WSM, JULY 28, 1946

Good Morning, Friends:

Secretary of State Byrnes again on yesterday departed from Washington for another journey to Europe in his efforts as a representative of this country to build the foundations of world peace. To demonstrate the solidarity of the United States behind this government's foreign policies and Mr. Byrnes' championship of those policies, the President of the United States, his cabinet members, members of the United States Senate and House of Representatives and others high in the government accompanied Mr. Byrnes to the airport from which he departed to journey once more through the ethereal blue over the briny deep of the Atlantic and into conferences with the foreign ministers of and representatives of the great nations of the world. It has been many months now since combat ceased but the world remains unsettled and uneasy. So along with Secretary Byrnes today, high in the sky over the Atlantic, goes the hopes, the prayers, the best wishes and aspirations of America for a just and lasting foundation for peace.

The closing days of a Congress are always days of feverish activity. The week through which we have just passed is certainly no exception. One bill after another has been passed; others defeated. In such a rush fashion as Congress has been doing business for the last two weeks, adequate consideration can not be given. It sort of reminds me of examination week at school when all the boys and girls rush about and burn the midnight oil cramming for examinations, having commencement programs and otherwise rushing to get through anxious to go home.

Undoubtedly Congress is justifiably anxious to get home. Members have had very little time to sepnd in theirhome states for the last five or six years but this go-home quick rush does not permit careful and adequate consideration of legislation.

For instance, we had before the House during the week a bill amending the Social Security Act. It was brought up in the House in a manner in which it cannot even be amended. There was only two hours ~~of~~ debate and then passed. Some very fundamental changes need to be made in our Social Security laws. It is operated inequability and unfairly. For instance, the Federal Government now pays more than three times as much to a needy old person in some states as in another. Let us take a few examples -- in the state of Washington an old person entitled to an old age pension receives $53.00 per month while if that same old person lived in Kentucky he would only receive $11.00. If he lived in Tennessee or Alabame he or she would receive only $16.00 How does this come about?

OPA

Finally - passed and signed

Hospital bill

licensed personnel. It is no part of the function of unemployment-insurance to break down the established employment procedures of an industry. On the contrary, since the operation of an unemployment. insurance system is intended not only to pay benefits but also to make sure that unemployed workers have every opportunity to obtain employment, it is highly desirable that the unemployment-insurance agencies make use of the normal channels for obtaining employment and not attempt to supplant them.

The cost of the temporary protection which would be afforded under the proposal is most difficult to estimate. The cost will depend on such factors as the degree of unemployment during the reconversion period in the maritime industry and in nonmaritime industries. It will also depend upon the extent persons with Federal maritime credit also have other credit which is used along with their Federal maritime credit in computing their benefits.

Assuming that the general rate of maritime and non-maritime unemployment never gets higher than at present, the cost should not exceed $3,000,000 for the entire reconversion period. On the other hand, if maritime and non-maritime unemployment reaches a higher level, the annual cost of the temporary benefits may be substantially higher.

TITLE IV. TECHNICAL AND MISCELLANEOUS PROVISIONS

The purpose of the first of the amendments under this title is to extend the provisions of title V of the Social Security Act (Child Health and Welfare Services) to the Virgin Islands. The title at present includes Puerto Rico, and testimony before the committee established both the need for and equity of this extension.

The Virgin Islands has a population of about 32,000. There were 609 births in St. Thomas in 1945, and of this number 78 infants died before they were 1 year of age, the rate being 128 per thousand live births, which is much higher than for any State. There were 3 maternal deaths. This is equivalent to a mortality rate of 49 per 10,000 live births. There was no State which had a rate which exceeded this in 1943.

Diarrhea is very prevalent among children, and this disease causes many deaths. Malnutrition among children is great. No real effort has been made to locate crippled children on the islands. Funds are needed for clinic, hospital, and field services.

A high rate of illegitimacy, large numbers of children becoming delinquent—many of them because of neglect and broken homes—much truancy, coupled with lack of provision to cope with these problems, point to a great need for child welfare services.

It has been estimated by the Children's Bureau that the annual cost of the proposed extension will be around $65,000.

The remainder of the amendments in this title are those affecting old-age and survivor's insurance.

During the 7 years of operation of Federal old-age and survivors insurance a number of administrative problems have developed. In some cases, technical provisions of the law result in a denial—probably unintended—of benefits in situations where equity would require payment. In other cases, inequalities in benefits, anomalous situations, and provisions which require an undue amount of administrative machinery have come to light. The changes proposed would correct these minor flaws. The section-by-section analysis which follows this part of the report, points out the purpose and effect of these amendments.

The proposed changes would require no appropriation, and would entail comparatively minor additional costs to the old-age and survivors' insurance trust fund.

TITLE V.—STATE GRANTS FOR OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AND AID TO THE BLIND

The purpose of title V is to increase Federal participation in old-age assistance, aid to the blind, and aid to dependent children and accordingly to increase the protection afforded by these programs. The title will result in additional Federal funds for all States.

The bill provides (1) an increase in the Federal share of assistance payments in States with per capita income below the average for the Nation; and (2) an increase in the Federal matching maximums.

Increase in Federal share in low-income States.—Federal grants-in-aid for public assistance are intended to help in aiding needy aged and blind persons and dependent children in all parts of the country and to some extent to equalize the financial burden throughout the Nation. The present system of equal matching, however, has not adequately fulfilled these objectives. The present 50-percent basis for Federal participation does not recognize differences in the ability of States to finance public assistance, nor does it recognize the greater incidence of poverty in States with low economic resources. To assist their needy people, the low-income States must make greater tax effort than States with larger resources where relatively fewer persons are in need. This is illustrated by the fact that, in 1942, ~~the latest year for which complete information is available,~~ two-thirds of the States with less than average per capita income appreciably exceeded the average for all States in tax effort to finance the special types of public assistance. In contrast, only one-sixth of the States with per capita income above the national average exerted above-average tax effort for this purpose. In other words,

In all but 2 of the 12 States with highest per capita income, the average old-age assistance payment in November 1945 exceeded $32. In all but 2 of the 12 States with lowest per capita income, the average payment was under $24. Similarly, in aid to dependent children, the 12 States with highest per capita income included only 1 with average payments per family below $60, while the 12 States with lowest resources all had average payments below $40. Some of the low-income States have in recent months been forced either to cut payments, despite rapidly rising living costs, or to refuse aid to eligible applicants.

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For States with per capita income below the average for the Nation, the committee proposes an increase in the proportion of assistance costs borne by the Federal Government. The share of the cost to be paid by each low-income State will depend upon how its per capita income compares with that for the country as a whole. The State proportion will be equal to one-half the percentage which its per capita income is of the national per capita income. For example, a State whose per capita income is only 80 percent of the national per capita income would contribute 40 percent of its expenditures for assistance; the Federal share would be 60 percent in this State. All States whose per capita income falls below two-thirds of the national per capita income will pay 33⅓ percent of assistance costs from State and local funds and will receive 66⅔ percent of such costs from Federal funds.

No change in relative State and Federal shares of assistance payments is proposed for the States with per capita income equal to or greater than that for the Nation. In no State will the increased Federal share apply to individual payments in excess of $60 in old-age assistance and aid to the blind, and, in aid to dependent children, in excess of $27 for the first child in the home and $18 for each additional child. Though the Federal Government stands ready to pay a larger percentage of the cost of individual payments in low- than in high-income States, it will not contribute a larger sum to any payment in low-income States than in those with relatively more resources.

The bill provides that the relative State and Federal shares shall be published by the Social Security Board in even-numbered years, to take effect the following July, so that the public-assistance agencies and State legislatures will have ample time to plan their requirements and to make appropriations. Legislatures in 39 States meet only every other year in odd-numbered years. Such shares shall be determined on the basis of the per capita income figures determined by the Department of Commerce and shall be computed from figures for the three most recent years for which data are available. The percentages of Federal and State participation, based on per capita income data for the 3 years 1941 to 1943, are given for each State in table 1.

Increase in amounts subject to Federal matching.—Under the present law, the Federal Government reimburses all States for 50 percent of their assistance payments up to maximums of $40 for old-age assistance and aid to the blind and, for aid to dependent children, $18 for the first child in a family and $12 for each additional child. Thus, at present, Federal funds may represent no more than $20 a month of the payment to an aged or blind person and, for families receiving aid to dependent children, $9 a month for one child receiving aid and $6 additional for each other child aided in the family. Because of the maximums, the Federal Government is unable to match payments in excess of these amounts in States with relatively large resources that are able and willing to put up larger sums. The effect of the Federal maximums has been to force many States to shoulder much more than half the cost of assistance. On the other hand, the amount of Federal funds that goes to low-income States is small because the amounts these States are able to appropriate are small, and payments do not in general reach even the present Federal matching maximums.

The bill provides that the Federal matching maximums be raised from $40 to $60 for old-age assistance and aid to the blind and, for aid to dependent children, from $18 and $12 to $27 and $18 for the first and additional children, respectively, in the same family; but adds a new limitation, that, for payments to the aged and blind, the maximum Federal contribution would be $30, and in aid to dependent children, $13.50 for the first child and $9 additional for each other child aided. One or other of these maximums will limit the Federal contribution in each State, whatever the relative State and Federal matching percentages. In the States in which it is proposed that the Federal share shall be more than 50 percent, the provisions would have the effect of establishing ceilings on Federal matching below the maximums applicable in the States that would continue to receive 50 percent matching. For example, in old-age assistance, a State with two-thirds Federal matching could get no more than $30 from Federal funds. Its contribution of one-third would bring the maximum payment subject to full Federal matching to $45 instead of $60. Thus, in any State, regardless of per capita income, the Federal share of a $60 payment would be $30.

Many persons testifying before the committee recommended removal of Federal maximums. The committee believes, however, that it is appropriate to retain the principle of the maximums.

State experience has demonstrated the urgent necessity of raising the maximums on individual payments subject to Federal matching. Year after year the number of States making payments entirely from their own funds to meet need in excess of the Federal matching limits has increased. As living costs have mounted in recent years, ceilings have become increasingly inadequate. At the end of 1945, some payments exceeded the Federal maximums, in 26 States for old-age assistance, 23 States for aid to the blind, and 36 States for aid to dependent children. Payments in excess of the amounts matchable from Federal funds comprised about 18 percent of all payments for old-age assistance and aid to the blind, and 51 percent of all payments for aid to dependent children. In the States with lowest per capita income, very few payments for old-age assistance and aid to the blind even reach the Federal matching maximums. In aid to dependent children, however, with its considerably lower Federal ceilings, payments in some of the lowest-income States are above these ceilings.

As a result, the Federal share of total assistance payments is considerably less than half in a large number of States. In 1945, the Federal share for old-age assistance was less than 50 percent in 29 States and for aid to the blind, less than 50 percent in 23 States. In aid to dependent children, the Federal share was less than 50 percent in 34 States, less than one-third in 20 States, and even fell below 20 percent in 1 State.

Over-all, the Federal share of assistance payments in 1945 was 47.2 percent for old-age assistance, 46.3 percent for aid to the blind, and 33.5 percent for aid to dependent children. Had the proposed Federal ceilings been in effect at the end of 1945, with the 50 percent matching the Federal Government could have shared equally with the States the cost of about 99 percent of all payments of old-age assistance, about 98 percent of all payments for aid to the blind, and in a larger proportion of the payments for aid to dependent children.

Increase in Federal participation in cost of administration.—The committee proposes that, as at present, the State and Federal shares of administrative expenses for aid to dependent children and aid to the blind be determined on the same basis as for assistance payments. Thus, the Federal share would continue to be one-half in all States with per capita income equal to or greater than the per capita income of the Nation. The Federal share would also be one-half for the District of Columbia, Alaska, and Hawaii. For States with per capita income below the national average, the Federal share would vary up to 66⅔ percent. The increase in the Federal share of administrative costs

TABLE 4.—*Old-age assistance—Recipients and payments to recipients, by State, April 1946*

State	Number of recipients	Payments to recipients		State	Number or recipients	Payments to recipients	
		Total amount	Average			Total amount	Average
Total	2,088,025	$65,444,935	$31.34	Missouri	103,857	$2,863,602	$27.57
				Montana	10,759	349,777	32.51
Alabama	37,763	638,987	16.92	Nebraska	24,158	775,835	32.12
Alaska	1,357	55,164	40.65	Nevada	1,940	75,170	38.75
Arizona	9,617	372,623	38.75	New Hampshire	6,583	204,188	31.02
Arkansas	26,578	448,385	16.87	New Jersey	22,938	758,458	33.07
California	160,811	7,640,809	47.51	New Mexico	6,475	202,104	31.21
Colorado	40,537	1,681,219	41.47	New York	103,868	3,972,291	38.24
Connecticut	14,525	598,646	41.21	North Carolina	32,703	451,647	13.81
Delaware	1,198	22,558	18.83	North Dakota	8,695	301,800	34.71
District of Columbia	2,308	77,561	33.61	Ohio	116,355	3,668,799	31.53
Florida	44,611	1,347,755	30.21	Oklahoma	84,984	3,006,691	35.38
Georgia	68,643	869,896	12.67	Oregon	20,782	814,224	39.18
Hawaii	1,467	36,375	24.80	Pennsylvania	85,345	2,633,205	30.85
Idaho	9,828	321,865	32.75	Rhode Island	7,503	263,179	35.08
Illinois	124,834	4,211,859	33.74	South Carolina	22,540	361,078	16.02
Indiana	54,162	1,426,508	26.34	South Dakota	12,678	341,816	26.96
Iowa	48,378	1,622,805	33.54	Tennessee	38,026	618,301	16.26
Kansas	29,140	896,409	30.76	Texas	178,806	4,399,652	24.61
Kentucky	44,832	524,919	11.71	Utah	12,792	499,539	39.05
Louisiana	37,264	782,664	21.00	Vermont	5,199	123,282	23.71
Maine	15,097	464,561	30.77	Virginia	14,889	226,608	15.22
Maryland	11,455	323,569	28.25	Washington	64,794	3,443,361	53.14
Massachusetts	78,729	3,638,808	46.22	West Virginia	18,669	319,207	17.10
Michigan	88,618	2,959,507	33.40	Wisconsin	46,093	1,420,930	30.83
Minnesota	54,308	1,807,246	33.28	Wyoming	3,496	136,269	38.98
Mississippi	27,038	443,224	16.39				

TABLE 5.—*Aid to dependent children: Recipients and payments to recipients, by State, April 1946* [1]

State	Number of recipients		Payments to recipients	
	Families	Children	Total amount	Average per family
Total	300,936	772,570	$16,195,053	$53.82
Total, 50 States [2]	300,885	772,472	16,193,465	53.82
Alabama	6,566	18,257	185,746	28.29
Alaska	84	240	4,338	51.64
Arizona	1,749	5,084	70,112	40.09
Arkansas	4,277	11,422	119,027	27.83
California	7,582	19,289	674,750	88.99
Colorado	3,674	10,034	227,774	62.00
Connecticut	2,607	6,486	235,946	90.50
Delaware	272	782	20,320	74.71
District of Columbia	733	2,344	48,796	66.57
Florida	6,563	16,214	223,958	34.12
Georgia	4,500	11,355	120,296	26.73
Hawaii	610	1,922	42,950	70.41
Idaho	1,380	3,738	85,025	61.61
Illinois	21,564	52,176	1,450,997	67.29
Indiana	6,416	15,431	243,695	37.98
Iowa	3,526	9,054	118,962	33.74
Kansas	3,422	8,776	195,953	57.26
Kentucky	5,656	14,910	121,293	21.45
Louisiana	9,324	24,414	330,179	35.41
Maine	1,589	4,514	115,730	72.83
Maryland	3,687	10,619	139,696	37.89
Massachusetts	8,105	20,208	693,825	85.60
Michigan	16,281	39,012	1,122,839	68.97
Minnesota	5,077	12,876	272,445	53.66
Mississippi	3,275	8,623	86,138	26.30
Missouri	14,070	37,145	509,035	36.18
Montana	1,457	3,852	80,380	55.17
Nebraska	2,487	5,916	162,072	65.17

See footnotes at end of table, p. 20.

TABLE 5.—*Aid to dependent children: Recipients and payments to recipients, by State, April 1946* [1]—Continued

State	Number of recipients		Payments to recipients	
	Families	Children	Total amount	Average per family
Nevada	*51*	*98*	*$1,588*	*$31.14*
New Hampshire	920	2,363	65,440	71.13
New Jersey	3,520	8,945	226,077	64.23
New Mexico	2,781	7,338	102,790	36.96
New York	27,632	67,023	2,265,167	81.98
North Carolina	6,404	17,326	178,318	27.84
North Dakota	1,476	4,135	88,774	60.14
Ohio	8,154	22,324	468,217	57.42
Oklahoma	18,395	44,902	644,168	35.02
Oregon	1,377	3,421	116,988	84.96
Pennsylvania	30,474	80,304	2,004,819	65.79
Rhode Island	1,713	4,373	116,740	68.15
South Carolina	4,144	12,102	96,907	23.38
South Dakota	1,642	3,998	64,496	39.28
Tennessee	11,648	30,780	358,042	30.74
Texas	8,290	20,325	232,082	28.00
Utah	2,048	5,522	154,775	75.57
Vermont	607	1,616	21,874	36.04
Virginia	3,812	10,891	130,624	34.27
Washington	4,880	12,020	448,010	100.00
West Virginia	7,733	21,543	243,096	31.44
Wisconsin	6,384	15,646	404,618	63.38
Wyoming	318	882	19,166	60.27

[1] Italic figures represent program administered without Federal participation. Data exclude programs administered without Federal participation in Florida, Kentucky, and Nebraska, which administer such programs concurrently with programs under the Social Security Act; see the Bulletin, April 1945, p. 26. All data subject to revision.
[2] Under plans approved by Social Security Board.

TABLE 6.—*Aid to the blind: Recipients and payments to recipients, by State, April 1946* [1]

State	Number of recipients	Payments to recipients		State	Number of recipients	Payments to recipients	
		Total amount	Average			Total amount	Average
Total	72,738	$2,462,533	$33.85	Mississippi	1,533	$34,909	$22.77
Total, 47 States [2]	56,796	1,856,212	32.68	Missouri	*2,786*	[4] *83,580*	[4] *30.00*
Alabama	841	14,764	17.56	Montana	344	12,231	35.56
Arizona	512	23,961	46.80	Nebraska	435	14,136	32.50
Arkansas	1,162	21,814	18.77	Nevada	*27*	*1,252*	(3)
California	5,743	333,121	58.00	New Hampshire	285	9,119	32.00
Colorado	446	16,314	36.58	New Jersey	550	19,155	34.83
Connecticut	137	5,224	38.13	New Mexico	244	6,900	28.28
Delaware	40	1,221	(3)	New York	3,066	131,641	42.94
District of Columbia	198	7,294	36.84	North Carolina	2,543	53,399	21.00
Florida	2,325	73,031	31.41	North Dakota	116	4,047	34.89
Georgia	2,060	31,820	15.45	Ohio	3,087	87,004	28.18
Hawaii	63	1,688	26.79	Oklahoma	1,963	71,712	36.53
Idaho	200	7,004	35.02	Oregon	369	17,605	47.71
Illinois	5,016	175,750	35.04	Pennsylvania	*13,129*	*521,489*	*39.72*
Indiana	1,920	56,534	29.44	Rhode Island	107	3,685	34.44
Iowa	1,212	46,302	38.20	South Carolina	1,001	21,018	21.00
Kansas	1,065	36,020	33.82	South Dakota	216	5,214	24.14
Kentucky	1,552	20,542	13.24	Tennessee	1,549	30,941	19.97
Louisiana	1,382	33,567	24.29	Texas	4,775	125,100	26.20
Maine	789	25,054	31.75	Utah	140	5,828	41.63
Maryland	446	14,191	31.82	Vermont	164	5,192	31.66
Massachusetts	1,049	49,314	47.01	Virginia	969	18,382	18.97
Michigan	1,320	47,567	36.04	Washington	629	36,753	58.43
Minnesota	941	37,411	39.76	West Virginia	824	15,997	19.41
				Wisconsin	1,354	41,964	30.99
				Wyoming	114	4,772	41.86

[1] Italic figures represent programs administered without Federal participation. Data exclude program administered without Federal participation in Connecticut which administered such program concurrently with program under the Social Security Act; see the Bulletin, April 1945, p. 26. Alaska does not administer aid to the blind. All data subject to revision.
[2] Under plans approved by the Social Security Board.
[4] Not computed. Average payment not calculated on base of less than 50 recipients.
[4] Represents statutory monthly pension of $30 per recipient; excludes payments for other than a month.