

OLD-AGE ASSISTANCE

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Old-age assistance legislation has been popular in the states in recent years and the plan for federal grants-in-aid for the purpose included in the Social Security Act has met with quite general public approval. Federal participation first became probable in June, 1934, when President Roosevelt sent a special message to Congress declaring:

"Next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance.

"This is not an untried experiment. Lessons of experience are available from states, from industries and from many nations of the civilized world. The various types of social insurance are interrelated; and I think it is difficult to attempt to solve them piecemeal. Hence, I am looking for a sound means which I can recommend to provide at once security against several of the great disturbing factors in life—especially those which relate to unemployment and old age. I believe there should be a maximum of coöperation between states and the federal government. I believe that the funds necessary to provide this insurance should be raised by contribution rather than by an increase in general taxation. Above all, I am convinced that social insurance should be national in scope, although the several states should meet at least a large portion of the cost of management, leaving to the federal government the responsibility of investing, maintaining and safeguarding the funds constituting the necessary insurance reserves.

"I have commenced to make, with the greatest care, the necessary actuarial and other studies for the formulation of plans for the consideration of the Seventy-fourth Congress."

Almost immediately the President created the President's Committee on Economic Security, consisting of the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Treasury, the Attorney General, and the Federal Emergency Relief Administrator. Associated with the Committee was an advisory council of some twenty outstanding national leaders in social welfare and related fields. The work of developing a legislative program for recommendation to Congress was shared in by a technical board, special committees, and a technical staff. This Committee reported to the President on January 15, 1935.

In recommending legislation to meet the problem of security for the aged, the

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Legislative activity in this field has been such that it has not been practicable to report developments in the period intervening between the completion of this article early in March and the date of publication.

Committee outlined as complementary measures non-contributory old-age pensions, compulsory contributory annuities, and voluntary contributory annuities, all to be applicable on retirement at the age of 65 years or over. The Committee reported:¹

"In 1930 there were 6,500,000 people over 65 years of age in this country, representing 5.4 percent of the entire population. This percentage has been increasing quite rapidly since the turn of the century and is expected to continue to increase for several decades. It is predicted, on the basis of the present population and trends, that by 1940, 6.3 percent of the population will be 65 years of age; by 1960, 9.3 percent; and by 1975, 10 percent. In 25 to 30 years the actual number of old people will have doubled, and this estimate does not take into account the possibility of a decrease in the mortality rate, which would further increase the total.

"No even reasonably complete data are available regarding the means of support of aged persons, and the number in receipt of some form of public charity is not definitely known. The last almshouse survey was made more than 10 years ago, and the number of people in institutions of this kind can only be approximated. There are about 700,000 people over 65 years of age on F.E.R.A. relief lists, and the present cost of the relief extended to these people has been roughly estimated at \$45,000,000 per year. In addition there are a not definitely known but large number of old people in receipt of relief who are not on F.E.R.A. relief lists. All told, the number of old people now in receipt of public charity is probably in excess of 1,000,000.

"The number of receipt of some form of pension is much smaller. Approximately 180,000 old people, most of them over 70 years of age, are receiving pensions under the State old-age assistance laws, the average pension last year being \$19.74 per month.

"A somewhat smaller number of the aged are receiving public retirement or veterans' pensions, for which the expenditures exceed those under the general old-age assistance laws. Approximately 150,000 aged people are in receipt of industrial and trade-union pensions, the cost of which exceeds \$100,000,000 per year.

"The number of the aged without means of self-support is much larger than the number receiving pensions or public assistance in any form. Upon this point the available data are confined to surveys made in a few States, most of them quite a few years ago. Connecticut (1932) and New York (1929) found that nearly 50 percent of their aged population (65 years of age and over) had an income of less than \$25 per month; 34 percent in Connecticut had no income whatsoever. At this time a conservative estimate is that at least one-half of the approximately 7,500,000 people over 65 years now living are dependent.

"Children, friends, and relatives have borne and still carry the major cost of supporting the aged. Several of the States surveys have disclosed that from 30 percent to 50 percent of the people over 65 years of age were being supported in this way. During the present depression, this burden has become unbearable for many of the children, with the result that the number of old people dependent upon public or private charity has greatly increased.

"The depression will inevitably increase the old-age problem of the next decades. Many children who previously supported their parents have been compelled to cease doing so, and the great majority will probably never resume this load. The depression has largely wiped out wage earners' savings and has deprived millions of workers past middle life of their jobs, with but uncertain prospects of ever again returning to steady employment. For years there has been some tendency toward a decrease in the percentage of old

¹ COMMITTEE ON ECONOMIC SECURITY, REPORT TO THE PRESIDENT (1935) 23.

people gainfully employed. Employment difficulties for middle-aged and older workers have been increasing, and there is little possibility that there will be a reversal of this trend in the near future."

The report also discussed the status of state legislation for old-age assistance (pensions) legislation at that time and the proposal for federal grants-in-aid to stimulate state activities in this field.²

In a very important message to Congress on January 16, 1935, the President submitted the report of his Committee on Economic Security. He urged quick federal action so that state legislatures then in session would also take necessary action. Immediately Senator Wagner and Congressman Lewis introduced bills covering the administration program, including provision for old-age assistance.³ House and Senate committees were geared for action. Extensive hearings were held with many experts and interested individuals testifying on the different provisions. Much time was devoted to discussion of the need for old-age assistance. When finally introduced in the House in modified form, after three months of discussion, the voluntary old-age security insurance system had been deleted and some of the requirements that states measure up to federal standards for old-age assistance (and other assistance functions) had been modified. Other modifications and compromises were necessary in conference committee after the bills passed the House and Senate in somewhat different forms. In process of passage the old-age assistance section lost the provision requiring that in order to qualify for federal aid, any state's grants must be sufficient for an acceptable standard of health and decency, and even more serious was the loss of federal control over standards of personnel for administration. The provision for standards of adequacy might have resulted in increasing the grants given, and some control over personnel would certainly have improved the state and local administration of the Act.

THE OLD-AGE ASSISTANCE PROVISIONS OF THE FEDERAL ACT

As enacted, the Federal Social Security Act in Title I, Section 2, states definite requirements that must be met by states in order to be eligible for federal grants for old-age assistance expenditures. The Act requires that such a state plan must

- "(1) provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them;
- (2) provide for financial participation by the State;
- (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;
- (4) provide for granting to any individual, whose claim for old-age assistance is denied, an opportunity for a fair hearing before such State agency;
- (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan;

² *Id.* at 26.

³ S. 1130, H. R. 4120, 74th Cong., 1st Sess. (1935).

- (6) provide that the State agency will make such reports, in such form and containing such information as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and
- (7) provide that, if the State or any of its political subdivisions collects from the estate of any recipient of old-age assistance any amount with respect to old-age assistance furnished him under the plan, one-half of the net amount so collected shall be promptly paid to the United States."

In addition, Section 2 also provides that the Social Security Board, created by the Act, shall approve any plan which fulfills the conditions specified except that it shall not approve any plan which imposes, as a condition of eligibility for old-age assistance under the plan,

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

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

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

When a state provides old-age assistance, the Social Security Act provides that the federal government will pay one-half of the cost up to \$30 a month for any individual. The state may pay more, but the federal government will still pay only \$15. These requirements, which are generally in line with the trends that had taken place in state legislation previously, have in turn been largely responsible for state legislative activity in this field during 1935.

STATE OLD-AGE ASSISTANCE LEGISLATION

In the decade just previous to 1933, eighteen states had enacted old-age assistance (pension) laws; eleven were passed during 1933 and 1934, with even greater activity manifested during 1935 and the early months of 1936. The statutes show considerable variation, but even greater variation has developed in administration. Most of these laws specified that pensions would be available to the needy aged who had reached the required age of 65 or 70, had lived within the state for a long period of years, and had neither relatives legally responsible for their support nor a substantial income or property of their own. A maximum benefit of \$1 a day was common, although the actual amounts granted were considerably less in most cases. Poor administrative machinery and inadequate financing have been even more responsible for the inadequate meeting of needs than the defects in the laws themselves.

Of the states operating old-age pension laws in 1934, statistics show that only seven, California, Colorado, Indiana, Massachusetts, New Jersey, New York, and Ohio, had sizable programs with more than 10,000 pensioners and costing over a million dollars. The average pension granted in these states shows as wide variation as is found in the whole United States, as shown in the following table:

TABLE I
Operation Under State Old-Age Pension Acts During 1934

State	Funds supplied by	Number of Eligible Age	Number of Pensioners (end of 1934)	Amount Disbursed	Monthly Pension	
					Maximum Payable	Average Paid 1934
Arizona.....	State and county..	9,118	1,820	\$ 427,527	\$ 30.00	\$ 19.57
California.....	State and county..	210,379	19,619	4,288,508	30.00	20.21
Colorado.....	State and county..	61,787	10,098	1,256,190	30.00	9.74
Delaware.....	State.....	16,678	1,583	193,231	25.00	9.91
Idaho.....	County.....	22,310	1,712	138,440	25.00	6.74
Indiana.....	State and county..	138,426	23,533	1,134,250	15.00	4.50
Iowa.....	State.....	184,239	8,300	220,000	25.00	13.25
Kentucky.....	County.....	84,252	.....	.....	20.83	.....
Maine.....	State and city.....	69,010	.....	.....	30.00	.....
Maryland.....	County.....	92,972	267	65,228	30.00	24.43
Massachusetts.....	State and city.....	156,590	21,473	5,628,492	(¹)	26.08
Michigan.....	State.....	148,853	3,557	103,180	30.00	9.99
Minnesota.....	County.....	94,401	4,425	577,635	30.00	10.97
Montana.....	County.....	14,377	2,780	177,426	25.00	5.32
Nebraska.....	County.....	86,194	926	13,577	20.00	1.22
Nevada.....	County.....	4,814	7	1,552	30.00	18.48
New Hampshire.....	County.....	25,714	1,483	311,829	32.50	17.51
New Jersey.....	State and county..	112,594	11,401	1,773,320	30.00	14.87
New York.....	State and county..	373,878	51,834	12,650,828	(¹)	20.65
North Dakota.....	State.....	30,280	3,914	24,259	12.50	.69
Ohio.....	State.....	414,836	36,543	1,434,416	25.00	6.54
Oregon.....	County.....	39,133	6,525	639,296	30.00	8.16
Pennsylvania.....	State.....	289,705	18,261	386,717	30.00	21.18
Utah.....	County.....	22,665	902	86,416	25.00	7.98
Washington.....	County.....	101,503	1,588	103,408	30.00	5.43
West Virginia.....	County.....	73,043	.....	.....	30.00	.....
Wisconsin.....	State and county..	112,112	2,127	459,146	30.00	19.95
Wyoming.....	County.....	8,707	719	82,732	30.00	9.59
Total.....	.....	2,998,570	235,397	32,177,603	.....	14.68
Alaska.....	Territory.....	2,935	454	108,485	35.00	25.00
Hawaii.....	County.....	7,638	354	27,427	15.00	7.06
Grand Total...	.....	3,009,143	236,205	32,313,515	.....	14.69

¹No limit.

Source: U. S. Bureau of Labor Statistics; Committee on Economic Security; Monthly Labor Review (August, 1935).

Previous to federal discussion and action, certain trends toward more effective state laws and administration were discernible. The first old-age assistance laws left the adoption of the system optional with local authorities, but these were gradually replaced by mandatory state-wide systems because, where the law was left optional, it was usually in effect in only a few counties. This argued strongly for the necessity of a state-wide mandatory system and hastened the change. Another definite trend was toward state financial aid in increasing proportions. In 1928 there were six states with old-age assistance laws, but only Wisconsin provided for state aid, while by the end of 1930, four of the twelve states with old-age assistance laws provided aid from the state. This participation increased until, by the end of 1934, with twenty-eight states having laws, half provided for state payments, several assuming entire state responsibility for financing. The more effective laws have provided

for state-wide local administration with good state supervision and state participation in financing. Recognition of this experience is incorporated in the Federal Act in the stated requirements for acceptance of state plans.

During 1935 twelve states enacted new old-age assistance laws, two of these replacing old laws previously declared unconstitutional, and sixteen other states amended earlier statutes to fit the requirements of the federal act. According to the Social Security Board, forty-one states, two territories, and the District of Columbia now have legislation or general enabling acts under which state plans may be submitted.

In the table on pages 242-243, the present status and principal provisions of old-age assistance legislation are summarized.⁴ Some of the other requirements customarily included in such legislation call for some discussion.

In conformity with the conditions imposed by the Federal Act, new state statutes are requiring that the recipient of old-age assistance is not an inmate of or being maintained by any municipal, state, national, or private institution at the time of receiving assistance. Another common requirement is that a recipient has not made an assignment or transfer of property so as to render himself eligible for assistance.

The newer laws are less apt to set up property limitations specifying the maximum of income or assets which may be received or owned by recipients of assistance. Instead, the state is protected from being imposed upon by other provisions requiring that the "aged person is in need" and that the recipient "may be required to transfer property to the county" under certain conditions, and providing for recovery "from the recipient in case he becomes possessed of property or income" and "from the estate that a recipient may leave." These newer provisions leave more discrimination to the administrative agency as well as accomplish the real purpose of protecting the government from giving assistance to those who are not in need.

The older provisions setting up moral qualifications for eligibility, and those requiring relatives to support the aged are gradually being eliminated.

A number of state statutes have not as yet provided for the hearing, required by the Federal Act, before the state agency of claims of applicants aggrieved by rulings by the local administrative body, although in some of these statutes provision is made for direct appeal to the courts. In some of the state acts making provision for appeal to the state agency, there is included the commendable provision that the state agency may review claims on its own motion.

The majority of the states have made direct appropriations for financing the state cost of old-age assistance, but some states plan to pay the costs through imposition of special taxes. The sales tax is so used in Arkansas; the poll tax in Connecticut, Iowa, Nebraska, and Vermont; the motor fuel tax in Nebraska; the inheritance tax

⁴ A plan for New Mexico, developed by the New Mexico Relief and Security Authority (N. M. Laws 1935, c. 86) has been accepted by the Social Security Board. The Oklahoma old-age assistance was declared unconstitutional by the State Supreme Court on Feb. 18, 1936. Alaska and Hawaii have adopted acts but their plans have not as yet been accepted. See ALASKA COMP. STAT. (1933) §§1781-1786, am'd, Laws 1935, c. 47; Hawaii Laws 1933, Act. No. 208, am'd, Laws 1933 (Spec. Sess.) Art. 39.

TABLE II
State Old-Age Assistance Laws

State	Age	Maximum Monthly Pension	Citizenship (or Years Residence)	Years Residence in		Maximum Income or Assets	Source of Funds	Administration
				State	County			
*ALABAMA Laws '35, c. 448	65	\$30 ^a	U. S.	5 in last 9 ^a	1	\$360	$\frac{1}{2}$ state $\frac{1}{2}$ county	State Dept. Pub. Welf.; Co. Depts. Pub. Welf.
ARIZONA Acts '35, c. 34	70	\$30	U. S.	35		\$300	$\frac{3}{4}$ state $\frac{1}{4}$ county	Co. Old Age Pens. Commn.
ARKANSAS Acts '35, nos. 321, 322	70 ^a	\$30		5		\$300 homest'd \$2500	state and county	State Dept. Pub. Welf.; Co. Pub. Welf. Bds.
CALIFORNIA GEN. LAWS, Act 5846, am'd, Laws '35, c. 633	65	\$35	U. S.	5 in last 9 ^a	1	realty \$3000; pers. \$500	$\frac{1}{2}$ state $\frac{1}{2}$ county or city & county	State Dept. Soc. Welf.; Co. Bds. Supvrs.
COLORADO Acts '33, cs. 144, 145, am'd, Acts '35, H.B. 810	65	\$1 (day)	15	15	1	\$1 (day) assets \$2500	state	State Relief Comm.; Co. Commrs.
*CONNECTICUT Acts '35, H.B. 1233	65	\$7 (week)	U. S.	5 in last 9			state	Commr. Welf.
*DELAWARE Acts '31, c. 85	65	\$25	15	5			state	State Old Age Welf. Commn.
†FLORIDA Acts '35, S.B. 606	65	\$35 ^a	U. S.	5 in last 9	1	\$400	state ^a	State Bd. Pens.; Bd. Co. Commrs.
*IDAHO CODE ('32) §§ 30-3101 to 30-3125	65	\$25	15	10	3	\$300	county	Co. Old Age Pens. Commn.
ILLINOIS LAWS '35, H.B. 940, am'd, Laws (Sp. S.) 1935, H.B. 1	65	\$30	U. S.	5 in last 9			state	Co. Depts.
INDIANA Acts '33, c. 36	70	\$15	15	15	15	assets \$1000	$\frac{1}{2}$ state $\frac{1}{2}$ county	Bd. Co. Commrs.
*IOWA CODE ('35) §§ 5296- f1 to f40	65	\$25	U. S.	5 in last 9		\$300 assets \$2000 ^a	state	State Old Age Ass'ce Commn.; Co. Old Age Ass'ce Bd.
KENTUCKY Acts '36, H.B. 427	65	\$15	U. S.	5 in last 9			state	State Dept. Pub. Welf.
*MAINE Acts '33, c. 267	65	\$1 (day)	U. S.	15	1	assets \$300	$\frac{1}{2}$ state $\frac{1}{2}$ city or town	State Dept. Health and Welf.; local old- age pens. bds.
*MARYLAND Acts '35, c. 592, am'd, c. 586	65	\$1 (day)	15	5 in last 10	1		$\frac{3}{4}$ state $\frac{1}{4}$ county	Bd. State Aid and Charities; co. welf. bds.; Balt. Dept. Welf.
MASSACHUSETTS ANN. LAWS ('33) c. 118A, ('35 Supp.) c. 118A, c. 69, § 29	70	no limit	U. S.	5 in last 9			$\frac{1}{2}$ state $\frac{1}{2}$ county	State Dept. Pub. Welf.; co. or city bds. pub. welf.
*MICHIGAN Acts '35, No. 159.	70 ^a	\$30	U. S.	5 in last 9		assets \$3500	state	State Welf. Dept.; co. old age ass'ce bds.
MINNESOTA Laws '36 (Sp. S.) H.B. 264	65	\$30	U. S.	5 in last 9		assets \$3500	state and county	State Bd. Control; Co. Welf. Depts. or Bds. Commrs.
*MISSISSIPPI Laws '35 (Sp. S.) S. B. 2	65	no limit ^a		5 in last 9	1	assets \$1000	state	State Bd. Emerg'y Relief; Co. Bd. Relief.
*MISSOURI Acts '35, S. B. 7	70	\$30 ^a	U. S.	5 in last 9		assets \$1500 ^a	state	State Bd. Mgrs. Elec'y Insts; co. old age ass'ce bds.
MONTANA Laws '35, H. B. 195, 343	65	no limit	U. S.	5 in last 10	1		$\frac{1}{2}$ state $\frac{1}{2}$ county	State Old Age Pens. Commn; co. old age pens. commns.

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				State	County			
*NEBRASKA Laws '35 (Sp. S.) H. B. 17, 3, 10	65	\$30		5 in last 9			state	State Ass'ce, Comm.; Co. Ass'ce Comm.
†NEVADA STAT. ('29) §§ 5109- 5138, Laws '35, c. 138	65	\$1 (day)	15	10		assets \$3000	county	State Bd. Relief, etc. Control; Bd. Co. Commrs.
*NEW HAMPSHIRE Laws '35, H. B. 448	70	\$30	U. S.	5 in last 9		\$30 (month)	county ¹⁰	State Bd. Welf. and Relief; Co. Commrs.
NEW JERSEY Laws '31, c. 219, am'd, Laws '33, c. 149, Laws '35, cs. 108, 213	70	\$1 (day)	U. S.	15	1	assets \$3000	state and county	State Dept. Insts. and Agencies (Div. Old Age Relief); Co. Dir. Old Age Relief
NEW YORK Laws '30, c. 387 Laws '35, c. 668	70	no limit.	U. S.	10	1	See note 11	½ state ½ city or county	State Dept. Soc. Welf.; local pub. welf. officials.
NORTH DAKOTA Acts '33, c. 254, am'd, Acts '35, cs. 123, 221	68	\$150 (year)	U. S.	20		\$150	state	State Welf. Bd., Co. Welf. Bd.
OHIO CODE ('35) §§ 1359- 1 to 30	65	\$25	15	15	1	\$300 assets \$3000 ¹²	state	State Dept. Pub. Welf. (Div. Aid for Aged); Co. Bd. Aid for Aged.
OREGON Acts '35, c. 407, am'd, (Sp. S.) S. B. 43-x	65	\$30	U. S.	5 in last 9			state	State Relief Comm.; Co. Relief Comm.
PENNSYLVANIA Acts '33(Sp.S.) No. 64	70	\$30	15	15			state	Local Bds. under State Dept. Welf.
*RHODE ISLAND Laws '35, H. B. 837	65	\$30	20	5 in last 10		assets \$5000	state	State Dept. Pub. Welf. (Old Age Sec. Div.); Town Dir. Pub. Aid.
TEXAS Laws '35 (2d Sp. S.) H. B. 26	65	\$30	U. S.	5 in last 9		assets \$5000	state	State Old Age Ass'ce Comm. (and local officials)
†UTAH STAT. ('33) §§ 19-12-1 to 19-12-13	65	\$25	15	15	5	\$300	county	Co. Commrs.
*VERMONT Laws '35, Nos. 82, 29	65	\$30 ⁸	U. S.	5 in last 10		\$360 ¹² assets \$2500	state	State Old Age Ass'ce Commn. (and local officials)
*WASHINGTON Laws '35, c. 182	65	\$30	U. S.	5 in last 10			state	State Dept. Pub. Welf.
†WEST VIRGINIA Acts '31, c. 32	65	\$1 (day)	15	10	10	any	county	County Court
*WISCONSIN Laws '35, cs. 391, 554	65 ¹⁴	\$1 (day)	U. S.	5 in last 9		assets \$5000	state and county	State Ind. Commn. (Pens. Dept.); Co. Welf. and Co. Pens. Depts.
*WYOMING Acts '35, c. 101	65	\$30	U. S.	5 in last 10		\$360	½ state ½ county	State Dept. Pub. Welf. Co. Bd. Pub. Welf.
*DIST. OF COLUMBIA H. R. 6623, 74th Cong., 1st Sess. ('35)	65	no limit	U. S.	5 in last 9			District	Bd. Commrs. Dist.

* Plan accepted by Social Security Board.

† Optional with county.

(1) \$50 for veterans.

(2) Including residence for at least one year preceding application.

(3) Age 65 after 1940.

(4) \$60, if two or more members of family live together.

(5) Counties may supplement state funds.

(6) \$3000 for husband and wife.

(7) Amount determined by county board.

(8) \$45 for husband and wife.

(9) \$2000 for husband and wife.

(10) State reimburses 5%.

(11) Must be wholly unable to support self.

(12) \$4000 for husband and wife.

(13) Income, \$500, assets \$4000, for husband and wife.

(14) May be reduced to 60.

in New Jersey and Utah; the property tax in North Dakota and West Virginia; the gross business income tax in Oklahoma, although collection has been restrained by an injunction issued by the State Supreme Court; the tax on alcohol and horse racing in Massachusetts, and a tax on pari-mutual machines in Washington.⁵

Several of the laws passed in 1935 provide that they are to go into effect when federal funds are made available,⁶ and others set the effective date for some time early in 1936.⁷

During the early part of 1936 several state legislatures have met in regular session. In their messages to their respective legislatures, the governors have specifically asked for legislative action for old-age assistance, referred to the value of legislation already enacted, or urged study and careful consideration of the need for such laws.

Although 1936 is an off year so far as legislative sessions are concerned, regular sessions are now (February 27) in process in Massachusetts, Mississippi, New Jersey, New York, Rhode Island, South Carolina, and Virginia. Alabama, Illinois, and Ohio are holding special sessions and Kentucky, having adjourned the regular session, has scheduled a special session beginning March 4. Old-age assistance bills are under consideration in many of these. Already in 1936 amendments have been enacted in Illinois, Kentucky, and Minnesota.⁸

DEVELOPMENTS UNDER THE FEDERAL ACT

With the failure of passage of the third deficiency bill (H. R. 9215) in August, 1935, the Social Security Board was delayed in setting up administrative machinery and allotments to the states were of necessity deferred until funds were made available. A skeleton organization was developed by means of a grant made by the Works Progress Administration to the Labor Department for a project, and loans of personnel and equipment from other governmental agencies. After the President appointed the three members of the Social Security Board, they chose Frank Bane, Director of the American Public Welfare Association, as executive director, and then proceeded to establish various bureaus for the functions delegated to the Board. The Public Assistance Bureau was created to administer federal grants to states for assistance to the aged, dependent children, and needy blind under Titles I, IV, and X. Miss Jane M. Hoey has been appointed director of this Bureau, assuming her position in January.

During December the Social Security Board and the Children's Bureau invited state directors of public welfare from the various states to come to Washington to discuss together the coöperative planning necessary to put the public assistance pro-

⁵ For a discussion of the problem of financing the cost to the states of old-age assistance, see Shipman and Saum, *Federal Grants and the Problem of Financing Public Assistance*, *infra*, p. 289.

⁶ California, Missouri, New Hampshire, Oregon.

⁷ Alabama, Connecticut, Illinois, Minnesota.

⁸ The American Public Welfare Association, with which the writer is associated, is frequently asked about desirable state legislation and in response has issued a pamphlet entitled *Suggested State Legislation for Social Security*.

visions of the Social Security Act into effect. They also discussed the information the federal government would necessarily need before deciding upon the acceptability of state plans submitted, and also for continuing reports as to state expenditures.⁹ In this meeting it was very apparent that state authorities were relieved to find themselves consulted in regard to the information to be submitted in making application for federal funds and for later reporting on a continuing basis.

With the signature of the President on February 11, the third deficiency appropriation bill was enacted into law (Public No. 440, 74th Congress), appropriating to the Social Security Board "For grants to states for old-age assistance, as authorized in Title I of the Social Security Act, approved August 14, 1935, fiscal year 1936, \$24,660,000." This appropriation is for the rest of the fiscal year ending June 30, 1936.

Within forty-eight hours after the President's signature, United States checks to Iowa, Alabama, and Delaware were in the mails. The plan for federal-state coöperation in old-age assistance is now under way, as shown by the following table of grants made for approved plans.

TABLE III.
Federal Grants-in-Aid for Approved Plans for Old-Age Assistance
For the Period February 1 to March 31, 1936

<i>State</i>	<i>Grant for Assistance</i>	<i>Grant for Administration†</i>	<i>Total</i>
Alabama.....	\$ 100,000.00	\$ 5,000.00	\$ 105,000.00
Arizona.....	.....	.....	.....
Connecticut*.....	.....	.....	.....
Delaware.....	31,500.00	1,575.00	33,075.00
District of Columbia.....	45,000.00	2,250.00	47,250.00
Idaho.....	150,000.00	7,500.00	157,500.00
Iowa.....	522,000.00	26,100.00	548,100.00
Maine.....	84,375.00	4,218.75	88,593.75
Maryland.....	160,000.00	8,000.00	168,000.00
Michigan.....	330,000.00	16,500.00	346,500.00
Mississippi.....	175,000.00	8,750.00	183,750.00
Missouri.....	300,000.00	15,000.00	315,000.00
Nebraska.....	330,600.00	16,530.00	347,130.00
New Hampshire.....	56,000.00	2,800.00	58,800.00
North Carolina.....	.....	.....	.....
Pennsylvania.....	.....	.....	.....
Rhode Island.....	28,600.00	1,430.00	30,030.00
Vermont.....	41,470.80	2,073.54	43,544.34
Washington.....	400,000.00	20,000.00	420,000.00
Wisconsin.....	375,000.00	18,750.00	393,750.00
Wyoming.....	53,280.00	2,664.00	55,944.00
Total.....	\$3,182,825.80	\$ 159,141.29	\$3,341,967.09

*Although the Old-Age Assistance Plan submitted by Connecticut has been approved, no federal grant was made because, under the state law, no assistance payments may be made until April 15, 1936.

†The Social Security Act, §3(a), provides that, in addition to the grant for actual payments of old-age assistance, 5% more is to be granted from federal funds for either assistance or administrative costs.

⁹In response to requests after this meeting, the American Public Welfare Association issued a pamphlet entitled *Recording and Reporting with Regard to Old Age Assistance Under the Social Security Act*.