the District of Columbia as a result thereof ? (Concealment);

9). That you were agreeing to become a subject and ward of the Congress of the United States and relinquish all right to private property as a result thereof ? (concealment)

10) That you were agreeing to the conversion of our form of government from a Republic to a Socialist/ Communist democracy as a result thereof ? (concealment)

11) That it was not an insurance contract per se, but instead an implied contract under Social Insurance ? (misrepresentation); and

12) That the agreement was totally unilateral and hazardous in that Congress could change, and has changed, the terms and conditions thereof at any time it wished ? (concealment).

If none of these things were explained to you when you signed up for Social Security, then these are the facts comprising of fraud totally vitiate the existence of the presumed account and, in the eyes of the law, render the implied contract as though it had never existed.

INTRODUCTION TO THE SOCIAL SECURITY ACT

By Robert W. Wangrud

The Social Security Act of 1935 (49 STAT 620) is the most diabolical scheme ever perpetuated upon the citizens of the United States of America.

The act was passed by a Congress that had no knowledge of Christian Doctrine. The sole purpose of Congress being the protection of the citizens which they represent (free citizens), in this Congress has failed completely.

Not all of the members of Congress were fooled or deceived by this act:

April 19, 1935 - Congressman John Taber of New York:

"Never in the history of the world has any measure been brought here so insidiously designed as to prevent business recovery, to enslave workers and to prevent any possibility of the employers providing work for the people." The Formative Years of Social Security, Arthur J. Altmeyer, 1966, p 37-38.

April 19, 1935 - Congressman Daniel Reed of New York:

"The lash of the dictator will be felt and 25 million free American citizens will for the first time submit themselves to a fingerprint test." The Formative Years, supra at p 38.

April 19, 1935 - Congressman James W. Wadsworth of New York:

"This bill opens the door and invites the entrance into the political field of a power so vast, so powerful as to threaten the integrity of our institutions and to pull the pillars of the temple down upon the heads of our descendants." The Formative Years, supra at p 38.

These men knew that Social Security scheme would form a government within a government. They knew that the government would no longer be dependant for its existence upon the States; they knew that the citizens who signed up for this scheme would lose their common law citizenship of their State and thus, the ability to claim natural rights, and that all would come under federal jurisdiction

through Social Security. To prove this see Title I section 2 (2)(3) and section 3 (a) of the Social Security Act 1935.

There is no doubt that the Social Security deals with State citizenship. The Social Security Act of 1935 has been codified into and administered through Title 42 USC, being enacted through the Fourteenth Amendment (civil rights).

The Fourteenth Amendment is a maritime amendment subject to courts of admiralty under international law. Title 26 USC (Internal Revenue Code) is the enforcement of Social Security. The power of Congress to make amendments of the maritime law of the country is coextensive with that law. In re Garnett, 141 US 12.

Maritime 14th Amendment, U.S. Constitution
v
Title 42 USC
v
Maritime Social Security Act
v
Title 26 USC
v
Person as defined in the Social Security Act
v
Taxpayer
v
Socialist
v
Communist

Any person who has a valid Social Security account is in reality an american socialist under international law If you don't believe it then turn to page 636 and read section 702. Notice the words social insurance:

Social Insurance. A comprehensive welfare plan established by law, generally compulsory in nature, and based on a program which spreads the cost of benefits among the entire population rather than on individual recipients. The federal government began to use insurance programs in 1935 with the passage of the Social Security Act. The basic federal and state approaches to social insurance presently in use are: Old Age, Survivors, and Disability Insurance (i.e. social security); Medicare and Medicaid; unemployment insurance;

and worker's compensation. Black.Dict. 5Ed. @ 724

Social Security is of the maritime jurisdiction:

"A policy of insurance is a maritime contract, and therefore of admiralty jurisdiction." De Lovio v. Boit, 7 Fed. Cas. No. 3,776 (1815).

Social Security is an insurance policy and is under the maritime jurisdiction and, therefore, subject to a court of admiralty. Have you ever noticed how the IRS always files in one particular court?, the United States District Court:

"The admiralty and maritime jurisdiction conferred by the Constitution and laws of the United States upon the District Courts of the United States is exclusive." The Glide, 167 US 623 (1897).

The IRS follows jurisdiction and the laws of the United States according to their maritime jurisdiction. The federal courts are bound in the admiralty jurisdiction to the restrictions of Article III except:

"Although admiralty jurisdiction can be exercised in the states in those courts only which are established in pursuance of the third article of the Constitution, the same limitation does not extend to the territories." American Ins. Co. v. 356 Bales of Cotton, 1 Pet 545 (1828).

If you are a member of Social Security you would: (1) Be subject to maritime jurisdiction; (2) be prosecuted in a court of admiralty jurisdiction.

"The subject matter is the test of a marine contract. A contract appertaining to commerce and navigation, wherever made, to be performed on the navigable waters of the United States, is in general a marine contract." U.S. v. Burlington etc., Ferry Co., 21 F 336 (1884).

"Jurisdiction attaches in case of a maritime contract irrespective of the question whether it is to be performed on land or water." Dailey v. New York, 128 F 798 (1904).

It should be clear that your involvement in Social Security is your personal attachment to the maritime jurisdiction and subjects you to a court of admiralty. Also, Social Security is administered by

regional government with districts, not States, therefore you have the transition from State sovereignty to territorialism under the District of Columbia. Wait, you say that they misrepresented material facts to you when they presented the Social Security Act? Your damn right they did.

1. They did not inform you that you would be defined as a person by statute (Title XI Sec. 1101 [a][3] S.S. Act 1935);
2. They did not inform you that Social Security would reform the geographical area of the United States into Regions and Districts, repealing all State boundaries (Title XI Sec. 1101 [a][2] S.S. Act 1935);
3. They did not inform you that you would become a subject of the District of Columbia (Title XI Sec. 1101 [a][1] S.S. Act 1935);
4. They did not inform you of the Communist Doctrine of the scheme of social insurance;
5. They did not inform you that you would not be able to enforce the Bill of Rights against the United States government;
6. They did not inform you that they were reinstating slavery in the United States;
7. They did not inform you that you would be taxed directly by the United States government because of your loss of State citizenship;
8. They did not inform you that the definitions in the Social Security Act did not conform to definitions in standard dictionaries.

What to do about it? First, is there a way out? Check the laws on fraud and misrepresentation. I find this:

1. Scier, or intention to mislead. This is knowledge of the falsity of statements made with such utter disregard and recklessness for the truth that knowledge is inferred.
2. A false representation or the concealment of a matter of fact material to the transaction.
3. Justifiable reliance on the false statement or concealment.
4. Injury as a consequence of the reliance.

An actual or implied false representation of a past or present fact is the gist of fraud. This misstatement of fact must be material or significant to the extent that it has a moving influence upon the contracting party. It need not be the sole inducing cause for entering into the contract. A fact is material if it is one to which a reasonable person would attach importance in determining his choice of action in the transaction.

Statements of fact must be distinguished from statements that are simply promissory in nature. An unfulfilled promise will not support an action for fraud. The failure of the promise only justifies a suit for breach of contract. However, if, at the time the promise is made, the promiser has no intention to perform, the promise may constitute a misrepresentation of a material fact. The false fact is the state of mind or the inten-

tion of the promise and his intent to deceive the promisee.
Sellers v. Loper, page 172

Does the act allow for a pay back? Yes, see Sec. 204 on page 624. If you can prove you were deceived, you should be able to file in the U.S. Court of Claims and get your money back.

If you are successful, you should file again in the Court of Claims and demand all your personal income tax back, as you would not be a person as defined in the Social Security Act.

In conclusion, reason it out, what law allows your bank account to be raided, your car, house and personal effects to be seized without a court order? There is only one law which allows this, and it happens to be "Power of Attorney." Through Social Security, you have granted the IRS power of attorney which must be revoked immediately, if not sooner.

In the name of Jesus Christ,


Robert W. Wangrud

[CHAPTER 531.]

AN ACT

August 14, 1935.
[H. R. 7220.]
[Public, No. 271.]

To provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Social Security Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Title I—Grants to States for old-age assistance.

TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE

Appropriation.

APPROPRIATION

Amount for fiscal year 1936.
Post, p. 1113.

Subsequent fiscal years.
Post, p. 1805.
Availability to States.

Post, p. 635.

State old-age assistance plans.

Requirements.

Approval of plan by Board.

SECTION 1. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, 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.

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 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; 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.

(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—

(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; or

(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

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

PAYMENT TO STATES

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, (1) 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 the costs of administering the State plan or for old-age assistance, or both, and for no other purpose: *Provided*, That the State plan, in order to be approved by the Board, need not provide for financial participation before July 1, 1937 by the State, in the case of any State which the Board, upon application by the State and after reasonable notice and opportunity for hearing to the State, finds is prevented by its constitution from providing such financial participation.

Amount to be paid quarterly.

Matching funds by States.

Administrative costs.

Proviso. Time of financial participation.

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

Method of computing and paying amounts.

(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 clause (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 clause, 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.

Estimate to be submitted prior to beginning of quarter. Basis of estimates.

(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 amount which should have been paid to the State under clause (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.

Certification of amount: by Board; adjustments.

(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.

Payments; prior audit by General Accounting Office waived.

Operation of State plans.

OPERATION OF STATE PLANS

Payments withheld when State not complying with approved plan; notice and hearing.

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

Ante, p. 620.

(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 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.

ADMINISTRATION

Appropriation authorized for Board expenses.

Post, p. 1118.

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.

Definition.

DEFINITION

"Old-age assistance."

SEC. 6. When used in this title the term "old-age assistance" means money payments to aged individuals.

Title II—Federal old-age benefits.

TITLE II—FEDERAL OLD-AGE BENEFITS

OLD-AGE RESERVE ACCOUNT

"Old-Age Reserve Account", created.

Annual appropriation.

Post, p. 1635.

Determination of amount.

Annual estimate of appropriation.

Investment of amounts credited to Account.

Acquisition of United States obligations.

Second Liberty Bond Act.

Vol. 40, p. 503; *Ante*, p. 20; *Post*, p. 609; U. S. C., p. 1419.

Special obligations; interest rate.

SECTION 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 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.

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.

(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 adjustments shall be made in connection with subsequent payments under this section to the same individual.

(d) Whenever the Board finds that any qualified individual has received wages with respect to regular employment after he attained the age of sixty-five, the old-age benefit payable to such individual shall be reduced, for each calendar month in any part of which such regular employment occurred, by an amount equal to one month's benefit. Such reduction shall be made, under regulations prescribed by the Board, by deductions from one or more payments of old-age benefit to such individual.

PAYMENTS UPON DEATH

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.

Other obligations; acquisition of.

Sale of.

Interest and proceeds of sale credited to Account.

Availability.

Annual report of actuarial status.

Old-age benefit payments.

Persons entitled to receive.
Post, p. 625.

Amounts to be paid.
Post, p. 625.

Restriction on total monthly rate.

Adjustments.

Reductions.

Payments upon death.

When individual dies before receiving any benefit payment.

When recipient dies before receiving total payable benefits.

(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.

Adjustments when underpaid recipient dies.

(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.

Payments to aged individuals not qualified for benefits.
Amount.

PAYMENTS TO AGED INDIVIDUALS NOT QUALIFIED FOR BENEFITS

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 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, and before he attained the age of sixty-five.

Restriction on other payments.

(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.

AMOUNTS OF \$500 OR LESS PAYABLE TO ESTATES

Regulations.

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.

Overpayments during life.

OVERPAYMENTS DURING LIFE

Repayment from estate of recipient.

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 3½ 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 3½ per centum, or (2) the correct amount to which he was entitled under section 202.

Method of making payments.

METHOD OF MAKING PAYMENTS

Payment on certification of Board.

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 audit or settlement by the General Account-

ing Office, shall make payment in accordance with the certification by the Board.

ASSIGNMENT

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.

Right to receive payment not assignable; exemption from legal process.

PENALTIES

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.

False statements.

DEFINITIONS

Definitions.

SEC. 210. When used in this title—

(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.

"Wages."

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

"Employment."

- (1) Agricultural labor;
- (2) Domestic service in a private home;
- (3) Casual labor not in the course of the employer's trade or business;
- (4) 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;
- (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;
- (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, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

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

"Qualified individual."

- (1) He is at least sixty-five years of age; and
- (2) The total amount of wages 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 on some five days after December 31, 1936, and before he attained the age of sixty-five, each day being in a different calendar year.

Title III—Grants to States for unemployment compensation administration.

Appropriation.

Administration expenses.
Post, pp. 1113, 1605.

Payments to States.

Certification of amount determined by Board.

Basis of Board's determination.

Restriction on total amount.

Payment of certified amount; prior audit waived.

Provisions of State laws.

Requirements to be incorporated.

Approved methods of administration.

Payment of compensation through public employment offices.

Hearing when compensation claim denied.

Payment to credit of Unemployment Trust Fund.

Expenditure of requisitioned money for unemployment compensation payments.

Reports to Board.

TITLE III—GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION ADMINISTRATION

APPROPRIATION

SECTION 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

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.

(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.

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—

(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

(2) Payment of unemployment compensation solely through public employment offices in the State or such other agencies as the Board may approve; and

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

Information respecting recipients.

(b) Whenever the Board, after reasonable 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—

Notification to State agency of suspension of payments; when.

(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.

TITLE IV—GRANTS TO STATES FOR AID TO DEPENDENT CHILDREN

Title IV—Grants to States for aid to dependent children.

APPROPRIATION

Appropriation.

SECTION 401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children, 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.

Amount authorized. Post, pp. 1113, 1605.

Availability.

STATE PLANS FOR AID TO DEPENDENT CHILDREN

State plans for aid to dependent children.

Requirements.

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; (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; and (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.

(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

Approval of plan by Board.

for such aid, or (2) who was born within the State within one year immediately preceding the application, if its mother has resided in the State for one year immediately preceding the birth.

Payment to States.

PAYMENT TO STATES

Amount to be paid quarterly.

To be one-third of amount expended under State plan.

When more than one dependent child.

Method of computing and paying amounts.

Estimates to be submitted prior to beginning of quarter.

Basis of estimates.

Certification of amount by Board; adjustments.

Payments; prior audit waived.

Operation of State plans.

Payments withheld when State not complying with approved plan; notice and hearing.

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.

(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.

(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 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.

(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.

OPERATION OF STATE PLANS

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 reasonable 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

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.

Appropriation authorized for Board expenses.

DEFINITIONS

Definitions.

SEC. 406. When used in this title—

(a) The term "dependent child" means a child under the age of sixteen who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home;

"Dependent child."

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

"Aid to dependent children."

TITLE V—GRANTS TO STATES FOR MATERNAL AND CHILD WELFARE

Title V—Grants to States for maternal and child welfare.

PART 1—MATERNAL AND CHILD HEALTH SERVICES

Part 1—Maternal and child health services.

APPROPRIATION

Appropriation.

SECTION 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.

Amount authorized. Post, pp. 1121, 1130.

Availability to States.

ALLOTMENTS TO STATES

Allotments to States.

SEC. 502. (a) Out of the sums appropriated pursuant to 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 bore to the total number of live births in the United States, in the latest calendar year for which the Bureau of the Census has available statistics.

Amount to each State; division of balance. Post, p. 1121.

(b) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to the States \$980,000 (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.

Additional to assist in carrying out State plan.

(c) 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

Amount of allotment remaining unpaid.

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 plans.

APPROVAL OF STATE PLANS

Requirements.

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 of the plan by the State health agency or the supervision of the administration 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 necessary for the efficient operation of the 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.

Approval by Chief of Children's Bureau; notification.

(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 health agency of his approval.

Payment to States.

PAYMENT TO STATES

Amount to be paid quarterly.
Pwr. p. 1121.

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 with the quarter commencing 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.

To be one-half of amount expended under State plan.
Method of computing and paying amounts.

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

Estimates to be submitted prior to beginning of quarter.

(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 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, and (B) such investigation as he may find necessary.

Basis of estimates.

(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.

Certification of amount by Secretary of Labor; adjustments.

(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.

Payments; prior audit waived.

OPERATION OF STATE PLANS

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 reasonable 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.

Payments withheld when State not complying with approved plan; notice and hearing.

PART 2—SERVICES FOR CRIPPLED CHILDREN

Part 2—Services for crippled children.

APPROPRIATION

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 aftercare, 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.

Amount authorized. Post, pp. 1121, 1130.

Availability to States.

ALLOTMENTS TO STATES

Allotments to States.

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.

Amount to each State; division of balance. Post, p. 1121.

(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.

Amount of allotment remaining unpaid.

Approval of State plans.

APPROVAL OF STATE PLANS

Requirements.

SEC. 513. (a) A State plan for services for crippled children must (1) provide for financial participation by the State; (2) provide for the administration of the plan by a State agency or the supervision of 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 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.

Approval by Chief of Children's Bureau; notification.

(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.

PAYMENT TO STATES

Amount to be paid quarterly.

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 with the quarter commencing 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.

To be one-half of amount expended under State plan. Method of computing and paying amounts.

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

Estimates to be submitted prior to beginning of quarter.

(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 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, and (B) such investigation as he may find necessary.

Basis of estimates.

Certification of amount by Secretary of Labor; adjustments.

(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.

Payments; prior audit waived.

(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 reasonable 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.

Operation of State plans.

Payments withheld when State not complying with approved plan; notice and hearing.

PART 3—CHILD-WELFARE SERVICES

SEC. 521. (a) 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, especially in predominantly rural areas, public-welfare services (hereinafter in this section referred to as "child-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 by the Secretary of Labor for use by cooperating State public-welfare agencies on the basis of plans developed jointly by the State agency and the Children's Bureau, to each State, \$10,000, and the remainder to each State on the basis of such plans, not to exceed such part of the remainder 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 cost of district, county or other local child-welfare services in areas predominantly rural, and for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need. 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.

Part 3—Child-welfare services.

Appropriation authorized.
Post, pp. 1121, 1351.

Amount.
Allotments to States.

Amount to each State; division of remainder.

Expenditure.

Amount of allotment remaining unpaid.

(b) From the sums appropriated therefor and the allotments available under subsection (a) the Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States, 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.

Certification of amounts to be paid.

Prior audit waived.

PART 4—VOCATIONAL REHABILITATION

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

Part 4—Vocational rehabilitation.

Appropriation authorized.
Post, pp. 1119, 1798.

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 thereafter the sum of \$1,938,000. Of the sums appropriated pursuant to such authorization for each fiscal year, \$5,000 shall be apportioned to the Territory of Hawaii and the remainder shall be apportioned among the several States in the manner provided in such Act of June 2, 1920, as amended.

Apportionment to Hawaii.

Appropriation authorized for administration.
Post, pp. 1119, 1798.

(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.

Part 5—Administration.

PART 5—ADMINISTRATION

Appropriation authorized.
Post, pp. 1122, 1349.

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, except section 531.

Studies and investigations by Children's Bureau.

(b) The Children's Bureau shall make such studies and investigations as will promote the efficient administration of this title, except section 531.

Annual report.

(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.

Title VI—Public Health Work.

TITLE VI—PUBLIC HEALTH WORK

Appropriation.

APPROPRIATION

Sum authorized.
Post, pp. 1126, 1841.

SECTION 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.

STATE AND LOCAL PUBLIC HEALTH SERVICES

Allotments to States by Surgeon General.

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.

Amounts.

Determination of.

Certification to Secretary of the Treasury.

Availability of allotment remaining unpaid.

(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 each 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 previously 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.

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 sanitation (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.

TITLE VII—SOCIAL SECURITY BOARD

ESTABLISHMENT

SECTION 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. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment. Not more than two of the members of the Board shall be members of the same political party. 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

Determination of quarterly accounts.

Certification thereof. Payments; prior audit waived.

Expenditure.

Investigations.

Sum authorized for disease and sanitation investigations. *Post*, pp. 1126, 1841.

Proviso. Detail of Public Health Service personnel.

Reimbursement for salaries and allowances.

Annual report.

Title VII—Social Security Board.

Establishment.

Composition. *Post*, pp. 1114, 1604.

Restriction on other employment.

Political affiliation. Salary; terms of office.

Vacancies.

Chairman.

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.

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.

EXPENSES OF THE BOARD

Appointment and compensation of personnel.

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. Appointments of attorneys and experts may be made without regard to the civil-service laws.

Reports.

REPORTS

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.

Title VIII—Taxes with respect to employment.

Income tax on employees.

Rates.

TITLE VIII—TAXES WITH RESPECT TO EMPLOYMENT

INCOME TAX ON EMPLOYEES

SECTION 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 section 811) received by him after December 31, 1936, with respect to employment (as defined in section 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.

Collection by employer.

Liability for.

Adjustments.

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, without interest, 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 I 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.

Deductibility from income tax.

Vol. 48, p. 688; *Post*, p. 1534.

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 section 811) paid by him after December 31, 1936, with respect to employment (as defined in section 811) after such date:

Excise tax on employers.

Payment by. Vol. 48, pp. 688-691.

Post, p. 639.

Rates.

(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 EMPLOYER'S 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, without interest, in connection with subsequent wage payments to the same individual by the same employer.

Adjustment of employers' tax.

Regulations.

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.

Refunds and deficiencies.

COLLECTION AND PAYMENT OF TAXES

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. If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 802 (b) and 805) at the rate of one-half of 1 per centum per month from the date the tax became due until paid.

Collection and payment of taxes.

Collection.

Tax interest on payment in default.

Rate.

(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.

Regulations governing payment.

Provisions of law applicable.
Vol. 44, pp. 93, 99;
U. S. C., pp. 1107, 1133.
Vol. 43, p. 768.

(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.

Fractional part of cent.

(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.

RULES AND REGULATIONS

Authority to prescribe.

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.

Sale of stamps by postmasters.

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 payment 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 together with a statement of the additional expenditures in the District of Columbia and elsewhere incurred by the Post Office Department in performing the duties imposed upon said Department by this Act, and the Secretary of the Treasury is hereby authorized and directed to advance from time to time to the credit of the Post Office Department from appropriations made for the collection of the taxes imposed by this title, such sums as may be required for such additional expenditures incurred by the Post Office Department.

Bond.

Transfer of receipts.

Penalties.

PENALTIES

Unlawful use of stamps.

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.

Counterfeiting.

(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 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

Definitions.

SEC. 811. When used in this title—

(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.

"Wages."

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

"Employment."

- (1) Agricultural labor;
- (2) Domestic service in a private home;
- (3) Casual labor not in the course of the employer's trade or business;
- (4) Service performed by an individual who has attained the age of sixty-five;
- (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;
- (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, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

TITLE IX—TAX ON EMPLOYERS OF EIGHT OR MORE

Title IX—Tax on employers of eight or more.

IMPOSITION OF TAX

Imposition of tax.

SECTION 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:

Percentages.

- (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.

Post, p. 642.

CREDIT AGAINST TAX

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

Contributions into unemployment funds.

Total credit.	State law. The total credit allowed to a taxpayer under this section for all contributions paid into unemployment funds with respect to employment 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.	CERTIFICATION OF STATE LAWS
Approval; conditions.	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—
Payment of compensation through public employment offices.	(1) All compensation is to be paid through public employment offices in the State or such other agencies as the Board may approve;
Payment to credit of Unemployment Trust Fund.	(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;
Expenditure of requisitioned funds.	(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;
Refusal of employable to accept work under certain conditions.	(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;
Amendment of State laws.	(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 offered is vacant due directly to a strike, lockout, 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;
Notification to Governor of State.	(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.
Annual certification by Board of approved State laws.	(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 reasonable 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.
Restriction on approval.	(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.
Notification to Governor, when.	

Unemployment Trust Fund.

UNEMPLOYMENT TRUST FUND

Establishment.

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

Receipt of deposited funds.

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.

(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 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 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 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum 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.

(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.

ADMINISTRATION, REFUNDS, AND PENALTIES

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. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of one-half of 1 per centum per month from the date the tax became due until paid.

(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 of the

Investments; duty to make.

Nature of.

Acquisition of obligations of United States.

Second Liberty Bond Act.

Vol. 43, p. 288; U. S.

C., p. 1439.

Ante, pp. 20, 622;

Post, p. 656.

Special obligations; interest rate.

Other obligations; acquisition of.

Sale of.

Interest and proceeds of sale credited to Fund.

Investment accounts.

Requisitions on Fund by States; payments.

Administration, refunds, and penalties.

Taxes; collection of.

Interest on tax payment in default.

Returns by employers; when to be made.

Forms; filing.

- Provisions of law applicable. Vol. 44, p. 93.
- Extension of time for filing. Publicity of returns. Vol. 44, p. 51.
- Installation payment of tax.
- Extensions authorized.
- Fractional part of cent.
- Interstate commerce.
- Persons engaged in; payments.
- Definitions.
- "Employer."
- "Wages."
- employer, or, if he has no 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 of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this title, be applicable in respect of 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 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 of the 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 or not at the same moment of time) was eight or more.

(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—

"Employment."

- (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;
- (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, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(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.

"State agency."

(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.

"Unemployment fund."

(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.

"Contributions."

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

"Compensation."

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, 904, and 910.

Rules and regulations.

Authority to prescribe.

ALLOWANCE OF ADDITIONAL CREDIT

SEC. 909. (a) In addition to the credit allowed under section 902, a taxpayer may, subject to the conditions imposed by section 910, credit against the tax imposed by section 901 for any taxable year after the taxable year 1937, an amount, with respect to each State law, equal to the amount, if any, by which the contributions, with respect to employment in such taxable year, actually paid by the taxpayer under such law before the date of filing his return for such taxable year, is exceeded by whichever of the following is the lesser—

Allowance of additional credit.

Deduction of contributions from tax.

(1) The amount of contributions which he would have been required to pay under such law for such taxable year if he had been subject to the highest rate applicable from time to time throughout such year to any employer under such law; or

Amounts.

(2) Two and seven-tenths per centum of the wages payable by him with respect to employment with respect to which contributions for such year were required under such law.

(b) If the amount of the contributions actually so paid by the taxpayer is less than the amount which he should have paid under the State law, the additional credit under subsection (a) shall be reduced proportionately.

Total credits allowed.

(c) The total credits allowed to a taxpayer under this title shall not exceed 90 per centum of the tax against which such credits are taken.

Conditions of additional credit allowance.

CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE

When credit allowance to be granted.

SEC. 910. (a) A taxpayer shall be allowed the additional credit under section 909, with respect to his contribution rate under a State law being lower, for any taxable year, than that of another employer subject to such law, only if the Board finds that under such law—

(1) Such lower rate, with respect to contributions to a pooled fund, is permitted on the basis of not less than three years of compensation experience;

(2) Such lower rate, with respect to contributions to a guaranteed employment account, is permitted only when his guaranty of employment was fulfilled in the preceding calendar year, and such guaranteed employment account amounts to not less than $7\frac{1}{2}$ per centum of the total wages payable by him, in accordance with such guaranty, with respect to employment in such State in the preceding calendar year;

(3) Such lower rate, with respect to contributions to a separate reserve account, is permitted only when (A) compensation has been payable from such account throughout the preceding calendar year, and (B) such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three preceding calendar years, and (C) such account amounts to not less than $7\frac{1}{2}$ per centum of the total wages payable by him (plus the total wages payable by any other employers who may be contributing to such account) with respect to employment in such State in the preceding calendar year.

Reductions.

(b) Such additional credit shall be reduced, if any contributions under such law are made by such taxpayer at a lower rate under conditions not fulfilling the requirements of subsection (a), by the amount bearing the same ratio to such additional credit as the amount of contributions made at such lower rate bears to the total of his contributions paid for such year under such law.

Definitions.

"Reserve account."

(c) As used in this section—

(1) The term "reserve account" means a separate account in an unemployment fund, with respect to an employer or group of employers, from which compensation is payable only with respect to the unemployment of individuals who were in the employ of such employer, or of one of the employers comprising the group.

"Pooled fund."

(2) The term "pooled fund" means an unemployment fund or any part thereof in which all contributions are mingled and undivided, and from which compensation is payable to all eligible individuals, except that to individuals last employed by employers with respect to whom reserve accounts are maintained by the State agency, it is payable only when such accounts are exhausted.

"Guaranteed employment account."

(3) The term "guaranteed employment account" means a separate account, in an unemployment fund, of contributions paid by an employer (or group of employers) who

(A) guarantees in advance thirty hours of wages for each of forty calendar weeks (or more, with one weekly hour deducted for each added week guaranteed) in twelve months, to all the individuals in his employ in one or more distinct establishments, except that any such individual's guaranty may commence after

a probationary period (included within twelve or less consecutive calendar weeks), and

(B) gives security or assurance, satisfactory to the State agency, for the fulfillment of such guaranties, from which account compensation shall be payable with respect to the unemployment of any such individual whose guaranty is not fulfilled or renewed and who is otherwise eligible for compensation under the State law.

(4) The term "year of compensation experience", as applied to an employer, means any calendar year throughout which compensation was payable with respect to any individual in his employ who became unemployed and was eligible for compensation.

"Year of compensation experience."

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

Grants to States for aid to blind.

APPROPRIATION

Appropriation.

SECTION 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$3,000,000, 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, State plans for aid to the blind.

Sum authorized.
Post, pp. 1113, 1506.

Availability to States.

STATE PLANS FOR AID TO THE BLIND

State plans for aid to blind.

Requirements.

SEC. 1002. (a) A State plan for aid to the blind 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 aid 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; (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; and (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act.

(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 the blind under the plan—

Approval by Board.

(1) 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 aid and has resided therein continuously for one year immediately preceding the application; or

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

Payment to States.

PAYMENT TO STATES

Amount to be paid quarterly.

Matching funds by States.

Administration costs.

Method of computing and paying amounts.

Estimates to be submitted.

Basis of.

Certification of amount by Board; adjustments.

Payments; prior audit waived.

Operation of State plans.

Payments withheld when State not complying with approved plan; notice and hearing.

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing July 1, 1935, (1) an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan with respect to each individual who is blind 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 the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

(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 clause (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 clause, 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 blind individuals in the State, and (C) such other investigation as the Board may find necessary.

(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 amount which should have been paid to the State under clause (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 PLANS

SEC. 1004. In the case of any State plan for aid to the blind which has been approved by the Board, if the Board, after reasonable 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 or citizenship requirement prohibited by section 1002 (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 1002

(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

Administration.

SEC. 1005. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$30,000, for all necessary expenses of the Board in administering the provisions of this title.

Appropriation authorized for Board expenses.

DEFINITION

Definition.

SEC. 1006. When used in this title the term "aid to the blind" means money payments to blind individuals.

"Aid to the blind."

TITLE XI--GENERAL PROVISIONS

General provisions.

DEFINITIONS

Definitions.

SECTION 1101. (a) When used in this Act—

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

"State."

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

"United States."

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

"Person."

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

"Corporation."

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

"Shareholder."

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

"Employee."

(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.

"Includes"; "including."

(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.

Amounts deducted from remuneration of employee.

(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.

Children; care and custody.

RULES AND REGULATIONS

Rules and regulations.

SEC. 1102. The Secretary of the Treasury, the Secretary of Labor, and the Social Security Board, respectively, shall make and publish such rules and regulations, not inconsistent with this Act, as may be necessary to the efficient administration of the functions with which each is charged under this Act.

Separability of provisions.

SEPARABILITY

SEC. 1103. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances shall not be affected thereby.

Reservation of power.

RESERVATION OF POWER

SEC. 1104. The right to alter, amend, or repeal any provision of this Act is hereby reserved to the Congress.

Short title.

SHORT TITLE

SEC. 1105. This Act may be cited as the "Social Security Act".
Approved, August 14, 1935.

[CHAPTER 532.]

AN ACT

To amend the Packers and Stockyards Act.

August 14, 1935.

[S. 12.]

[Public, No. 272.]

Packers and Stockyards Act, amendments.
Vol. 42, p. 159.
U. S. C., p. 125.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act to regulate interstate and foreign commerce in livestock, livestock products, dairy products, poultry, poultry products, and eggs, and for other purposes, approved August 15, 1921 (U. S. C., title 7, secs. 181-229), is hereby amended by the addition of the following title:

Title V—Live poultry dealers and handlers.
Necessity for regulation.
Post, p. 1432.

"TITLE V—LIVE POULTRY DEALERS AND HANDLERS

"SECTION 501. The handling of the great volume of live poultry required as an article of food for the inhabitants of large centers of population is attendant with various unfair, deceptive, and fraudulent practices and devices, resulting in the producers sustaining sundry losses and receiving prices far below the reasonable value of their live poultry in comparison with prices of other commodities and in unduly and arbitrarily enhancing the cost to the consumers. Such practices and devices are an undue restraint and unjust burden upon interstate commerce and are a matter of such grave concern to the industry and to the public as to make it imperative that steps be taken to free such commerce from such burden and restraint and to protect producers and consumers against such practices and devices.

Licenses; designation of areas where required.

"SEC. 502. (a) The Secretary of Agriculture is authorized and directed to ascertain from time to time and to designate the cities where such practices and devices exist to the extent stated in the preceding section and the markets and places in or near such cities where live poultry is received, sold, and handled in sufficient quantity to constitute an important influence on the supply and price of live poultry and poultry products. On and after the effective date of such designation, which shall be publicly announced by the Secretary by publication in one or more trade journals or in the daily press or in such other manner as he may determine to be adequate for the purpose approximately thirty days prior to such date, no person other than packers as defined in title II of said Act and railroads shall engage in, furnish, or conduct any service or facility in any such designated city, place, or market in connection with the receiving, buying, or selling, on a commission basis or otherwise, marketing, feeding, watering, holding, delivering, shipping, weighing, unloading, loading on trucks, trucking, or handling in commerce of

Publication of effective date of designations.

Requirement of license thereafter.
Vol. 42, p. 160.

ticipation in the ITTO through a Conventions and International Organizations [CIO] account. Future funding requests through this account are expected to be modest.

In closing, Mr. Speaker, this bill does not set forth a plan, exhaustively comprehensive in scope, which will solve the environmental and trade problems brought about by the steady disappearance of the rain forests. But it will guarantee our presence in an important international forum designed to address these problems. Again, I urge its support.

LEGISLATION TO ALLOW EMPLOYEES OF RELIGIOUS ORGANIZATIONS OUT OF THE SOCIAL SECURITY SYSTEM

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 7, 1989

Mr. CRANE. Mr. Speaker, I plan to reintroduce legislation to correct a problem created by the 1983 Social Security Amendments which resulted in the Federal Government's intrusion into the ability of religious organizations to carry out their ministries. What my legislation will do is allow employees of religious organizations to opt out of the Social Security System, and thus prevent the Social Security System from over burdening religious organizations with the FICA tax.

From the very beginning of the Social Security System until the 1983 amendments, religious organizations and their employees were exempted from the system. Prior to the 1983 amendments, Congress realized that failure to grant such an exemption would jeopardize religious freedom. A 1946 report to the House Ways and Means Committee by the committee's social security technical staff declared that these groups were exempted from taxation because their representatives "feared endangering their freedom from taxation and the separation of church and State; they feared extension of Government influence on religious . . . policies."

However, the Social Security Amendments of 1983 brought the employees of all nonprofit (501(c)(3)) organizations—including church employees—into the system. After passage of these amendments, a public outcry arose because Congress had considered all categories of nonprofit groups together and had failed to address the special first amendment concerns raised by mandatory coverage of religious groups. In the Deficit Reduction Act of 1984 [DEFRA], Congress attempted to correct the problem by allowing religious organizations, but not their employees, to elect out of the system. Unfortunately, this modification did not solve the problem because the employees of the religious organizations which chose to opt out of the system are treated as self-employed, and thus liable for the full share of the 15 percent FICA tax.

The provision hits especially hard on the employees of many church schools. Since many State school employees are currently exempted from FICA taxes, the FICA tax burden on church school employees makes it difficult for churches to pay salaries competitive with public schools. In addition, the present law interferes with the strongly held religious conviction of some churches that

they should provide for their own retirement. Thus, for those religious schools which uphold this higher conviction, there is a double burden because they must pay salaries to their employees which reflect the heavy 15 percent FICA tax.

The Supreme Court has held that the church school is an "integral part of the religious mission" of the church in *Lemon v. Kurtzman*, 408 U.S. 602 (1971). My legislation will allow religious organizations to shed the economic burden imposed by the Federal Government in the form of Social Security taxes.

An excellent example of how the FICA tax intrudes upon the ability of a church to carry out its religious ministry is the case of the Bethel Baptist Church in Sellersville, PA. According to the pastor of this church, the Rev. Richard A. Harris, the church operates a preschool day care program and a school in furtherance of its religious mission. The members of Reverend Harris' faith believe that every activity involved in its ministry, including such vocations as secretary, maintenance worker, teacher, and so forth, is a religious ministry and is not secular or commercial in nature. The functions performed by employees of the church in its ministries are religious functions governed and controlled by religious principles. Reverend Harris correctly points out that the church's employees are indispensable to the carrying on of the church's ministry.

The members of Reverend Richard's faith believe that scripture requires that Christians provide for their own financial security. Since many of Bethel Baptist's employees further the religious ministry of the church through its school, the employment relationship between the church and its employees'/ministers' wages and has instituted a program of benefits for its employees to provide for their financial security, which includes a pension plan funded solely by church funds.

By mandating that church employees must participate in the Social Security program, Congress has caused the Federal Government to preempt the scriptural belief of the members of this church and provide for the financial security of church employees'/ministers. In addition, mandatory coverage—and thus taxation—by the Social Security program results in an extraction and diversion by the Federal Government of the church's funds which are meant for solely religious purposes.

What Bethel Baptist Church believes is that its scriptural duty to provide for the financial security of its employees is certainly a religious purpose. However, the Government imposed FICA tax causes diversion of these funds. If the church does not increase its employees' wages to cover the FICA tax, the church's employees' net income would be diminished substantially, thus hindering or eliminating the pursuit of their religious vocation in the church's ministries. If the church increases its employees' wages commensurate with the self-employment tax imposed upon them, the availability of the church's ministries, such as the Christian school it operates, would be endangered. Thus, an increase in tuition or an increase in the tithe to the church, or even a reduction of employee staff in the church ministries would result.

Mandatory coverage of employees of religious organizations would thus cause certain churches to violate what they believe is their

scriptural mandate not to participate in, or collaborate in, any effort of Government to assume or preempt a church's responsibility of providing for the financial security of its followers. I ask my colleagues to recognize that at the heart of this issue lies the constitutional command that the Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof. My bill will unburden churches from the intrusion of the Federal Government in the form of mandatory coverage by the Social Security System. The legislation will allow churches to opt out of the system if it interferes with its religious beliefs. I urge my colleagues to support this piece of legislation.

NATIONAL EYE DONOR MONTH

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 7, 1989

Mr. GUARINI. Mr. Speaker, the efforts of Congress have helped make possible the enormous humanitarian and economic benefits of organ and tissue transplantation: lives saved, bodies repaired, sight restored and thousands of men, women and children returned to the workplace, classroom and community life. Our support of eye donation, in particular, has had a dramatic impact.

Thanks to increased public awareness of the benefits of eye donation, a record number of people are choosing to pledge their eyes to be used after death for sight restoring surgery and eye research. Last year alone, more than 80,000 donor eyes were received by eye banks across the United States and Canada. Of this number, the Eye Bank Association of America [EBAA] reports that 36,000 were used to restore sight through corneal transplant surgery. The balance were used in other sight enhancing surgical procedures, and in important research projects to speed the day when thousands of persons with other types of blindness might also have their sight restored.

Since 1961, when the EBAA was founded, more than 300,000 corneal transplants have been performed with a 90-percent success rate, making this surgery the most frequently performed of all transplant procedures. Persons who have received the precious gift of sight through this surgery have come from all walks of life and all parts of the country.

The EBAA, through its 93 member eye banks, is coordinating activities throughout the United States and Canada in order to increase eye donations and expedite research. The EBAA is assisted by its allied organizations, the Association of Nurses Endorsing Transplantation [ANET] and the National Ambassadors for Corneal Transplant [NACT], whose members are former blind persons who have had their sight restored.

Despite this remarkable effort, thousands of blind men, women and children still wait in darkness because of a shortage of eye donations. Eye banking experts are convinced that one of the most effective means for increasing donations is to increase public knowledge of the donation process. They point out that many citizens do not realize that all eyes are

ANALYSIS OF THE SOCIAL SECURITY SYSTEM

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
EIGHTY-THIRD CONGRESS
FIRST SESSION
ON
THE LEGAL STATUS OF OASI
BENEFITS

NOVEMBER 27, 1933

Printed for the use of the Committee on Ways and Means

Part 6



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ANALYSIS OF THE SOCIAL SECURITY SYSTEM

FRIDAY, NOVEMBER 27, 1953

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SOCIAL SECURITY OF
THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to recess, in the main hearing room of the Committee on Ways and Means, Hon. Carl T. Curtis, chairman of the subcommittee, presiding.

Present: Representatives Curtis (presiding), Goodwin, Dingell.

Also present: Representative Eberharter.

Subcommittee staff members present: Robert H. Winn, chief counsel; Karl T. Schlotterbeck, staff director; George R. Leighton, editor and consultant; Rita R. Campbell, economist; James E. Finke, Howard Friend, Government research analysts; Wallace M. Smith, attorney; Eileen R. Brown, clerk; present also, Russell E. Train, clerk, and Leo H. Irwin, minority adviser, Committee on Ways and Means.

Chairman CURTIS. The committee will come to order.

This morning we are continuing our factfinding study of social security and its operations. We have as our witness this morning Dr. Arthur J. Altmeyer, who was associated with the program from its inception.

Mr. Altmeyer is here and before counsel proceeds the chairman asks unanimous consent that the members of the committee withhold questioning until after the counsel has completed his examination.

Without objection, it is so ordered. You may proceed, Mr. Winn.

Mr. WINN. Doctor, your full name is Arthur J. Altmeyer?

STATEMENT OF ARTHUR J. ALTMAYER, FORMER COMMISSIONER OF SOCIAL SECURITY ADMINISTRATION

Mr. ALTMAYER. That is right.

Mr. WINN. And your occupation is what, sir?

Mr. ALTMAYER. Retired.

Mr. WINN. Could you tell us a little of your educational background?

Mr. ALTMAYER. I am a graduate of the University of Wisconsin. I have the degree of bachelor of arts, master of arts, doctor of philosophy, and doctor of laws from the University of Wisconsin.

Mr. WINN. I believe you taught school in Wisconsin before you first came to Washington?

Mr. ALTMAYER. I taught school for 4 years, 2 years in Minnesota, and 2 years in Wisconsin, and was a State official for 15 years before coming to Washington.

Mr. WINN. And you came to Washington about 1933 as I recall; is that correct?

Mr. ALTMAYER. Yes.

Mr. WINN. And you were with the National Recovery Administration for a while?

Mr. ALTMAYER. Yes.

Mr. WINN. Then you became associated, did you not, with the President's Committee on Economic Security?

Mr. ALTMAYER. I became Assistant Secretary of Labor and when the Cabinet Committee on Economic Security was established they created a technical board and I was chairman of that technical board.

Mr. WINN. And the President's Committee on Economic Security and the technical board which was created had something to do with the first law on social security which was passed in 1935; did it not?

Mr. ALTMAYER. Yes.

Mr. WINN. And you participated in the hearings before Congress in connection with the proposed bills which became the social-security law; did you not?

Mr. ALTMAYER. Yes.

Mr. WINN. And after the social-security statute was enacted you became a part of the organization which administered that statute; did you not?

Mr. ALTMAYER. Yes.

Mr. WINN. And what was your position at that time?

Mr. ALTMAYER. I became a member of the Social Security Board which was a bipartisan board. Governor Winant, later ambassador to Great Britain, was chairman of the board—as you know, he was a Republican—and I was a Democratic member, and another man by the name of Vincent Miles from Arkansas was the other Democratic member. It was a three-member board and it retained its bipartisan character until it was abolished in 1946, I believe, when I was made Commissioner for Social Security with civil-service status. Do you want me to give you a connected statement?

Mr. WINN. If you will.

Mr. ALTMAYER. Under the reorganization plan creating the Department of Health, Education, and Welfare, the position of Commissioner for Social Security was abolished and the position of Commissioner of Social Security was established. That reorganization plan became effective April 10 and the effect was, of course, that my position was abolished.

However, about a year or so before that I had indicated that I intended to retire on May 8 when I reached the minimum retirement age of 62. Since then, as I stated at the beginning, I am retired.

Mr. WINN. Mr. Altmeyer, I believe you have in front of you four tables (hypothetical amount of benefits under the (1) 1935 act, (2) 1939 act, (3) 1950 act, and (4) 1952 act which have previously been introduced into the record of these hearings.

Mr. ALTMAYER. I have nothing before me.

Mr. WINN. I believe you have now. They have been marked "Exhibits 122 through 125," respectively. I think you will find if you look at them that they show the hypothetical amount of benefits under, first, the 1935 act, exhibit 106, the hypothetical amount of benefits under the 1939 act, exhibit 107, the hypothetical amount of benefits under

the 1950 act, exhibit 108; and the hypothetical amount of benefits under the 1952 act, exhibit 109. (See pp. 832-835.)

These show different amounts of benefits paid to different persons under varying assumed circumstances by virtue of the provisions of this statute as it was changed from time to time.

You recall, do you not, that there was an amendment in 1939?

Mr. ALTMAYER. Yes.

Mr. WINN. And that changed the amounts of the benefits of the statute as it had been originally passed in 1935; did it not?

Mr. ALTMAYER. Yes.

Mr. WINN. It also added some new beneficiaries, as I recall?

Mr. ALTMAYER. I do not know whether the net result was to increase the coverage or not. I have forgotten.

Mr. WINN. It certainly provided for survivorship; did it not?

Mr. ALTMAYER. I thought you said coverage.

Mr. WINN. I said it provided for new types of beneficiaries.

Mr. ALTMAYER. Yes, indeed, of course.

Mr. WINN. And the 1950 amendment expanded the coverage considerably; did it not?

Mr. ALTMAYER. Yes.

Mr. WINN. And then there were other changes in the amounts of the benefits in the 1952 act; is that correct.

Mr. ALTMAYER. That is right.

Mr. WINN. So that at least three times since 1935 the act has been amended with the result that vital and quite large changes were made in the provisions of the statutes; is that not correct?

Mr. ALTMAYER. That is right.

Mr. WINN. One of the things which the committee is interested in going into. Mr. Altmeyer, is whether the arrangements provided in title II of the Social Security Act are, in fact, insurance. The decision of the Supreme Court of the United States in *Helvering v. Davis*, which is reported at Three Hundred and First United States Reports at page 619 is the decision which upheld the constitutionality of the system of Federal benefits provided under title II of the Social Security Act and that decision was handed down on the 24th of May 1937. Do you recall that date?

Mr. ALTMAYER. Yes; very well.

Mr. WINN. Did the social-security law as enacted on August 14, 1935, designate the title II arrangements as insurance, Mr. Altmeyer?

Mr. ALTMAYER. No, it did not.

Mr. WINN. Were the monthly payments to be made to qualified individuals under title II of the 1935 act designated in the law as old-age benefits?

Mr. ALTMAYER. Yes.

Mr. WINN. Mr. Altmeyer, in the brief filed by the Department of Justice with the Supreme Court in *Helvering* against *Davis* the following statement is made in the brief beginning at page 20 and referring to the Social Security Act.

The act cannot be said to constitute a plan for compulsory insurance within the accepted meaning of the term "insurance."

Do you recall that phrase in the brief?

Mr. ALTMAYER. I do not recall it. You certainly do not expect me to recall matters of that kind after 18 years; do you?

Mr. WINN. Not at all. We will show you the brief, Mr. Altmeyer.

Mr. ALTMAYER. If it is there, why do you ask me?

Mr. WINN. Mr. Altmeyer, I am asking the questions if you will please answer them.

Mr. ALTMAYER. I am answering them, but I am asking you why you are asking me to affirm things that are a matter of record?

Mr. WINN. Mr. Altmeyer, will you please refer to the brief and tell me whether that statement is in it?

Mr. ALTMAYER. Yes. I see it in this brief.

Mr. WINN. Will you turn to the signature page of that same brief and tell us the names and the titles of the Government officials whose names appear there?

Mr. ALTMAYER. Homer Cummings, Attorney General; Stanley Reed, Solicitor General; Robert H. Jackson, Assistant Attorney General; Charles E. Wyzanski, Jr., Sewall Key, A. H. Feller, Arnold Raum, special assistants to the Attorney General; Charles A. Horsky, attorney; Thomas H. Eliot, General Counsel—that means General Counsel of the Social Security Board—Alanson Willcox, Assistant General Counsel; and Robert P. Bingham, attorney for the Social Security Board.

This brief is dated May 1937, if you desire to have that confirmed, too.

Mr. WINN. Yes, I would; because as I recall it you were Chairman of the Social Security Board in May of 1937 when this brief was filed; were you not?

Mr. ALTMAYER. Yes:

Mr. WINN. Mr. Altmeyer, on May 24, 1937, you issued a press release immediately after the Court decision, and I would like you to read the marked portion of that press release if you will.

Mr. ALTMAYER (reading):

The decision in the Massachusetts case validated the Federal old-age insurance program contained in the Social Security Act.

Mr. WINN. On the next day, on May 25, 1937, in a prepared address before the National Conference of Social Work in Indianapolis, Ind., you made a statement which I would like you to read into the record, if you please, sir.

Mr. ALTMAYER (reading):

The decisions handed down yesterday by the United States Supreme Court completely validate the unemployment-compensation and Federal old-age insurance provisions of the Social Security Act.

Mr. WINN. In 1945 in an article entitled "The First——"

Mr. ALTMAYER. Just a second, sir. May I make a statement?

Chairman CURTIS. You may.

Mr. ALTMAYER. If you will read that Supreme Court decision, and I have not read it for 18 years. I think you will find that the decision made clear that titles II and IX——

Mr. WINN. You mean the taxing provision?

Mr. ALTMAYER. Yes.

Mr. WINN. Title VIII.

Mr. ALTMAYER. Titles II and VIII were inseparable and formed a single plan. It rejected in effect the arguments made by Government counsel and, to my mind, clearly established that in the opinion of the Court both the contributions and the benefit titles made a single whole

which, in my humble judgment, can be properly described as an insurance system.

Mr. WINN. Have you finished?

Mr. ALTMAYER. Yes.

Mr. WINN. In 1945, Mr. Altmeyer, in an article entitled "The First Decade in Social Security," you wrote a sentence which I would like you to read into the record.

Mr. ALTMAYER. Do you want me to read what you have marked?

Mr. WINN. Yes.

Mr. ALTMAYER. Nothing except what you have marked?

Mr. EBERHARTER. Mr. Chairman, I think this matter to be read could be read by a clerk. The witness is going to be tired if he is going to be subjected to cross examination continuously for 3 days as scheduled, and I think it would be just as well that a clerk read those things rather than having the witness do it. I think we ought to have a little consideration for him rather than have him read long statements that he made years ago. I object to it. If counsel wants to pursue it that way he will do so over my objection.

Chairman CURTIS. I do not believe the matter is long. Would you prefer not to read it, Mr. Altmeyer.

Mr. ALTMAYER. I prefer not to have isolated sentences and passages from speeches and documents of years ago when I do not have an opportunity to read the entire document to refresh my memory and to determine whether the excerpt properly presents the thought I had in mind at that time. As to this particular sentence that has been abstracted and marked by the counsel, I have no objection to reading that.

Chairman CURTIS. Will you please read it then.

Mr. ALTMAYER (reading):

In the spring of 1937 the Supreme Court dispelled any doubt as to the constitutionality of the insurance provisions of the act.

Chairman CURTIS. Did you have anything further you wanted to add there?

Mr. ALTMAYER. No, sir.

Chairman CURTIS. You may proceed.

Mr. WINN. Mr. Altmeyer, let me say at this moment that, in the interest of saving time and because this information is the information which seemed to be pertinent to the inquiry, it is true that these statements have been excerpted. However, the entire speech and the entire article and the entire radio broadcast, or whatever it is, has been read and I think you will find, if you examine your records, that the meaning of what was said has not been distorted as a result of it being excerpted. It is certainly not the intention to so distort it and I think the result has been that no distortion has occurred.

Mr. ALTMAYER. Of course, I am not in a position to judge. I have no idea of what you intend to ask me or why you intend to ask me. All I know is after having indicated to the chairman that I was prepared to testify when this committee reached the point when it was considering proposals, I received a subpoena without any indication as to the questions I am to be asked or the items that are to be discussed, although I asked the chairman for that information so that I could prepare the necessary material so I could be of maximum help to this committee.

I submit, Mr. Chairman, with all due deference to you and to the committee that if you wanted the facts, the full facts, and a careful statement and my best judgment, it would have been far better to have informed me as to what you desired me to discuss. I have brought along materials, sir, in the hope that I will be able to answer your questions in an intelligent fashion. I certainly want to cooperate with this committee to the fullest extent, because I believe so thoroughly in social security that I want the full picture of social security to be presented.

Chairman CURTIS. Very well. We will now proceed with the next question.

Mr. EBERHARTER. Mr. Chairman, I want to make a parliamentary inquiry.

Chairman CURTIS. All right.

Mr. EBERHARTER. Under the unanimous consent granted on the request of the chairman, the result is, if that is adhered to, no member of the subcommittee will be able to ask a question at any time during the next 3 days until the completion of all the questions asked by the counsel. Is that the implication? Is that the effect of it?

Chairman CURTIS. I am hoping we will get through before that. I am sure we will if we get along. We have a line of questions here.

Mr. EBERHARTER. Has the witness been supplied with a copy of the questions?

Chairman CURTIS. He has not.

Mr. EBERHARTER. He has no idea what subject he is going to be questioned on?

Chairman CURTIS. I do not know what he knows.

Mr. EBERHARTER. The staff furnished the other witnesses in advance with a list of questions that were to be asked them.

Mr. WINN. Mr. Altmeyer, on April 29, 1938, in a radio broadcast over a nationwide CBS hookup in the course of an interview by Miss Ruth Brine, you made a statement which I would like you to read into the record.

Mr. ALTMAYER. May I look to see what this is all about?
[Reading:]

Because of the Social Security Act the present generation and generations of the future will have a happier old age. They will be spared much of the humiliation and be relieved of much of the suffering that has too often been the lot of the aged. This program by which young and middle-aged workers of today can build up an insurance for their old age means that when they have reached the end of their working lives they will never be completely without resources, completely dependent on someone else for a living. Never will they be destitute, a burden on their loved one, or worst still, forced to seek charity.

Mr. EBERHARTER. I ask unanimous consent that the entire article be put into the record.

Chairman CURTIS. Without objection, it is so ordered.

(The article referred to follows:)

OLD AGE FOR 38 MILLION PEOPLE

Full text of a radio interview with Arthur J. Altmeyer, Chairman, Social Security Board, by Miss Ruth Brine, a member of the educational staff of the Columbia Broadcasting System, broadcast over a nationwide CBS hookup, Friday, April 29, 1938

Miss BRINE. Social security account card numbers have been assigned to more than 38 million persons in the United States; and correspondingly, more than 38 million active old-age insurance accounts—your account among them—have

been set up in the Baltimore office of the Social Security Board where the world's largest bookkeeping job is being done.

Workers in both commerce and industry are building up credits toward old-age annuities. Trained Government employees are daily entering new names in the files, as well as checking and recording periodic reportings by employers of the amount of wages paid to every wage earner—and so the Federal Government moves to provide security, to protect the old age of today's workers. You may recall that the first application forms were distributed through post offices on November 24, 1936. Perhaps you were among the first to secure your social-security number. You may remember the form you filled out. That card you received, have you preserved it carefully as you were cautioned? or have you since cast it aside with the indifferent thought that at some vague time after you reach the age of 65 some sort of monthly refund would be made for the amount deducted from your paycheck each week and let it go at that?

Well, in any case, the point is this: If you possessed an insurance policy, on which you were paying regular premiums you would certainly want to know just what sort of policy it was, what sort of protection it provided. Now, going on the assumption that your social-security card is your old-age insurance policy; with full cognizance of the fact that you are paying a portion of your every paycheck, a portion matched equally by your employer, for financial protection in your old age—surely it must be gratifying to you, as it is to me, to know that your investment offers you more insurance than you can possibly get anywhere in the world for the same amount of money that you pay. Specifically every worker, regardless of wage or length of service is assured of a larger monthly retirement payment than he could buy from any private insurance company with an amount equal to what he has contributed to this plan. To answer the current and most pertinent questions as to what your social-security card means to you, and what you should know about it, we have here in the studio this evening Arthur J. Altmeyer, Chairman of the Social Security Board. Mr. Altmeyer, what does the social-security card which 38 million people in the United States possess, mean to the welfare of the present and the future generation?

Mr. ALTMAYER. Because of the Social Security Act, the present generation and generations of the future will have a happier old age. They will be spared much of the humiliation and be relieved of much of the suffering that has too often been the lot of the aged. This program by which young and middle-aged workers of today can build up an insurance for their old age means that when they have reached the end of their working lives they will never be completely without resources, completely dependent on someone else for a living. Never will they be destitute, a burden on their loved ones or, worse still, forced to seek charity.

Miss BRINE. Knowledge that he can never be totally dependent in his old age even in troubled unpredictable times should give the worker a deep-rooted confidence in himself.

Mr. ALTMAYER. I myself am confident, Miss Brine, that the assurance of a regular monthly income for life after age 65 will encourage the worker of today to make further plans for his independent old age; it will inspire him in many cases to make payments on a little home that will someday be his; it will be an incentive for him to save * * * because he knows that he has a backlog which no one can take from him.

Miss BRINE. Why didn't Congress frame the social-security law to furnish complete security?

Mr. ALTMAYER. We could not legislate for complete security even if we wanted to. The present law represents a minimum, a foundation. Even when, as we hope, our social-security program is more complete than it is today, it will not furnish security ready made. Rather, its purpose is to give people a better chance to achieve security on their own terms.

Miss BRINE. Why is it that the Social Security Act appears so complicated to most people?

Mr. ALTMAYER. The act really isn't complicated. If it looks complex, it is only because it is relatively new and because it covers so many millions of people. It offers the vast majority of American wage earners insurance against poverty in old age and against want during temporary unemployment. It extends and strengthens provisions for the needy and for the protection of public health and child welfare. Its provisions have to be set forth in technical language. But in terms of what it really does it is simple and, what is more, it is workable—and it is working.

Miss BRINE. Mr. Altmeyer, does not this national plan of social security, administered as it is by the Federal Government, tend to destroy individualism and that quality of self-sufficiency of which the American people have always been so proud?

Mr. ALTMAYER. Only when we realize how relatively few of our people are self-sufficient—even during what we refer to as good times do we realize that it is foolish to pretend that against the uncertainties of modern life man can stand alone.

For, regardless of his individual courage, resourcefulness, and determination, a man's life and security now rests too much upon impersonal factors beyond the worker's control.

As to individuality, old-age insurance is based squarely upon individual earnings and employment. What a man gets in his old age under this system is his by right of his direct personal contribution and the contribution of his employer.

Miss BRINE. Regular monthly payments under the social-security program are scheduled to begin in 1942. Is that correct, Mr. Altmeyer?

Mr. ALTMAYER. Yes, Miss Brine, after 1942 practically every industrial and commercial wage earner in the United States will receive a monthly annuity for life when he reaches 65 and retires from regular employment. These monthly annuities will be based on wage accounts which as you mentioned previously are being kept at our office in Baltimore. As you doubtless know, the payments are to range between \$10 per month, which is the minimum, to \$85 a month which is the maximum. . . .

When payment falls due—workers do not have to prove they are in need to be eligible for monthly checks—for benefits are paid regardless of need . . .

Miss BRINE. Since December 31, 1936, workers have been paying their social security tax—what then happens to a worker who becomes 65 prior to 1942 when the monthly payments begin?

Mr. ALTMAYER. Prior to 1942, the only benefits paid will be lump-sums . . . Upon reaching age 65 the wage earner will be entitled to a lump-sum payment equivalent to 3½ percent of the total wages he has been paid—up to \$3,000 a year—since the old-age provisions of the Social Security Act became effective on January 1, 1937 . . . It is not necessary for the worker to retire in order to get this lump-sum payment . . . To mention specific illustrations a checker in a New York dress house became 65 years old recently. He drew \$34 from our fund at that time . . . Payment was made promptly to him as it was to the president of a large public utility, who drew \$105 when he became 65 . . . In the event of the death of a worker, a lump-sum payment of 3½ percent of his total wages since December 31, 1936, is paid to his close relatives or to his estate . . . A few months ago a young salesman died—\$70 was then paid to his wife . . . So you see Uncle Sam has already begun paying off. Claims are being paid at the rate of 700 a day. The payments, of course, will increase as the workman accumulates his wage credits.

Miss BRINE. Mr. Altmeyer, what of the person who became 65 before this social security law went into effect?

Mr. ALTMAYER. Social insurance, like private insurance, has its limitations. It is obvious that you can't insure people who are already old against old-age dependency any more than you can insure your house after it has been burned to the ground. However, to take care of old people without resources the Social Security Act has another provision for assistance on the basis of need. . . . With Federal grants to match State funds, the States are making cash allowances to nearly 2 million of the needy aged. . . . However, eventually it is hoped the old-age insurance system will be extended to include practically all wage earners. . . .

Miss BRINE. As I recall, Mr. Altmeyer, when the Social Security Board requested necessary personal information for its files, it promised at that time to keep those files confidential. . . .

Mr. ALTMAYER. Those files have been kept confidential, Miss Brine. And no one but trusted workers on the Social Security Board ever see these records. The purpose of the Board is to protect the worker against any outside attempt to utilize its confidential information for any reason whatsoever. No employer and no other branch of the Government has access to these files. This record kept in Baltimore is a matter between the Social Security Board and the worker made for his protection. . . .

Miss BRINE. I suppose the question of what a worker should do when he loses his card seems like a question of minor importance to you, Mr. Altmeyer?

Mr. ALTMAYER. On the contrary, I should like to emphasize the statement that if a worker loses his card he should write immediately to the Social Security Board for another, enclosing information which he has previously given, and another card with his same number will be sent back to him. He has one card for life—one number for life, no matter where he goes or what he does—to avoid any mixup which might cost him dearly in the future he should always check immediately with us, if he loses his card.

Miss BRINE. Mr. Altmeyer, as my concluding question I would like to know how I or any of the 38 million people who have social security account cards may be sure that the money will be paid as promised?

Mr. ALTMAYER. If you believe in the strength and integrity of the Government of the United States you may believe just as confidently in its promise to pay your old-age insurance annuity when it falls due. The Government never yet has defaulted in its obligations and never will.

Miss BRINE. Thank you, Mr. Altmeyer, for your frank and complete explanation of what our social security cards mean to us * * * we who make up those 38 million numbers on your file. Security in old age is the dream of every man and woman in America. You have shown what a major advance the Social Security Act is in the attainment of economic security for the individual and his family.

Mr. EBERHARTER. I give notice that after this when the witness is asked by counsel to read excerpts from certain speeches or certain articles I want the entire material, speech, and so on, put into the record. That is my unanimous-consent request right now.

Chairman CURTIS. It is going to make a rather voluminous record and a very expensive record, but we have no objection to the full material going in. I do not believe the gentleman from Pennsylvania will want to insist on the reproduction of all these volumes that are a matter of record already.

You may proceed with the next question.

Mr. WINN. On September 19, 1938, in an address by you entitled "Old Age Security Today and Tomorrow," which was broadcast over the NBC network, you made some statements about insurance. I would like the clerk to hand that material to you and for you to read those statements into the record.

Mr. ALTMAYER (reading):

When the American people finally awakened to the plight of their old people they determined to forestall this kind of mass dependency for the future, and so they also included in the Social Security Act a provision for old-age insurance.

"Insurance" is italicized.

Mr. WINN. On page 5 of that same address there is another portion that is marked, Mr. Altmeyer.

Mr. ALTMAYER (reading):

The very fact that this is an insurance program means that benefits must bear some relation to contributions and that some contributions must have been made before the benefits are due, and that in turn means that it takes time to feel the full beneficial effects of this protection. To expect anything else is about as reasonable as it would be to expect to pick a crop of apples the day after the sapling had been set out in the orchard, so those who complain that our old-age insurance program is too slow should be careful lest they throw the insurance principle overboard in their efforts to speed it up because by and large Americans believe that each man ought, insofar as possible, to do his part for his own security. Insurance makes a strong appeal.

I certainly appreciate your calling my attention to these earlier statements. They mean exactly what I intended them to mean and they mean just what I mean today and believe in today.

Mr. WINN. And again in 1938, Mr. Altmeyer, in another publication entitled "Old-Age Insurance Safe as the U. S. A." which I believe

