

74TH CONGRESS }
1ST SESSION }

H. R. 4120

A BILL

To alleviate the hazards of old age, unemployment., illness, and dependency; to establish a Social Insurance Board in the Department of Labor, to ~~raise~~ revenue, and for other purposes.

By Mr. DOUGHTON

JANUARY 17, 1935

**Referred to the Committee on Ways and Means and
ordered to be printed**

1 \$125,000,000, of which sums ~~99~~¹/₂ per centum shall be
2 apportioned among the several States as hereinafter
3 provided.

4 **ALLOTMENTS TO STATES FOR OLD-AGE ASSISTANCE**

5 SEC. 2. The Federal Emergency Relief Administrator
6 (hereinafter called the "Administrator ") , as soon as possible
7 after the commencement of each fiscal year, shall make allot-
8 ments, in amounts as provided in section 6 of this Act, to each
9 State which, through a State old-age authority, has sub-
10 mitted and had approved by the Administrator a State plan
11 for old-age assistance, and which, through its legislature,
12 has accepted the provisions of this title: *Provided*, That
13 such acceptance may be made, when such legislature is not
14 in session, by the Governor of such State, to be effective
15 until the close of the next session of such legislature
16 thereafter.

17 **DEFINITION OF OLD-AGE ASSISTANCE**

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

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(1) Is a United States citizen; and

1 (2) Has resided in the State for five years or
2 more within the ten years immediately preceding appli-
3 cation for assistance ; and

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

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

12 (f) Provides that so much of the sum paid as assist-
13 ance to any aged recipient as represents the share of the
14 United States Government in such assistance shall be a lien
15 on the estate of the aged recipient which, upon his death,
16 shall be enforced by the State, and that the net amount
17 realized by the enforcement of such lien shall be deemed
18 to be part of the State's allotment from the United States
19 Government for the year in which such lien was enforced:
20 *Provided*, That no such lien shall be enforced against any
21 real estate of the recipient while it is occupied by the re-
22 cipient's surviving spouse, if the latter is not more than
23 fifteen years younger than the recipient, and does not marry
24 again.

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REPORTS BY STATES

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

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

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

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

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(d) An annual statement of the amount collected, if
any, from the estate of any assisted aged person, for which

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I the State is accountable to the United States under section
2 4 (f) of this Act.

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

7 **AMOUNT OF ALLOTMENTS TO STATES**

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

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

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

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

8 (e) The Administrator may withdraw his approval
9 of a State plan, if after his approval thereof such plan fails
10 to comply with the conditions specified in section 3 of this
11 Act. In case of such withdrawal of approval, the Admin-
12 istrator shall notify the State authority of his action and the
13 reasons therefor, and shall notify the Secretary of the
14 Treasury to withhold payments to such State.

15 **PAYMENT OF INSTALLMENTS**

16 SEC. 7. The Administrator shall annually notify the
17 Secretary of the Treasury and the treasurers of the several
18 States of the allotments made under this title, and shall
19 periodically notify the Secretary of the Treasury of the
20 amounts payable as quarterly installments to the treasurers
21 of the several States. The Secretary of the Treasury, after
22 receiving such notice, shall pay such quarterly installments
23 to the treasurer of each such State from the sums allotted
24 to it, unless the Administrator notifies him to withhold pay-

1 ment of any installment, or to change the **amount** of any
 2 allotment, in which case he shall act in accordance with
 3 such notification: *Provided*, That no such installment shall
 4 exceed one-half of the amounts expended in such State, in
 5 the quarter immediately preceding the payment of such
 6 installment for the payment of old-age assistance, nor shall
 7 it exceed \$15 a month per person, and for the administra-
 8 tion of the State plan, up to 5 per centum of the total
 9 amount expended under such plan in such quarter.

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ACTION OF COMPTROLLER GENERAL

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

15

ADMINISTRATION

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SEC. 9. From the moneys becoming available under
 17 or in accordance with this title not more than one-half of
 18 1 per **centum** may be expended by the Administrator for
 19 all necessary expenditures, including the employment of
 20 experts, assistants, clerks, and other persons in the District
 21 of Columbia and elsewhere, the purchase of supplies, **mate-**
 22 **rial**, equipment, office fixtures and apparatus, and the **in-**
 23 **curring** of travel and other expenses, as the Administrator

1 may deem necessary to carry out the purposes of this title.
 2 The Administrator shall include in his annual report to
 3 Congress a full account of the administration of this title
 4 and expenditure of the moneys herein appropriated or
 5 authorized. The President is authorized to transfer at any
 6 time to any officer or agency of the Government, the duties
 7 and powers conferred upon the Administrator under this
 8 title.

9 **RULES AND REGULATIONS**

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

13 **INCLUSION OF TERRITORIES AND DISTRICT OF COLUMBIA**

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

17 **TITLE II**

18 **APPROPRIATIONS FOR AID TO DEPENDENT CHILDREN**

19 SECTION 201. For the purposes of this title, there
 20 is hereby appropriated, from funds in the Treasury not
 21 otherwise appropriated, the sum of \$25,000,000 for the fiscal
 22 year ending June 30, 1936, and the sum of \$25,000,000
 23 is hereby authorized to be appropriated for each fiscal year
 24 thereafter, not more than 99½ per centum of such sums

1 to be apportioned among the several States as hereinafter
2 provided.

3 ALLOTMENTS TO STATES FOR AID TO DEPENDENT CHILDREN

4 SEC. 202. The Administrator shall, as soon as pos-
5 sible after the commencement of each fiscal year, make
6 allotments, in amounts as provided in section 206 of this
7 Act, to each State which, through a State authority, has
8 submitted and had approved by him a State plan for aid
9 to dependent children, and which, through its legislature,
10 has accepted the provisions of this title: *Provided*, That
11 such acceptance may be made, when such legislature is
12 not in session, by the Governor of such State, to be effective
13 until the close of the next session of such legislature there-
14 after.

15 DEFINITION OF DEPENDENT CHILDREN

16 SEC. 203. As used in this title, “ dependent children ”
17 shall mean children under the age of sixteen in their own
18 homes, in which there is no adult person, other than one
19 needed to care for the child or children, who is able to work
20 and provide the family with a reasonable subsistence com-
21 patible with decency and health.

22 APPROVAL OF STATE PLANS FOR AID TO DEPENDENT 23 CHILDREN

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

1 (a) Provides that not later than June 30, 1936, and
2 thereafter, aid to dependent children shall be available, to
3 persons in need of the same, in every political subdivision
4 of the State, and that the State shall make substantial con-
5 tributions to the payment thereof; and

6 (b) Provides that such State authority shall make full
7 and complete reports to the Federal Emergency Relief Ad-
8 ministration in accordance with rules and regulations to be
9 prescribed by the Administrator; and

10 (c) Furnishes assistance at least great enough to pro-
11 vide, when added to the income of the family, a reasonable
12 subsistence compatible with decency and health; and

13 (d) Establishes or designates a single State agency, to
14 administer or supervise the administration of the plan and
15 insures methods of administration and payment which are
16 approved by the Administrator; and

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

20 **REPORTS BY STATES**

21 SEC. 205. To obtain the benefits of this title a State
22 authority shall submit to the Federal Emergency Relief Ad-
23 ministration at such time and on such forms as the Adminis-
24 trator may prescribe—

1 (a) An annual statement of the amount of the appro-
2 priation made by the State for its current or ensuing fiscal
3 year, and the amount made available for such year by the
4 political subdivisions of such State, for the purpose of carry-
5 ing out the State plan for aid to dependent children; and

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

8 (c) An annual statement of the exact amount, if any,
9 of any allotment made under this title to such State, remain-
10 ing unexpended at the close of the year for which such allot-
11 ment was made; and

12 (d) An annual statement of the number of dependent
13 children whose mothers are receiving aid or are on the wait-
14 ing list therefor under the State plan for aid to dependent
15 children.

16 **AMOUNT OF ALLOTMENTS TO STATES**

17 SEC. 206. (a) The Administrator shall compute annu-
18 ally the amount to be allotted to such State at a sum equal
19 to one-third of the amount reported under section 204 (a)
20 If the sum of all allotments under this paragraph be in
21 excess of the appropriations for the purpose, then the allot-
22 ment to each State shall be diminished to that percentage
23 which the appropriations bear to the sum of all such allot-
24 ments.

1 (b) The Administrator shall allot, in each fiscal year,
2 so much of the amounts made available under this title for
3 the preceding fiscal year as were not required for the pur-
4 poses of paragraph (a) of this section, to any or all States
5 with approved plans for aid to dependent children, in amounts
6 apportioned by him on a basis of need, taking into account,
7 among other things, the numbers reported under section 205
8 (d) of this Act.

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

12 (d) The Administrator may withdraw his approval
13 of a State plan for aid to dependent children, if after his
14 approval thereof such plan fails to comply with the condi-
15 tions specified in section 204 of this Act. In case of such
16 withdrawal of approval, he shall notify the State authority
17 of his action and the reasons therefor, and shall notify the
18 Secretary of the Treasury to withhold payments to such
19 State.

20 **PAYMENT OF INSTALLMENTS**

21 SEC. 207. The Administrator shall annually notify the
22 Secretary of the Treasury and the treasurers of the several
23 States of the allotments made under this title, and shall
24 periodically notify the Secretary of the Treasury of the
25 amount payable, as a quarterly installment, to the treasurer

1 of each State. The Secretary of the Treasury, after re-
 2 ceiving such notice, shall pay such quarterly installment
 3 to the treasurer -of each such State from the sums allotted
 4 to it, unless the Administrator notifies him to withhold
 5 payment of any installment, or to change the amount of
 6 any allotment, in which case he shall act in accordance
 7 with such notification: *Provided*, That no such installment
 8 shall exceed the amounts expended by such State in the
 9 quarter immediately preceding the payment of such install-
 10 ment for the purpose of carrying out the State plan for aid
 11 to dependent children.

12 **ACTION OF COMPTROLLER GENERAL**

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

17 **ADMINISTRATION**

18 SEC. 209. From the moneys becoming available under
 19 and/or in accordance with this title, not more than one-half
 20 of 1 per centum may be expended by the Administrator
 21 for all necessary expenditures, including the employment of
 22 experts, assistants, clerks, and other persons in the District
 23 of Columbia and elsewhere, the purchase of supplies, ma-
 24 terial, equipment, office fixtures and apparatus, and in the
 25 incurring of traveling and other expenses as the Adminis-

trator may deem necessary to carry out the purposes of this title. The Administrator shall include in his annual report to Congress a full account of the administration of this title and expenditures of the money herein authorized. The President is authorized to transfer at any time, to any officer or agency of the Government, the duties and powers conferred upon the Administrator under this title.

INCLUSION OF TERRITORIES

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

RULES AND REGULATIONS

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

TITLE III

EARNINGS TAX

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

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

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

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

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

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

13 The amount of such tax (but no part of the tax levied
 14 under section **302**) shall be deducted by the employer from
 15 the wages of the employee.

16 **EMPLOYMENT EXCISE TAX**

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

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

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

1 (3) As of January 1, 1947, the tax shall be at the
2 rate of $1\frac{1}{2}$ per centum of the pay roll of such employer.

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

5 (5) As of January 1, 1957, the tax shall be at the
6 rate of $2\frac{1}{2}$ per centum of the pay roll of such employer.

7 **COLLECTION OF TAXES**

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

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

18 **RULES AND REGULATIONS**

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

23 (a) Collection and payment of the tax by stamps,
24 coupons, tickets, books, or such other reasonable device or

1 method as may be necessary or helpful in securing a com-
2 plete and proper collection of the tax and for regulating
3 the manner, times, and conditions in, at, and under which
4 the tax shall be collected and paid, including the making
5 and filing of returns and the affixing or other use of said
6 stamps, tickets, books, or other device or devices; and

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

11 **SALE OF STAMPS BY POSTMASTERS**

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

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PENALTIES

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

11 (b) Any person who, with intent to defraud, alters,
12 forges, makes, or counterfeits any stamp, coupon, ticket,
13 book, or other device prescribed by the Commissioner of
14 Internal Revenue for the collection of any tax imposed by
15 this title, or who uses, sells, lends, or has in his possession
16 any such altered, forged, or counterfeited stamp, coupon,
17 ticket, book, or other device, or who makes, uses, sells, or
18 has in his possession any material in imitation of the mate-
19 rial used in the manufacture of such stamp, coupon, ticket,
20 book, or other device, shall, upon conviction thereof, be
21 punished by a fine not exceeding \$5,000 or by imprison-
22 ment not exceeding five years, or both.

23

DEFINITIONS

24 SEC. 307. When used in this title—

25 (1) The term “ person ” means an individual, a trust
26 or estate, a partnership, syndicate, group, pool, joint venture,

1 or other unincorporated organization, or a corporation, asso-
2 ciation, joint stock company, or insurance company.

3 (2) The term “ domestic ”, when applied to a cor-
4 poration or partnership, means created or organized in the
5 United States or under the laws of the United States or of
6 any State or Territory.

7 (3) The term “ foreign ”, when applied to a corpora-
8 tion or partnership, means a corporation or partnership
9 which is not domestic.

10 (4) The term “ employer ” shall include every person
11 who employs an employee, as defined in this title, except
12 that it shall not include the Federal Government, the States
13 or any political subdivision thereof, a governmental instru-
14 mentality, or any employer subject to the Railway Retire-
15 ment Act, including any amendments hereafter made to
16 such Act.

17 (5) The term “ employee ” shall include every
18 individual who on January 1, 1937, has not attained the
19 age of sixty years, and who receives wages under any con-
20 tract of employment or hire, oral or written, express or
21 implied, and the greater part of whose duties under such
22 contract is performed within the continental United States
23 or on board a vessel subject to the jurisdiction of the United
24 States.

25 (6) The term “ wages ” shall mean the total of every
26 form of remuneration received by an employee from an

1 employer, whether paid directly or indirectly by an em-
 2 ployer, including salaries, commissions, bonuses, and the
 3 reasonable money value of rent, housing, lodging, board
 4 (except in the case of board, the total money value shall
 5 not be included unless such total value is in excess of \$10
 6 for any calendar month), payments in kind, and similar
 7 advantages; but it shall not include any such remuneration
 8 received by a nonmanual worker who is employed at .a
 9 monthly salary of more than \$250 a month.

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

12 (8) The term “ continental United States ” means the
 13 several States and the District of Columbia, and excludes
 14 territories and possessions of the United States.

15 TITLE IV

16 SOCIAL INSURANCE BOARD

17 SECTION 401 (a) . There is hereby established in the
 18 Department of Labor a Social Insurance Board (hereinafter
 19 referred to as the “ Board ”) to be composed of three mem-
 20 bers .to be appointed by the President. During his term of
 21 membership on the Board, no member shall engage in any
 22 other business, vocation, or employment. Each member
 23 shall receive a salary at the rate of \$10,000 a year and shall
 24 hold office for a term of six years, except ~~that~~ (1) any
 25 member appointed to fill a vacancy ~~occurring~~ prior to the
 26 expiration of the term for which ~~his~~ predecessor was ap-

1 pointed, shall be appointed for the remainder of such term;
2 and (2) the terms of office of the members first taking office
3 after the date of enactment of this title shall expire, as
4 designated by the President at the time of appointment,
5 one at the end of two years, one at the end of four years and
6 one at the end of six years after the date of enactment of this
7 title. The President shall designate the chairman of the
8 Board.

9 (b) The Board is authorized, subject to the approval
10 of the Secretary of Labor, to appoint and fix the compensa-
11 tion of such officers, attorneys, and experts as may be neces-
12 sary for carrying out its functions under this Act, without
13 regard to the provisions of the civil-service laws and the
14 Classification Act of 1923, as amended, and, subject to the
15 civil-service laws, to appoint such other officers and em-
16 ployees as are necessary in the execution of its functions and
17 fix their salaries in accordance with the Classification Act
18 of 1923, as amended.

19 **DUTIES OF SOCIAL INSURANCE BOARD**

20 SEC. 402. The Social Insurance Board shall have,
21 among its duties, the duties of-

22 (a) Studying and making recommendations as to the
23 most effective methods of providing economic security
24 through social insurance, and as to legislation and matters of
25 administrative policy concerning old-age insurance, unem-

1 ployment compensation, accident compensation, health in-
2 surance and related subjects;

3 (b) Examining and making recommendations to the
4 Secretary of Labor as to the allowance of credit under title
5 VI of this Act;

6 (c) Supervising and directing, as hereinafter provided,
7 the payment of old-age annuities under a national contribu-
8 tory old-age insurance system ;

9 (d) Issuing old-age annuities, as provided in title V
10 of this Act;

11 (e) Assisting the States, in the manner hereinafter
12 provided, in the administration of unemployment compensa-
13 tion laws.

14 APPROPRIATION

15 SEC. 403. For the purposes of this title, there is hereby
16 appropriated from the funds in the Treasury not otherwise
17 appropriated (a) for the fiscal year ending June 30, 1936,
18 the sum of \$5,000,000, and there is hereby authorized
19 to be appropriated for each fiscal year thereafter the sum
20 of \$50,000,000, of which sums 98 per centum shall be
21 apportioned by the Board among the States as hereinafter
22 provided; and (b) the proceeds derived from all taxes
23 imposed under title III of this Act, to be allocated to the
24 old-age fund established under this title.

1 SEC. 404. (a) There is hereby established in the
2 Treasury a fund to be known as the “ old-age fund ”, to
3 be held and invested under the same terms and conditions
4 as the unemployment trust fund established under title VI
5 of this Act; and the Secretary of the Treasury is hereby
6 authorized and directed so to manage such fund.

7 (b) The Social Insurance Board shall, from time to
8 time, requisition from such fund the amounts necessary for
9 the making of all payments under section 405 of this Act,
10 and shall annually cause to be made, and transmitted to the
11 Secretary of the Treasury in the form of a formal instrument,
12 actuarial valuations of the future income and future expendi-
13 tures of the old-age fund, which shall show the future obliga-
14 tions of the Government under this title.

15 **PAYMENT OF OLD-AGE ANNUITIES**

16 SEC. 405. (a) On and after January 1, 1942, the
17 Board shall requisition from the old-age fund and cause to
18 be paid, to qualified aged persons, old-age annuities out of
19 the sums appropriated under subsection (b) of section 403
20 of this Act. No person shall receive such old-age annuity
21 unless

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

24 (2) Taxes were paid on his behalf under section
25 301 of this Act, prior to the day when he attained the
26 age of sixty years; and

1 (3) Taxes were paid on his behalf, under section
2 301 of this Act, for at least two hundred different weeks
3 in not less than a five-year period entirely prior to his
4 attaining the age of sixty-five years; and

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

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

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

21 (A) In two hundred different weeks (in not
22 less than five years), such percentage shall be
23 15 per centum of such wage;

24 (B) For each forty different weeks (prior to
25 his attaining the age of sixty-five years) over such
26 two hundred weeks, up to an additional two hun-

1 dred weeks, there shall be added to such percent-
2 age 1 per centum, except that such addition shall
3 not exceed 1 per centum for the twelve-month
4 period commencing at the end of the original two
5 hundred weeks or the original five-year period,
6 whichever ends later, and for each twelve-month
7 period thereafter ;

8 (C) For each forty different weeks (prior to
9 his attaining the age of sixty-five years) over such
10 aggregate of four hundred weeks, up to an addi-
11 tional four hundred weeks, there shall be a fur-
12 ther addition of 2 per centum, except that such
13 addition shall not exceed 2 per centum for the
14 twelve-month period commencing at the end of
15 the additional two hundred weeks or the fifth of
16 the twelve-month periods under (B) , whichever
17 ends later, and for each twelve-month period
18 thereafter. If in the five years under (A) such
19 taxes were paid in more than two hundred weeks,
20 such excess weeks over two hundred shall be
21 counted toward the additional two hundred weeks
22 under (B) ; and if in the five twelve-month
23 periods under (B) such taxes were or are counted
24 as having been paid in more than two hundred
25 weeks, such excess weeks over two hundred shall

1 be counted toward the additional four hundred
2 weeks under (C) .

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

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

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

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

17 (c) If any person on whose behalf taxes have been
18 paid under section 301 of this Act dies before receiving any
19 benefits, or before receiving in benefits an amount equal
20 to the total **amount** of such taxes paid on **his** behalf, with
21 interest accretions prior to the date of **first** receiving **an**
22 annuity as determined by the Social Insurance Board, there.
23 shall be paid to his legal and/or actual dependents an
24 amount equal to the **difference** between such amount of

1 taxes together with such interest accretions and the benefits
2 he has received.

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

13 **ALLOTMENTS TO STATES FOR UNEMPLOYMENT COMPENSA-**
14 **TION ADMINISTRATION**

15 **SEC. 406.** The Board shall periodically make allot-
16 ments, in a total amount of not more than \$4,000,000 in
17 the fiscal year ending June 30, 1936, and thereafter not
18 more than \$49,000,000 in each year, to those States which
19 have unemployment compensation laws requiring contribu-
20 tions for which credits against tax are allowed under title VI
21 of this Act. The total amount, or so much thereof as the
22 Board deems necessary, allocated under this section shall be
23 apportioned among such States on the basis of need for such
24 financial assistance in the proper administration of such laws.

1 CONDITIONS OF UNEMPLOYMENT COMPENSATION ADMINIS-
2 TRATION ALLOTMENTS

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

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

13 (2) Administrative regulations and practices are
14 reasonably calculated to insure full payment of unem-
15 ployment compensation when due; and

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

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

1 (5) All of the money raised by contributions
2 of employers and employees under such State law is
3 deposited upon collection to become a part of the
4 unemployment trust fund established under title VI
5 of this Act, and, upon being requisitioned, is expended
6 solely in the payment of unemployment compensation;
7 and

8 (6) The State agency charged with the ad-
9 ministration of the unemployment compensation law
10 makes, upon request, full and complete reports to the
11 Social Insurance Board relating to the effect and ad-
12 ministration of such law, on forms to be prescribed
13 by the Board, and makes available upon request to
14 any agency of the United States charged with the
15 administration of public works or other assistance
16 through public employment, the names and addresses
17 and ordinary occupation of each recipient of unem-
18 ployment compensation and the date when such re-
19 cipient received the last regular payment of compen-
20 sation to which he was entitled under the State law.

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

1 of the affected State of such reversal and the reason or rea-
 2 sons therefor. The amounts thus withheld in any fiscal
 3 year shall be added to the total amount from which allot-
 4 ments are made in the next **fiscal** year.

5 **NOTIFICATION**

6 **SEC. 408.** The Board shall, as soon as possible after
 7 the commencement of the fiscal year, notify the Secretary
 8 of the Treasury, and the treasurers of the several States of
 9 the States to which allotments for that **fiscal** year have been
 10 made under this title, and of the sums allotted. The Sec-
 11 retary of the Treasury shall thereupon pay in monthly in-
 12 stallments to the treasurer of each such State the sums
 13 allotted to it, unless the Board **notifies** him to withhold
 14 payment of any installment or to change the amount of any
 15 allotment, in which case he shall act in accordance with such
 16 notification.

17 **ACTION OF COMPTROLLER GENERAL**

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

22 **TITLE V**

23 **ANNUITY CERTIFICATES**

24 **SECTION 501.** The Social Insurance Board is author-
 25 ized to borrow from time to time, on the credit of the United

1 States, for the purpose of increasing the old-age fund estab-
 2 lished under this Act, such sum or sums as in its judgment
 3 may be desirable, and to issue therefor, at such prices and
 4 upon such terms and conditions as it may determine, annuity
 5 certificates : *Provided*, That no such certificate shall be issued
 6 except to United States citizens: *And provided further*,
 7 That there shall not be issued to an individual a **certificate**
 8 or certificates for loans which would amount, with interest
 9 accretions, to more than an annuity of \$100 a month after
 10 such individual attained the age of sixty-five years,

11 **FOR AND CONDITIONS OF CERTIFICATES**

12 SEC. 502. Each annuity certificate issued under this
 13 title shall be in such form and subject to such terms and
 14 conditions, and may bear such interest and have such pro-
 15 visions for payment, as the Social Insurance Board may
 16 prescribe : *Provided*, That payment of interest may be de-
 17 ferred and payment of principal and interest to persons to
 18 whom such certificates have been issued may be made in
 19 monthly installments.

20 **ISSUANCE OF STAMPS**

21 SEC. 503. The Board may, under such regulations and
 22 upon such terms and conditions as it may prescribe, issue,
 23 or cause to be issued, stamps to evidence payments for, or
 24 on account of, such certificates.

DEPOSITS IN OLD-AGE FUND

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

RULES AND REGULATIONS

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

TITLE VI**IMPOSITION OF TAX**

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

(a) If the Federal Reserve Board's adjusted index of total industrial production averages, for the year ending September 30, 1935, not more than 84 per centum of its average for the years 1923-25, inclusive, the Governor of the Federal Reserve Board shall certify that fact to the

1 Secretary of the Treasury and to Congress, and the tax
2 imposed under this section shall, for the taxable year com-
3 mencing January 1, 1936, be measured by an amount equal
4 to 1 per centum of such employer's pay roll;

5 (b) If such index averages, for such year, more than
6 84 per centum but less than 95 per centum of such earlier
7 average, such fact shall be so certified, and the tax imposed
8 under this section shall, for the taxable year commencing
9 January 1, 1936, be measured by an amount equal to 2
10 per centum of such employer's pay roll;

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

20 (d) If such index averages, for the year ending
21 September 30, 1936, more than 84 per centum but less than
22 95 per centum of such earlier average, such fact shall be so
23 certified, and the tax imposed under this section shall for
24 the taxable year commencing January 1, 1937, be meas-
25 ured by an amount equal to 2 per centum of such employer's

1 pay roll, except that in no event shall the measure of tax
2 for the taxable year commencing January 1, 1937, be less
3 than the measure of tax for the taxable year commencing
4 January 1, 1936.

5 **ALLOWABLE CREDIT**

6 SEC. 602. Any employer may credit against the tax
7 thus due, up to 90 per centum of the tax, the amount of his
8 contributions for the taxable quarter to any unemployment
9 fund under any State law: *Provided*, That the Secretary of
10 Labor has, in the month of December in the taxable year,
11 **made a finding** of fact and certified to the Secretary of the
12 Treasury that-

13 (a) The State by whose law such contributions were
14 required has accepted the provisions of the Act of June 6,
15 1933 (U. S. C., title 29, sec. 49 (c) ; 48 Stat. 113) ;

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

20 (c) The State agency of such State, to safeguard the
21 money paid as contributions and to assist in **maintaining**
22 the stability of industry and employment, deposits **all** such
23 money, or causes it to be deposited, immediately **upon its**
24 being paid as contributions, in the unemployment **trust** fund,
25 or in a bank or banks designated **as** agents of **such trust**

1 fund to be held as part of such trust fund, in accordance
2 with section 604 of this Act;

3 (d) None of the money requisitioned by such State
4 agency, in accordance with section 604 of this Act, has
5 been used for any purpose except the payment of com-
6 pensation ;

7 (e) Compensation is not denied in such State to
8 otherwise eligible employees for refusing to accept new
9 work under any of the following conditions: (1) If the
10 position offered is vacant due directly to a strike, lockout,
11 or other labor disputes; (2) if the wages, hours, and other
12 conditions of the work offered are substantially less **favor-**
13 able to the employee than those prevailing for similar work
14 in the locality; (3) if acceptance of such employment would
15 either require the employee to join a company union or
16 would interfere with his joining or retaining membership
17 in any bona. fide labor organization;

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

22 **FINDINGS OF FACT**

23 SEC. 603. In December 1935 the Secretary of Labor
24 shall notify the Secretary of the Treasury and the treas-
25 urers of the several States of the names of those States

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

11 **UNEMPLOYMENT TRUST FUND**

12 Sec. 604. (a) There is hereby established in the
13 Treasury a trust fund to be known as the “ Unemployment
14 trust fund.” The Secretary -of the Treasury is authorized
15 and directed to receive and hold in this fund any and all
16 moneys delivered in accordance with section 602 of this
17 Act by any State agency to him at the Treasury or at any
18 bank designated by him for the purpose, and to receive and
19 hold the income derived therefrom. The fund or any part
20 thereof may be invested or reinvested in any primary obliga-
21 tions of the United States or in any obligations guaranteed
22 as to both principal and interest by the United States; and
23 such obligations may be acquired by purchase of outstanding
24 obligations at the market price thereof or on original issue at
25 par. Obligations acquired by the fund on original issue,

1 which are issued exclusively to the fund, shall bear interest
2 at a rate equal (after adjustment to the next lower multiple
3 of one-eighth of 1 per centum) to the average rate of interest
4 payable at the time of such acquisition upon all primary
5 obligations of the United States (other than obligations
6 issued directly to the fund) then forming part of the public
7 debt. Every other obligation acquired for the fund shall be
8 acquired on such terms as to provide an effective investment
9 yield which shall not be less, by more than one-eighth of 1
10 per centum, than such average rate. It shall be the duty of
11 the Secretary of the Treasury to invest as herein provided
12 such portion of the fund as is not, in his judgment, required
13 to meet current withdrawals. The purposes for which obli-
14 gations of the United States may be issued under the Second
15 Liberty Bond Act, as amended, are hereby extended to
16 authorize the issuance thereof to the fund for the sole purpose
17 of providing it with suitable investments at such interest
18 rates as may be required for the purposes of this section,
19 notwithstanding the availability in the market of obligations
20 of the United States bearing the same or different interest
21 rates; and to an amount not in excess of the face amount,
22 from time to time outstanding, of obligations originally issued
23 to the fund, the Secretary of the Treasury is authorized in
24 his discretion and on the basis of fair market values to invest
25 and reinvest in, and to sell (or, in the case of primary obliga-

1 tions of the United States, to cancel) any obligations of a
2 kind in which he is authorized to invest the fund, but without
3 limitation as to interest rate. Obligations so acquired shall
4 be held in a special account. All purchases, retirements, and
5 sales under this section shall be deemed to be public debt
6 transactions.

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

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

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

7 **ADMINISTRATION, REFUNDS, AND PENALTIES**

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

12 (b) Every employer liable for tax under this title shall
13 make a return under oath within one month after the close
14 of the year with respect to which such tax is imposed to
15 the collector of internal revenue for the district in which
16 is located his principal place of business. Such return shall
17 contain such information and made in such manner, as the
18 Commissioner of Internal Revenue with the approval of the
19 Secretary of the Treasury may by regulations prescribe.
20 The tax shall, without assessment by the Commissioner or
21 notice from the collector, be due and payable to the collector
22 within one month after the close of the year with respect to
23 which the tax is imposed. If the tax is not paid when due,
24 there shall be added as part of the tax interest at the rate
25 of 1 per centum a month from the time when the tax became

1 due until paid. All provision of law (including penalties)
2 applicable in respect of the taxes imposed by section 600 of
3 the Revenue Act of 1926, shall, insofar as not inconsistent
4 with this Act, be applicable in respect of the tax imposed
5 by this Act. The Commissioner may extend the time for
6 filing the return of the tax imposed by this Act, under such
7 rules and regulations as he may prescribe with the approval
8 of the Secretary of the Treasury, but no such extension shall
9 be for more than sixty days.

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

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

12 SEC. 606. When used in this title the term “ Em-
13 ployer ” shall mean any person, partnership, association,
14 corporation, whether domestic or foreign, or the legal rep-
15 resentative, trustee in bankruptcy, receiver, or trustee
16 thereof, or the legal representative of a deceased person,
17 who or whose agent or predecessor in interest has, within
18 each of thirteen or more calendar weeks in the taxable
19 year, employed at least four persons in employment subject
20 to this title, except that the term “ employer ” shall not
21 include the Federal Government, the governments of the
22 several States, municipal corporations, or other govern-
23 mental instrumentalities. In determining whether an em-
24 ployer employs enough persons to be an “ employer ” sub-
25 ject hereto, and determining for what tax he is liable here-

1 under, he shall whenever he contracts with any subcon-
2 tractor for any work which is part of his usual trade, occu-
3 pation, profession, or business, be deemed to employ all
4 persons employed by such subcontractor on such work,
5 and he alone shall be liable for the tax measured by wages
6 paid to such persons for such work; except as any such
7 subcontractor, who would in the absence of the foregoing
8 provision be liable to pay said tax, accepts exclusive liability
9 for said tax under an agreement with such employer made
10 pursuant to regulations promulgated by the Commissioner of
11 Internal Revenue with the approval of the Secretary of the
12 Treasury.

13 “ Employment ” shall mean any employment in which
14 substantially all of the person’s work is, or was, performed
15 within the continental United States under any contract
16 of hire, oral or written, express or implied, whether such
17 person was hired and paid directly by the employer or
18 through any other person employed by the employer,
19 provided the employer had actual or constructive knowledge
20 of such contract; except that for the purposes of this title
21 it shall not include any employment included in any unem-
22 ployment compensation system (other than for the District
23 of Columbia) established by an Act of Congress.

24 “ Wages ” shall mean every form of remuneration for
25 employment received by a person from his employer,

1 whether paid directly or indirectly by the employer, includ-
2 ing salaries, commissions, bonuses, and the reasonable money
3 value of board, rent, housing, lodging, payments in kind,
4 and similar advantages.

5 “ Pay roll ” shall mean the total amount of all wages
6 paid by the employer during the taxable year to persons em-
7 ployed by him in employment subject to this Act.

8 “ State ” shall include the District of Columbia.

9 “ State law ” shall mean a statute enacted by any
10 one of the several States which provides for systematic
11 compensation and the creation of an unemployment fund
12 under the direction of a State agency, requires contribu-
13 tions from employers, whether or not they are national
14 banks, and whether or not they are engaged in interstate
15 commerce, except insofar as they are included in any un-
16 employment compensation system (other than one for the
17 District of Columbia) established by Act of Congress, and
18 which may require that employees and/or the State also
19 contribute.

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

23 “ Unemployment fund ” shall mean a special fund,
24 established under a State law, and administered by a State
25 agency in trust for the payment of compensation, and shall

1 include so much of such fund as is administered as a **pooled**
 2 fund (which shall never be less, except insofar as it may
 3 be diminished by payment of compensation, than the amount
 4 raised by contributions measured by 1 per centum of pay
 5 roll) and so much, if any, for which the State agency main-
 6 tains separate accounts for individual employers or groups
 7 of employers who are required to make contributions.

8 “ State agency ” shall mean any State **officer**, board, or
 9 other authority designated, under a State law, to direct
 10 the administration of an unemployment fund in such State.

11 “ Pooled fund ” shall **mean** an unemployment fund or
 12 any part thereof in which **all** contributions are mingled **and**
 13 undivided, and from which compensation is payable to all
 14 eligible employees, except that it is payable to persons em-
 15 ployed by employers for whom individual or group reserve
 16 accounts are maintained by the State agency only when
 17 such accounts, and any other liability of employers for
 18 compensation, are **exhausted**.

19 “ Reserve account ” shall mean a separate account,
 20 maintained by a State agency, of contributions paid by
 21 an employer or **group** of employers, from which compensa-
 22 tion is payable to the employees of such **employer or group**
 23 **unless** such account is exhausted.

24 “ Guaranteed employment account ” **shall mean a**
 25 separate account, maintained by a **State agency, of con-**

1 tributions paid by an employer or group of employers who
2 guarantee full wages, for not less than forty weeks in each
3 taxable year to all of their employees, or all of their em-
4 ployees in any plant or plants operated by such employer
5 or group, and give adequate guarantees for the payment
6 thereof as prescribed by the State law, from which account
7 may be payable compensation to each such employee if
8 his guarantee is not renewed and he is otherwise eligible
9 for benefits under such law.

10 “ Compensation ” shall mean the cash benefits payable
11 under a compulsory State law to employees for their un-
12 employment.

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

16 “ Tax ” shall mean the gross tax imposed on the em-
17 ployer for the taxable year under section 601 of this Act,
18 except that when it is used in section 605 “ tax ” shall mean
19 the said gross tax minus any amounts credited in accord-
20 ance with sections 602 and 607 of this Act.

21 “ Taxable year ” shall mean the year from January 1
22 to December 31, inclusive, or any portion of such year.

23 **ALLOWANCE OF ADDITIONAL CREDITS**

24 **SEC. 607.** Any employer qualifying under section 608
25 of this Act, who has made contributions and has reduced

1 them under a State law which initially required uniform
2 contributions from all employers making contributions, and
3 which thereafter allows certain employers to reduce their
4 contributions may, for any taxable year thereafter, credit
5 against the tax an amount in addition to the credit allowed
6 under section 602 of this Act, except that in no instance
7 shall an employer's total credits under this Act exceed 90
8 per centum of his tax. The additional credit under this
9 section shall be equal to the difference between (a) the
10 amount of contributions (measured by his pay roll attribu-
11 table to such State), actually required of and duly paid by
12 such employer for such year under such law, and (b) the
13 **amount** of such contributions which he would have been
14 required to make under such law for such year at the highest
15 rate then applicable to any employer or employers required
16 to contribute under such law.

17 **CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE**

18 SEC. 608. No additional credit shall be allowed under
19 section 607 of this Act except to an employer who-

20 (a) Has, since contributions were **first** required of
21 him under such law, made contributions, and is required
22 to continue to contribute to a pooled fund in the State
23 whose law allows the reduction for which such credit is
24 claimed at a rate of at least 1 per centum of his pay roll
25 attributable to such State:

1 (b) If he is permitted to reduce or cease his contri-
 2 butions to a reserve account, (1) under a State law re-
 3 quiring the State agency to maintain reserve accounts for
 4 each employer or group of employers making contributions, **he**
 5 is allowed to do so only when the benefits payable from
 6 such reserve account have not been scaled down during the
 7 taxable year because of the inadequacy of such reserve
 8 account and only when such reserve account amounts to
 9 not less than 15 per centum of the total pay roll (attribut-
 10 able to such State) of such employer or group during the
 11 taxable year; or (2) under a State law permitting the State
 12 agency to maintain reserve accounts for some employers, or
 13 groups of employers, is allowed to do so only when such
 14 employers or groups have guaranteed the full payment of
 15 compensation to their employees regardless of the ade-
 16 quacy of their reserve accounts, and only when such reserve
 17 account amounts to not less than 15 per centum of the total
 18 pay roll (attributable to such State) of such employer or
 19 group during the taxable year;

20 (c) If he is permitted to contribute at a reduced rate
 21 as to contributions measured by the guaranteed wages paid
 22 in such State, is allowed to do so only if the State agency
 23 maintains a separate guaranteed employment account for
 24 him individually or as one of a group of employers, and
 25 only if he or such group has fulfilled his or its guaranty,

1 and only when the amount credited in such guaranteed
 2 employment account amounts to not less than $7\frac{1}{2}$ per centum
 3 of so much of the total pay roll of such employer group
 4 for the taxable year as represents the wages guaranteed
 5 under such law by such employer or group;

6 (d) If he is permitted to contribute at a reduced rate
 7 (but not at a rate of less than 1 per centum of pay roll at-
 8 tributable to such State) to a pooled fund, is allowed to
 9 do so if the State law permits contributions to a pooled
 10 fund (over and above 1 per centum of such pay roll) to
 11 be made at varying rates: *Provided*, That such variations
 12 are not allowed within five years after contributions are
 13 first paid under such law, and then are allowed only on a
 14 basis of unemployment compensation experience.

15 TITLE VII

16 MATERNAL AND CHILD HEALTH

17 SECTION 701. (a) In order to enable the Federal
 18 Government to cooperate with the State agencies of health
 19 in extending and strengthening services for the health of
 20 mothers and children, especially in rural areas and in areas
 21 suffering from severe economic distress, there is hereby ap-
 22 propriated the sum of \$4,000,000 from funds in the Treas-
 23 ury not otherwise appropriated, for the fiscal year ending
 24 June 30, 1936, and there is hereby authorized to be appro-

priated for each fiscal year thereafter, the sum of \$4,000,000.

2 **From** these amounts so much, not to exceed 5 per centum,
 3 as the Children's Bureau **shall find** to be necessary for ad-
 4 ministering the provisions of this section and for investiga-
 5 tions and reports related thereto, shall be deducted annually
 6 for this purpose, to be available until expended. The re-
 7 ~~mainder~~ shall be allocated for furthering and strengthening
 8 State and local health services to mothers and children,
 9 extending **maternity** nursing services in counties predomi-
 10 nantly rural, and conducting special demonstration and re-
 11 search in maternal care and other aspects of maternal and
 12 child health service. **For** each **fiscal** year, allocations of
 13 the appropriations herein authorized shall be as follows:

14 (1) For furthering and extending maternal and
 15 child health and maternity nursing services, the Secre-
 16 tary of Labor shall allot \$20,000 to each State and
 17 apportion \$1,000,000 among the States in the propor-
 18 tion which the number of live births in each State bears
 19 to the total number of live births in the United States
 20 as determined annually by the latest available statistics
 21 for the United States Birth Registration Area: *Pro-*
 22 *vided*, That no allotment made to a State under this
 23 paragraph shall exceed the sum of the amount made
 24 available by the State for the purposes of this paragraph

1 and the amount allotted to it under paragraph (2) of
2 this section ;

3 (2) The Secretary of Labor shall apportion
4 among States unable, because of severe economic dis-
5 tress, to match by themselves in full the amounts made
6 available under paragraph (1), for their use in match-
7 ing such sums \$800,000;

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

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

22 (c) In order to receive the benefits of paragraphs
23 (1) and (2) of subsection (a) of this section, a State
24 shall, through its State agency of health, submit to the

1 Children's Bureau detailed plans for effectuating the pur-
2 poses of this section within such State and information con-
3 cerning the amounts made available by the State for such
4 purposes, which, unless exceptional circumstances can be
5 shown, must at least equal the amounts available for similar
6 purposes at the time of the passage of this Act; and if an
7 allocation under subsection (a) paragraph (2) is requested,
8 the conditions leading to such a request. A State plan
9 must include reasonable provision for State administrative
10 and supervisory services, for furthering local maternal and
11 child-health services administered by local public-health
12 units for State financial participation, and for cooperation
13 with medical, nursing, and welfare groups and organiza-
14 tions; and must give due consideration to the development
15 of demonstration services or services of a more permanent
16 character in rural and other needy areas or among groups
17 of the population in special need. When the Chief of the
18 Children's Bureau 'deems a State plan and the administra-
19 tion thereof to be in reasonable conformity with the pro-
20 visions of this section and in accordance with accepted stand-
21 ards of public-health practice developed by Federal Bureaus
22 and other agencies, he shall approve the same and send
23 due notice of such approval to the Secretary of Labor and
24 the State agency concerned.

CARE OF CRIPPLED CHILDREN

1
2 SEC. 702. (a) In order to enable the Federal Govern-
3 ment to cooperate with the State agencies concerned with
4 the provision of medical care and other services for crippled
5 children, especially in rural areas, there is hereby appro-
6 priated for the fiscal year ending June 30, 1936, from funds
7 in the Treasury not otherwise appropriated, the sum of
8 \$3,000,000, and for each fiscal year thereafter there is
9 authorized to be appropriated \$3,000,000. From this
10 amount so much, not to exceed 5 per centum, as the Child-
11 ren's Bureau shall find to be necessary for administering
12 the provisions of this section and for investigations and
13 reports related thereto, shall be deducted annually for this
14 purpose to be available until expended. The remainder
15 shall be allotted to States for purposes of locating crippled
16 children, and of providing facilities for diagnosis and care,
17 hospitalization, and after care, especially for children living
18 in rural areas. For each fiscal year the Secretary of Labor
19 shall allot \$20,000 to each State and apportion the re-
20 mainder among the States on the basis of need as set forth
21 in plans developed by the State agencies concerned and
22 approved by the Children's Bureau: Provided, That except
23 in the case of severe economic distress or other exceptional
34 circumstance, no allotment under this subsection shall

1 exceed the sum made available by the State for the purposes
2 of this section.

3 (b) In order to receive the benefits of this section a
4 State must, through an authorized State agency concerned
5 with the provision of medical care and other services for
6 crippled children, submit to the Children's Bureau a detailed
7 plan for effectuating the purposes of this section within such
8 State, and information concerning the amounts made avail-
9 able by the State for the purposes of this section, which
10 should at least equal the amounts made available for similar
11 purposes during the fiscal year next preceding the passage
12 of this Act, unless exceptional circumstances can be shown;
13 and if an allocation in addition to the original allotment of
14 \$20,000 is requested, the conditions leading to such a
15 request. A State plan must include reasonable provision
16 for State administration, adequate facilities for locating and
17 diagnosing children, adequate medical care, hospitalization
18 and after care, and cooperation with medical, health, and
19 welfare groups and organizations. When the Chief of the
20 Children's Bureau deems a State plan and the administra-
21 tion thereof to be in reasonable conformity with the provi-
22 sions of this section, he shall approve the same and send
23 due notice of such approval to the Secretary of Labor and
24 the State agency concerned.

AID TO CHILD-WELFARE SERVICES

1 **SEC. 703.** (a) In order to enable the Federal Gov-
2 ernment to cooperate with the State agencies of public
3 welfare in extending and strengthening, especially in rural
4 areas and areas suffering from severe economic distress,
5 welfare services for the protection and care of homeless,
6 dependent, and neglected children, and children in danger of
7 becoming delinquent, there is hereby appropriated for the
8 fiscal year ending June 30, 1936, from funds in the Treasury
9 not otherwise appropriated, the sum of \$1,500,000, and
10 there is hereby authorized to be appropriated \$1,500,000
11 for each fiscal year thereafter. From these amounts so
12 much, not to exceed 5 per centum, as the Children's Bureau
13 shall find to be necessary for administering the provisions
14 of this section and for investigations and reports related
15 thereto, shall be deducted annually for this purpose, to
16 be available until expended. The remainder shall be allotted
17 to States for the purposes of assistance to local units,
18 especially in rural areas, in the development of public child-
19 welfare services and for improvement of standards and
20 methods of child-caring service throughout the State. For
21 each fiscal year, from the appropriations herein authorized,
22 (I) The Secretary of Labor shall apportion
23 \$1,000,000 among the States, allotting \$10,000 to
24

1 each State and the balance to States in the proportion
2 which their population bears to the total population of
3 the United States: Provided, That no allotment made
4 to a State under this paragraph shall exceed the sum of
5 the amount made available by the State for the purposes
6 of this section and the amount apportioned to it under
7 paragraph (2) of this subsection.

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

14 (b) The sums provided under paragraph (2) of
15 subsection (a) shall be available for expenditure until the
16 close of the succeeding fiscal year. So much of the amount
17 apportioned under paragraph **(1)** of subsection (a) to any
18 State for any fiscal year as remains unpaid to such State at
19 the close thereof, shall be available until the close of the suc-
20 ceeding fiscal year for expenditures in that State under the
21 conditions prescribed in such paragraph (1) , or, if not re-
22 quested by the State agency of welfare, for allocation to
23 States as provided in such paragraph (2) .

24 (c) In order to receive the benefits of this section a
25 State must, through its State department of public welfare,

1 or, if there be none or more than one such agency, through
2 a State agency designated by the legislature or provisionally
3 designated by the Governor if the legislature be not in ses-
4 sion, to cooperate with the Children's Bureau under the pro-
5 visions of this section, submit to the Children's Bureau a de-
6 tailed plan for effectuating the purposes of this section
7 within such State, and information concerning the amounts
8 made available by the State for such purposes, which should
9 at least equal the amounts made available for similar pur-
10 poses during the fiscal year next preceding the passage of
11 this Act, unless exceptional circumstances can be shown;
12 and, if an allocation under paragraph (2) of subsection (a)
13 of this section is requested, the conditions leading to such a
14 request. A plan must include reasonable provision for State
15 administration, State financial participation, furthering local
16 public child-welfare services, and cooperation with health
17 and welfare groups and organizations, and give due con-
18 sideration to demonstration services or services of a more
19 permanent character in rural or other needy areas or among
20 groups of the population in special need. When the Chief
21 of the Children's Bureau deems a State plan and the admin-
22 istration thereof to be in reasonable conformity with the pro-
23 visions of this section he shall approve the **same** and send
24 due notice of such approval to the State agency concerned.

PARTICIPATION BY CHILDREN'S BUREAU

SEC. 704 (a) Out of the amounts authorized in this title ~~the~~ Children's Bureau is authorized to employ such experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, to be taken from the eligible lists of the Civil Service Commission, and to purchase such supplies, material, equipment, office fixtures, and apparatus, and to incur such travel and other expenses as it may deem necessary for carrying out the purposes of this title. It shall be the duty of the Children's Bureau to make or cause to be made such studies, investigations, and reports as will promote the efficient administration of this title.

(b) Within thirty days after an appropriation has been made under the authority of this title, the Secretary of Labor shall make the apportionments on the basis of live births and of population as provided herein, shall certify to the Secretary of the Treasury and to the treasurers of the several States the **amounts** apportioned for the purposes specified, and shall certify to the Secretary of the Treasury the amounts estimated by the Children's Bureau to be necessary for administering the provisions of this title.

(c) Within sixty days after any appropriation authorized by this title has been made, and as often thereafter while such appropriation remains unexpended as **changed**

1 conditions may warrant, the Secretary of Labor shall ascer-
2 tain and certify to the Secretary of the Treasury and the
3 Treasurer of the United States the amounts to which each
4 State is entitled under the provisions of this title, in accord-
5 ance with plans submitted by the States and approved by
6 the Children's Bureau. Such certificate shall show that
7 the State has complied with all requirements of the pertinent
8 sections of the title. When in conforntnity with the provisions
9 of the title such certificate, until revoked as provided in sub-
10 section (d) hereof, shall be sufficient authority to the
11 Treasurer to make payment to the State in accordance
12 therewith.

13 (d) Each State agency cooperating with the Chil-
14 dren's Bureau under the provisions of this title shall make
15 such reports concerning its operations and expenditures as
16 shall be prescribed or requested by the Bureau. The Bureau,
17 after due notice in writing, setting forth the reasons therefor,
18 may revoke any existing certificate provided for in sub-
19 section (c) whenever it shall determine that any State
20 agency has not properly expended or supervised the ex-
21 penditure of moneys paid to it for the purposes and in
22 accordance with the provisions of this title. When so
23 withheld the State agency may appeal ~~to~~ the Secretary of
24 Labor who may either affirm or reverse the action of the
25 Bureau with such directions **as** he shall consider proper.

9 TITLE VIII

11 **SECTION** 801. There is hereby appropriated, from funds
12 in the Treasury not otherwise appropriated, the sum of
13 \$10,000,000 for the fiscal year ending June 30, 1936, and
14 there is hereby authorized to be appropriated for each fiscal
15 year thereafter the sum of \$10,000,000, to be allocated to
16 the Bureau of the Public Health Service to be expended
17 as hereinafter provided.

SEC. 802. ~~From~~ the amounts appropriated under this title, the Bureau of the Public Health Service shall annually allot \$8,000,000 to the several States, in amounts determined on the basis of the need of each State for such assistance, for the purpose of developing State health services including the training of personnel for State and local health work and for the purpose of assisting counties and/or other po-

1 ~~litical~~ subdivisions of the States in maintaining adequate
2 public-health programs. Payment of any allotment, or
3 installment thereof, shall be made only after the Secretary
4 of the Treasury has made a finding of fact that there is need
5 to make such money **available** in such State, and has ~~noti-~~
6 fied the Treasurer of the United States to pay such **allot-**
7 ment or instalhnent, and the amount thereof. Any money
8 appropriated for the purposes of this section but not **ex-**
9 pended during the fiscal year shall be available for payment
10 of allotments to the States in the next fiscal year.

11 **BUREAU OF THE PUBLIC HEALTH SERVICE**

12 SEC. 803 (a) From the amounts appropriated under
13 this title, \$2,000,000 shall annually be available to the
14 Bureau of the Public Health Service, for the further **investi-**
15 gation of disease and problems of sanitation, and related
16 matters. Out of the amounts made available in this section
17 the Bureau of the Public Health Service is authorized to
18 employ such experts, assistants, clerks, and other persons in
19 the District of Columbia and elsewhere, to be taken from
20 the eligible lists of the Civil Service Commission, and to
21 purchase such supplies, material, equipment, office fixtures,
22 and apparatus, and to **incur** such travel and other expenses
23 as it may deem necessary for **carryíng** out the purposes of
24 this title.

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

4 **ACTION OF THE COMPTROLLER GENERAL**

5 SEC. 804. The Comptroller General is authorized and
6 directed to allow credit in the accounts of the Treasurer of
7 the United States for payment of allotments in the amounts
8 notified him by the Secretary of the Treasury.

9 **TITLE IX**

10 **SEPARABILITY**

11 SECTION 901. If any provision of this Act, or the
12 application thereof to any person or circumstance, is held
13 invalid, the remainder of the Act, and the application of
14 such provisions to other persons or circumstances shall not
15 be affected thereby.

16 **RESERVATION OF POWER**

17 SEC. 902. The right to alter, amend, or repeal any or
18 all provisions of this Act is hereby reserved to the Congress.

19 **SHORT TITLE**

20 SEC. 903. This Act may be known as “ The Economic
21 Security Act.”