

Lump-sum payments required to purchase an annuity of \$100 per year payable immediately of Canadian Government and American companies

Age	Canadian Government 4-percent basis	American companies 3½-percent basis, non-participating	Equitable Co. 3-percent basis, participating
50.....	\$1,334	\$1,471.10	\$1,689.80
55.....	1,190	1,315.00	1,502.30
60.....	1,040	1,153.10	1,310.80
65.....	887	990.00	1,120.40
70.....	738	830.70	936.60

I am advised that the companies now felt constrained to withdraw their 3½ percent nonparticipating annuity contracts from motives of prudence; and that only the 3-percent annuities (last column) are now available. These are participating and, they hope, will yield dividends commensurate with the 3½ percent nonparticipating contracts hitherto available. The Bureau of the Budget has supplied me with the following data showing the average rates of interest paid by the Treasury on outstanding bonds.

	Base amount of bonds outstanding	Annual interest charge	Annual average rate
			<i>Percent</i>
Dec. 31, 1932.....	\$14,222,970,490	\$541,408,000	3.806
Dec. 31, 1933.....	15,569,120,180	589,998,000	3.789
Dec. 31, 1934.....	16,245,192,550	573,357,000	3.529

The CHAIRMAN: We will take a recess until 2 o'clock.
(Whereupon, at 12:30 p. m., a recess was taken until 2 p. m. of the same day.)

AFTERNOON SESSION

The recess having expired, the committee reconvened at 2 p. m., Hon. Samuel B. Hill presiding.

Mr. HILL. We will hear Mr. M. L. Brown, of Columbus, Ohio.

Mr. Brown, will you please state your name and address and the capacity in which you appear?

STATEMENT OF M. L. BROWN REPRESENTING THE OLD-AGE PENSION BUREAU OF OHIO, COLUMBUS, OHIO

Mr. BROWN. My name is M. L. Brown, of Columbus, Ohio. I am the State secretary of the Fraternal Order of Eagles and the present chief of the division of aid for the aged, in Columbus, Ohio.

By way of preliminary I want to say that I am not a doctor; I am not a lawyer; I am not an orator; I am not a welfare worker. Neither am I an economist. But I have been identified with old-age pensions since 1921 and with the efforts of the Fraternal Order of Eagles in enacting laws in 29 States of the Union.

I am not identified with any organization that has attempted to collect money or to promote the cause of old-age assistance.

I understand that there is a limit on the time of each witness?

Mr. HILL. Five minutes.

Mr. BROWN. I have prepared quite a lengthy statement that I would not be able to deliver in 5 minutes. I have prepared a good

deal of other information that I think members of this committee would like to have.

I am not here to sell the committee any particular idea, but I do believe that some of the information that we have accumulated in our experience in administering old-age pensions in Ohio in the last 10 months would be of interest to the committee.

Mr. JENKINS. Mr. Chairman, may I ask the witness this question?

Would it be satisfactory to you, Mr. Brown, if, after you have made your formal statement, you receive permission to add to your statement, edit it entirely, and extend it with such material as you may have? Would that be satisfactory to you?

Mr. BROWN. If it is satisfactory to the committee; yes.

Mr. HILL. Without objection, permission to extend his remarks is granted the witness.

Mr. BROWN. I should be more than pleased to present copies to each member of the committee of the information that I have prepared which they can, at their leisure, examine.

If my time is to be limited to 5 minutes, I would rather that members of the committee asked me some questions about the administration of the old-age pension law in the State of Ohio. I am sure that each member has certain ideas on which he wants information, concerning this old-age law, and if I went ahead on my own ideas I might be taking up your time without touching those points in which you are especially interested.

I shall be glad to submit these records to the committee and to answer any questions the committee may have at this time.

Mr. JENKINS. Mr. Chairman, I should like to state that Mr. Brown is the administrator of the old-age pension bureau in Ohio, as he has already stated.

Let me ask you this question, Mr. Brown. Is it not a fact that the Ohio system is probably the most modern, most up-to-date, of any of the old-age pension systems of the country?

Mr. BROWN. From our experience, we think it is.

Mr. JENKINS. You say you have been operating in Ohio for about 9 months?

Mr. BROWN. That is right, starting from about March 1.

Mr. JENKINS. What is the general feeling in Ohio, from your observation and the observation of your actuaries and assistants, as to the progress that you are making and as to the success of the pension law in Ohio?

Mr. BROWN. We believe that we are on a practical basis.

Mr. COOPER. Would you be kind enough to give us a few details of the provisions of your system; for instance, the amount of the benefits that are allowed, the test given as to qualifications, the age limit, and so on?

Mr. BROWN. I shall be very glad to do that. The age limit is 65. The law provides that any applicant who is otherwise eligible and who does not have an income of \$300 a year is entitled to a maximum of \$25 a month; that is, if he does not have any other income or any responsible relatives who, under the law, are chargeable with his support.

You see, there is a provision of our law that is quite a factor in the eligibility of an applicant. If there is a son or a daughter or a mother or a father who, under the law, is chargeable with the responsibility of

the support of this person, in the State of Ohio, that relative must take care of his parent. Under that system we can refuse applications for aid.

Mr. COOPER. About how many people in the State of Ohio are there who are over 65, if you can give us that figure?

Mr. BROWN. 450,000.

Mr. COOPER. How many of those have qualified up to this time?

Mr. BROWN. Let me put it this way. We have 110,000 applications on file. Thirty-eight thousand have already been approved and have been put on pension. The difference between that figure and 45,000 represents those that are in the making now. In other words, as to them there is an investigation going on either in the county offices or in the Columbus office. You see, we have 88 counties. Each county has an office, and there is a State office. The application goes to the investigator employed by the State, and then to the county board, who pass on it, and, if it is approved by the county board, it comes to the State office for inspection. If it is satisfactory, it is approved and the check is mailed.

In our experience, about 25 percent of the applicants have either withdrawn, have been denied the pension, or have died during the progress of the investigations.

Mr. COOPER. What is it costing your State now?

Mr. BROWN. We estimate that we will spend \$14,000,000 this year. We have an appropriation from the State now from January to July of \$6,700,000.

Mr. COOPER. And you estimate that it will cost you \$14,000,000 for the year?

Mr. BROWN. With our present method of administration.

Mr. COOPER. For the year?

Mr. BROWN. That is right. The average amount of award is approximately \$15.

Mr. COOPER. Give us a little more information on that. You say there is a maximum of \$25 allowed?

Mr. BROWN. That is right.

Mr. COOPER. What is your minimum?

Mr. BROWN. We do not have any minimum. It all depends on the income of the applicant.

Mr. COOPER. And the average is about \$15?

Mr. BROWN. The average is about \$15. I think that is a little low, and in all probability we will be in a position to increase that slightly within the next 6 to 8 months. Our law provides that every year they must renew their application. That is because of a possible change in conditions.

Mr. COOPER. You say they have to renew the application every year?

Mr. BROWN. That is correct. There might be illness or the recipient of aid might have received money in the interim, or it might be the other way around.

Mr. COOPER. Do you apply any qualification test other than age and dependency or the capacity to support oneself?

Mr. BROWN. He has to be a citizen of the United States and a resident of the State of Ohio.

Mr. COOPER. For how many years?

Mr. BROWN. A resident for 15 years. He must be a resident of the county for a year. Of course, he cannot have committed a crime, deserted his wife or his minor children.

Mr. COOPER. In other words, you apply certain rules that hold him to a high standard of respectability.

Mr. BROWN. That is the reason that 25 percent of the applicants have had their applications denied or have withdrawn them or have been rejected because of other restrictions in the law.

Mr. COOPER. Would you be prepared to give us any estimate as to what this system will cost you the second year of operation?

Mr. BROWN. Yes. We think it will run \$14,000,000.

Mr. COOPER. I understood you to say that \$14,000,000 was the cost estimated for the present year. Do you not expect some increase next year?

Mr. BROWN. We will probably have to spend \$2,000,000 more next year; \$16,000,000.

Mr. LEWIS. What is your population?

Mr. BROWN. It is pretty close to 7,000,000.

Mr. LEWIS. That is a little over \$2 per capita.

Mr. BROWN. That is right.

Mr. HILL. Is this pension paid wholly out of State funds?

Mr. BROWN. That is correct.

Mr. TREADWAY. Mr. Brown, have you compared the provisions of H. R. 4120 with the law of your own State?

Mr. BROWN. I do not know to what you refer, sir.

Mr. TREADWAY. The bill we are hearing is H. R. 4120. It is all laid out in this bill. What I would like to know is whether this is in any way similar in its provisions to what is in operation in the State of Ohio, which system you say is practical.

Mr. BROWN. I cannot recall just what the section is, but I think your bill is somewhat similar.

Mr. TREADWAY. I am talking in general of old-age pensions, and those provisions are all set out elaborately in the bill.

So far as I know, you are the first witness who has been before the committee who is able to give us a practical illustration of the operation of a system such as the Government is now considering putting into effect. Therefore, I would like to get your views as to the similarity between the law which you say is working satisfactorily in your State and the provisions of title I of H. R. 4120.

Mr. HILL. Will the gentleman yield to me for a suggestion?

Mr. TREADWAY. Certainly.

Mr. HILL. The provisions of this bill, as the gentleman from Massachusetts recognizes, provide for a grant-in-aid to apply to any State law that complies with the provisions of the proposed statute here.

Mr. TREADWAY. But is it not true that the State law must comply with the Federal law?

Mr. HILL. That is what I say. It must meet the Federal provisions or requirements.

Mr. TREADWAY. So that there is a resemblance between what may be in operation in a State, for instance, the State of Ohio, and the provisions of this bill? In other words, put it this way, if you wish, Mr. Brown. What changes would be required in your State law to comply with the act proposed and which is now before us?

Mr. BROWN. That is exactly the reason I am here. The State law would have to comply with the regulations of the Federal Government.

Mr. TREADWAY. That is true, and that is the point on which I am making inquiry. You say your law is practical and working satisfactorily?

Mr. BROWN. That is correct.

Mr. TREADWAY. What changes will be required in your law if this bill is enacted into law?

Mr. BROWN. As a matter of fact, I do not think there is enough detail set out in this bill. I do not think the law is framed so that it would satisfy the members of this committee, for instance, the Members of Congress, as to just how the Administrator may proceed in the various States, and what the requirements are. In other words, there is too much authority given to the Administrator under this bill. It ought to be in greater detail as to just what you expect him to do.

Mr. COOPER. Will the gentleman yield right on that very point?

Mr. TREADWAY. Certainly.

Mr. COOPER. What I have in mind is this, Mr. Brown. Do you not think it is proper for a Federal law to contain provisions which are more or less general in their nature, and then allow these details to which you refer to be handled by the State, under the provisions of their own law?

Mr. BROWN. That is correct.

Mr. VINSON. Because you have got 48 States and it would be difficult to write into our law a proper yardstick for all of those 48 States.

Mr. COOPER. What would be a proper yardstick for one State would not be a proper yardstick for another.

Mr. BROWN. I recognize that.

Mr. COOPER. Therefore, to lay down certain more or less broad and general provisions in the Federal law and then allow the details that you mention to be included in the various State laws that would have to be enacted would seem the more logical way to do it.

Mr. BROWN. I recognize the position of the committee and of the Congress, but I do believe that the law can be strengthened just a little to satisfy the members of Congress that the law is going to be administered following a certain line of thought that you gentlemen have.

Mr. VINSON. Will the gentleman from Massachusetts yield to me?

Mr. TREADWAY. Yes; but I should like to ask another question before I retire.

Mr. VINSON. This is right on this point. Would you specify the suggestion you have in mind?

Mr. BROWN. As a matter of fact, who is eligible under this bill? What income shall he have? What will be the maximum amount of the award?

Mr. VINSON. Are there not certain qualifications specified?

Mr. BROWN. That is right.

Mr. VINSON. For instance, referring to page 3 of the bill, there are outlined certain qualifications. First, he must be a United States citizen and must have resided in the State for 5 years or more within the 10 years immediately preceding application for assistance; he must have an income which, when joined with the income of his

spouse, is inadequate to provide a reasonable subsistence compatible with decency and health. Then there is an age provision.

Now, what additions or changes would you make in those requirements?

Mr. BROWN. To whom are you willing to give the authority to say what the reasonable amount of the income shall be?

Mr. VINSON. That is left to the State authority.

Mr. COOPER. Because what would be a reasonable amount in one State might not be considered so in another State.

Mr. VINSON. And what might be considered reasonable in one section might not be considered reasonable in another.

Mr. BROWN. Would it be harmful to state a maximum? Do I understand that the committee favors a maximum of \$30 a month?

Mr. VINSON. We do not limit the maximum to \$30. Under this bill, the contribution of the Federal Government is limited to \$15, and if the State wants to have a higher maximum than \$30, of course, they may do so. But it seems to me that there is not a great deal of difference between your views and those qualifications that are contained in this bill.

Have you any other specifications you wish to present to us on that line?

Mr. BROWN. I am fearful that unless you gentlemen of this committee make it just a little bit more definite, when this bill comes to the House, there may be greater and more objections than there are now.

And I am interested in seeing the bill passed. That is my purpose in being here.

I have gone into detail on some recommendations that I do not want to take you time to specify now. If you have any further questions, however, I shall be glad to attempt to answer them.

Then we have our actuary with us here and, if there is any question that I cannot answer, he has all our figures as to the average age, the number of people in the counties, and so forth. I think we can give you a pretty fair idea of what the operation is in Ohio.

Mr. HILL. Is this all set out in your written statement, Mr. Brown?

Mr. BROWN. I think so.

Mr. HILL. Under the rules of the committee, you have permission to put that in the record.

Mr. BROWN. Another thing that I attempted to do: I attempted to have a meeting of all the administrators of old-age security in these various States, so that they may have an opportunity to come down and meet with the members of the committee, and give their experience. I do not claim that we in Ohio can give you all the information there is on the subject, but I do think it would be helpful to the committee if the committee sees fit to invite, for instance, the commissioner from New York, and, perhaps, Michigan, and some of the States that have been operating under such a law. I think it would be of tremendous advantage to you in making up your minds as to the details on which you may not be at this time very clear.

Mr. TREADWAY. I want to offer the suggestion, in line with what I said previously, that I think it would be of great value, to some of us, at least, if you would compare the law under which you are now operating in the State of Ohio with the bill that is before us, in order to see how it would have to be changed to conform to the conditions

prescribed in H. R. 4120. It would be simply a comparison of certain paragraphs. This is a general proposition, but it requires compliance with its provisions. Now, what have you done in Ohio to comply with the provisions of this proposed act, if it is passed in the form in which it is presented here?

I think if you would extend your remarks in the record, without necessarily trying to answer that at this time, it will be helpful to some of us. I am sure it would be of some benefit to the committee.

Mr. BROWN. I shall be very glad to do that.

Mr. JENKINS. May I say that before you came in, that matter was gone into.

I should now like to ask permission of the committee to insert in the record immediately following Mr. Brown's statement, a statement on which he and I will collaborate, to cover the questions that have been raised.

The CHAIRMAN. The Chair can see no objection to that, and the gentlemen has permission to file such statement for the record.

Mr. BROWN. For instance, there are some property qualifications in our law that are not in the Federal law. I would be glad to furnish the committee a short brief on that, if you think it will be helpful.

Mr. VINSON. If I understood you, there are 450,000 persons in Ohio above the age of 65 years.

Mr. BROWN. That is right.

Mr. VINSON. And there have been applications to the number of 110,000?

Mr. BROWN. That is correct.

Mr. VINSON. That is approximately, in rough percentage, 25 percent?

Mr. BROWN. That is right.

Mr. VINSON. In other words, 25 percent of those above the age limit have made application for these benefits?

Mr. BROWN. That is right.

Mr. VINSON. And in the operation of this law, up to the present time, you have passed on and declared eligible for these benefits 38,000 people?

Mr. BROWN. They are on the pay roll. Probably 45,000 will be accepted by the end of January.

Mr. VINSON. And 7,000 more are pending?

Mr. BROWN. Yes, sir.

Mr. VINSON. That would make 45,000. Forty-five thousand, in rough percentage, would be 40 percent of those who have made application.

Mr. BROWN. Yes, sir.

Mr. VINSON. Let us see what that percentage would be of the total number. It would be something like 10 percent of the total number of persons in Ohio above the age of 65.

Mr. BROWN. I think that is right. You see, the balance of them we have not been able to investigate. We are gradually getting to them, at the rate of probably 8 to 9 thousand a month.

Mr. COOPER. I would like to ask Mr. Brown a few more practical questions about the administration of the law in Ohio. As I understand, you are the State administrator?

Mr. BROWN. That is right.

Mr. COOPER. I understood you to state a moment ago that you have an administrator in each county of the State?

Mr. BROWN. That is right.

Mr. COOPER. Then you said something about a local committee. I did not quite catch that.

Mr. BROWN. We have 88 counties in the State. In each county there is a board that acts as the administrative board. Our representative, who is paid an administration allowance, makes the investigation. He makes a recommendation to the committee and unless the committee or the county board passes favorably on that, it never leaves their office. But if they do, it comes to Columbus.

Mr. COOPER. Is your county board and your county committee one and the same agency?

Mr. BROWN. No.

Mr. COOPER. Do you have a county board and a county committee, too?

Mr. BROWN. We have a county board and a county investigator in every county. In some of them we have 12 or 15, depending on the size of the county. A person goes to the office and makes application. It is referred to the investigator. The investigator completes his work and makes a recommendation to the county board. Unless the county board approve that application, it never leaves that office, it does not come to the State office.

Mr. COOPER. How many are on that county board?

Mr. BROWN. Usually 3, sometimes 5. We use the county commissioners in each county, if they agree to accept. If they do not, then it is the privilege of the director to appoint another committee of 3 or 5, whichever he sees fit.

Mr. COOPER. In addition to the county board and the county investigators, you say you have a county committee?

Mr. BROWN. No; you misunderstood me. I said "committee," but it is the county board that administers this law in that county. We call it the board for aid to the aged.

Mr. COOPER. I am still not quite clear on it, and probably it is my fault. You have an administrator in each county?

Mr. BROWN. Yes.

Mr. COOPER. That is one person, is it not?

Mr. BROWN. Yes.

Mr. COOPER. Then you have a county board.

Mr. BROWN. Yes.

Mr. COOPER. You say usually consisting of about three people?

Mr. BROWN. That is right.

Mr. COOPER. This county administrator, I assume, receives the application.

Mr. BROWN. That is right.

Mr. COOPER. And refers it to the investigator?

Mr. BROWN. No. In each county we have an office. The county administrator is in charge. He is on the pay roll of the State. Usually they have a clerk. The application is made direct to the county office. Then, after the application is made, it is referred to the investigator. The investigator complies with the instructions sent out from our office as to the procedure that he should follow. Then, after he completes his investigation, it goes to the county board. It is then up to the county board. The investigator is through after he has made his

investigation. The reason we have the county board is that usually the county boards know pretty nearly everybody in the county and they can either refuse to approve, hold it up, make their own personal investigation, so that there is no chance of politics or anything of that kind entering into that to bring about an unfair situation.

Then it comes into the State office. There we are supposed to see whether the investigator and the county board have done a good job with the investigation. If we think so, it is approved and the person then becomes the recipient of aid and he gets his check the following month.

Mr. COOPER. But when this report of the county board comes to the State administrator, you do not send out another investigator then, do you?

Mr. BROWN. No.

Mr. COOPER. Do you have any State board?

Mr. BROWN. No. The State is divided into districts. We have inspectors who go out. Some of them have as many as 6 or 7 counties. They counsel with the board, and the investigators, and so forth. When these applications come in, they are inspected there to see whether the investigator has done a good job. He has to make up his mind whether there are any responsible relatives, whether the person applying has property, and every bit of information of that kind which is necessary, so that he can satisfy himself, because he is responsible to us under bond.

Mr. JENKINS. Will the gentleman yield?

Mr. COOPER. Yes.

Mr. JENKINS. Also this is true, is it not, Mr. Brown? That in case there has been any fraud the State director can cancel the application?

Mr. BROWN. Yes. We can cancel or refuse to pay. They do not have any recourse in law at all.

Mr. COOPER. And the action of the State is final?

Mr. BROWN. The action of the State is final. They do have a right of appeal to the chief of the division. If the county board turns an applicant down, he may take it up and appeal his case to the chief of the State division. That is all. He has no right in court. No one can get into court with a claim. It is purely a gratuity, in other words.

Mr. REED. Mr. Brown, I notice that in your law, under section 2, paragraph (i), it reads:

The net value, less all encumbrances and liens, of all real and personal property of such person does not exceed \$3,000; or, if married, the net value of the combined property of husband and wife does not exceed \$4,000—

As a practical proposition—and this is a problem that I have thought about a great deal—I wonder how you handle that. Here are people perhaps located in the cities or perhaps occupying an old homestead. Taxes are very high. How do you settle that matter of the taxes? How is that handled? Do they either have to sell out or get a cheaper place?

Mr. BROWN. I thought one of you gentlemen would ask me that question. That is one of the stumbling blocks that we have in our law. For instance, a person is property poor. Our limit is \$25 a month. However, that percentage is very small, and there is nothing we can do except pay the maximum award.

However, if there is an equity in a property in excess of \$500, we require them to turn that property in trust over to the State, and, during the 10 months of operation, we have taken about \$2,500,000 worth of property in trust to the State of Ohio.

There are two reasons for that. One is to protect the State against some relatives who think that after they have the old man or the old woman taken care of, they will attempt to wiggle them out of their property. The other is to protect anyone else, who might have money coming to him from these people.

In other words, we are protecting the old man or the old woman so that they can stay in that property as long as they live.

We have had some complaints on that provision of our law. People do not think that they ought to be required to turn over property—well, most of the complaints do not come from the recipient of the aid or the applicant for the aid. They come from children and relatives who think that they ought to have theirs first.

In other words, after the State gets its money, then come the next of kin or whoever can qualify under the law receives the residue, but the State come first. I have not changed my mind about that, and believe it is the right thing to do. We know that the old man or the old woman is going to stay on that property until he or she dies.

Let me say this. We find a man who is a recipient of aid. He is, say, 70 years of age. He and his wife live together on a property. His wife is not a recipient of aid, on account of her age.

The policy of this division in Ohio is that she can live there up until the time she dies. That is before the State steps in. If she is otherwise eligible, when she becomes 65 years of age, she is also eligible for a pension.

Mr. REED. Mr. Brown, let me say again that I have given serious study to this problem and, as you say, it is troublesome. So I was wondering just how you do meet that matter of taxes in Ohio.

Mr. BROWN. We cannot meet it.

Mr. REED. Then, under present conditions, they are really forced to sell out or let the property be sold at a tax sale?

Mr. BROWN. We are attempting to give them as much relief as we possibly can under the law. Cases of this kind represent only a very small percentage of the total number. But they are hot ones, as you say. If we had the opportunity to increase the award in those cases, it would be fine, but under the law \$25 is the limit, and there is nothing that we can do as yet.

Mr. REED. Since taxes have been going up in many localities, due to local conditions, expenditures on relief, and so forth, it is a very serious problem and may become more serious.

Mr. BROWN. I think the percentage is going to be very small.

Mr. REED. I hope so.

Mr. BROWN. I think it would be well for the committee to take that into consideration before they make their final decision on the bill.

Mr. COOPER. Does your county board receive any salaries?

Mr. BROWN. No compensation. There is only one way in which they receive any money, and that is when it is necessary for them, when they live in a section of the county away from the county seat, to go to a meeting that is 12, 14, or 20 miles away. He has the right to put in a voucher for mileage at the rate of 4½ cents a mile to attend that meeting. Those are all the expenses they are allowed.

Mr. LEWIS. Mr. Chairman, before the witness leaves the stand—he is very well informed on the subject—you say that they have got to prove in at the end of each year?

Mr. BROWN. That is correct.

Mr. LEWIS. How do you handle that administratively? You have got 25,000 people on the rolls. Your agents have got 25,000 cases to go over every year. How do they handle it?

Mr. BROWN. I am glad to answer that. These people, many of them, got on the roll a short time ago—July or August, and so on. At any rate, 2 months before their expiration date, the applicant gets a notice suggesting reapplication, and the investigator goes out and reinvestigates that case, to see if there is a change of condition. Maybe the old gentleman has become ill and his pension ought to be increased; maybe he was willed some money and he does not need a pension. All of that enters into the question.

Mr. LEWIS. In other words, the apples do not all fall at the same time?

Mr. BROWN. Oh, no.

Mr. REED. Just one further thought on this question. Under the provisions of your State constitution, is it possible for your State to pass a law providing that people whose property is limited in value can get some rebate in their taxes until their condition changes—people who are in need of relief?

Mr. BROWN. I cannot answer that, sir. It is a mighty good thought. I am fearful that if you ever bring that question up, you are not going to do the best thing for aid to these aged people. I think it is a splendid thought; and if we had a law in Ohio whereby, when a person was approved for aid, he might be exempt from taxes, it would help.

Mr. REED. I mean under the old-age pension system.

Mr. BROWN. I do not know whether our constitution would permit that or not.

Mr. REED. Of course, it would tend to solve your difficulty, would it not?

Mr. BROWN. That is right. It is a good thought.

The CHAIRMAN. If there are no further questions, we thank you for the information you have given the committee, Mr. Brown, and you have permission to extend your remarks in the record.

Mr. BROWN. Thank you very much, gentlemen, for the time you have given me.

The data I wish to present is as follows:

LAW TO PROVIDE FOR THE GRANTING OF AID TO AGED PERSONS IN THE STATE OF OHIO, UNDER CERTAIN CONDITIONS

Enacted by the People of the State of Ohio:

SECTION 1. Subject to the provisions of this act every person of the age of 65 years or more shall, while residing in the State of Ohio, if in need, be entitled to aid as hereinafter specified.

SEC. 2. No person shall be entitled to aid under this act unless he fulfills the following conditions:

(a) Has attained the age of 65 years or upwards;

(b) Is residing in Ohio; and has so resided continuously for not less than 15 years immediately prior to making application for aid; provided that continued residence in Ohio shall not be deemed to have been interrupted by occasional absences if the total of such absences does not exceed 3 years; or where the person has been absent from the State on official business of the State, or of the United States;

(c) Is a citizen of the United States, and has been such for at least 15 years immediately prior to making application for aid;

(d) Has been a resident of the county in which he makes application for not less than 1 year immediately prior to making such application;

(e) Is not an inmate of any penal or correctional institution or State hospital;

(f) Has not during the period of 15 years immediately prior to making such application, for a period of 6 months or more, if a husband, deserted his wife, or without just cause failed or neglected to maintain and provide for her or his child or children under the age of 15 years, or if a wife, deserted her husband or her child or children under the age of 15 years;

(g) His income from any and all sources does not exceed \$300 per year;

(h) Is unable to support himself, and has no husband, wife, child, or other person who is able to support him and who is responsible by law for his support;

(i) The net value, less all encumbrances and liens, of all real and personal property of such person does not exceed \$3,000; or, if married, the net value of the combined property of husband and wife does not exceed \$4,000; and

(j) Has not directly or indirectly deprived himself of property or income in order to qualify for aid.

SEC. 3. The amount of aid payable to any person shall not exceed \$25 per month, diminished by such an amount that the total income of such person from any and all sources, including such aid, shall not exceed \$300 per year.

SEC. 4. If the applicant for or recipient of aid is married, the total amount of aid payable to the husband and wife shall not exceed \$50 per month, diminished by such an amount that the combined income of both from any and all sources, including the aid payable to either or both shall not exceed \$600 per year.

SEC. 5. In computing the annual income of an applicant for or recipient of aid, or the income of husband and wife together, under the provisions of this act, the annual income of any real or personal property (not including household goods, clothing, and other personal effects), which does not produce income or a reasonable income, shall be considered and computed as 5 percent of the net value of such property after deducting the amount of all encumbrances and liens thereon.

SEC. 6. If an applicant for or recipient of aid, or his or her spouse, is the owner of any interest in real or personal property, excepting household goods, clothing, and other personal effects, it may be required, as a condition precedent to the payment of aid or further aid, that he convey and transfer such property to the Division of Aid for the Aged (hereinafter created), in trust, subject to permission to the recipient of aid and his or her spouse to use or reside upon such property for life; and upon death of either, leaving wife or husband who is entitled to aid, the survivor likewise to be permitted to use or reside upon the said property for life; provided, however, that in all such cases such property shall be deemed to produce income as provided in section 5 hereof, and the aid granted shall be reduced accordingly, and all taxes and assessments on such property and all necessary expenses of keeping it in good condition and repair shall be paid by the persons using or residing upon it.

All property conveyed to the division in trust, upon the death of the person or persons entitled to use or reside upon such property as above provided, shall be sold by the division at public sale, and the proceeds applied in the following order: First, the costs of sale; second, all valid taxes and assessments which are a lien upon said property; third, repay to the Treasurer of State all amounts paid under this act to the person who conveyed or transferred the property to the division, and all such amounts paid to his or her spouse, with interest at 4 percent per annum; fourth, all other valid debts in order according to law; and the balance, if any, to be distributed to the heirs or other persons by law entitled thereto.

Provided, however, that upon request of a recipient of aid, or, after his death, of his surviving spouse, an heir, or other person lawfully entitled thereto, and when reimbursed to the full amount of aid paid and interest as aforesaid, the division shall reconvey or transfer the property to said person, surviving spouse, or/and heirs or other persons lawfully entitled thereto.

SEC. 7. Upon the death of a person, the total amount of aid paid to him under this act and to his or her spouse, with interest thereon at 4 percent per annum, shall be a debt of the estate of such deceased person; and it shall be the duty of the division to present claims to the administrator or executor, if any, to bring suits and to take any other proper action to secure reimbursement from the estate and property of such deceased person.

If upon the death of any person who has received aid under this act, or his or her spouse, it is found that he or she, or both of them, was possessed of property

in excess of what is allowed by law in respect to the amount of aid granted, there shall be a penalty or debt, in addition to that above provided for, against the estate of such deceased person in an amount equal to the total amount of aid paid in excess of that to which the recipient was by law entitled; and it shall be the duty of the division likewise to recover the same from the estate and property so found in excess.

SEC. 8. The following provisions shall apply in every case where a recipient of aid is being maintained in any charitable, fraternal, or benevolent home, hospital, or institution, either public or private, (but excluding penal and correctional institutions and State hospitals):

(a) The reasonable cost of such maintenance shall be paid out of the aid to which the individual is entitled under this act;

(b) For the purpose of making such payment, installments of the aid, to such extent as necessary, shall be paid to the governing body of the institution, and the balance, if any, to the person entitled to the aid.

SEC. 9. If any person receiving aid under this act is deemed to be unable to properly care for himself or to disburse the aid payable to him, is convicted of drunkenness or of an offense punishable by imprisonment, or misspends or wastes the aid paid to him, the same may be ordered paid to some suitable person for his benefit, or his certificate of aid may be suspended, modified, or canceled.

SEC. 10. Upon the death of a recipient of aid any monthly installment then accruing and not to exceed three additional monthly installments under his certificate of aid may be ordered paid to a proper person entitled thereto to defray burial expenses of such deceased person.

SEC. 11. For the purpose of administering the provisions of this act there is hereby created in the State department of public welfare a division of aid for the aged, herein referred to as the "division." The chief of the division shall be under the direct supervision and control of the director of public welfare, and shall be appointed by the director with the approval of the Governor. He shall be a person qualified by training and experience, and shall receive a salary of \$4,800 per year. He shall appoint all necessary assistants, investigators, clerks, and other employees, and fix their duties and salaries, subject to the approval of the director of public welfare.

SEC. 12. In each county of the State there shall be a board of aid for the aged for the purpose of administering the provisions of this act, herein referred to as the "board". The county commissioners of each county shall constitute such board, except that upon the adoption of a resolution by a majority of the commissioners of any county, requesting the appointment of a separate board for said county, the chief of the division of aid for the aged, subject to the approval of the director of public welfare, shall appoint a board of aid for the aged for such county, consisting of either 3 or 5 citizens of such county. Upon the appointment, qualification, and organization of such appointed board the powers and duties under this act of the county commissioners of such county shall cease, and shall be vested in such new board. Each appointed member of such a board shall serve for a term expiring 2 years from the first day of July next after his appointment. The chief of the division with approval of the director shall fill all vacancies occurring in such appointive board, whether from expiration of term, death, resignation, or otherwise. Each appointed member of a board shall take an oath of office before entering upon the discharge of his duties, in accordance with section 3 of the general code. Each appointive board shall elect one of its members as chairman and one as secretary, each to serve for a term expiring 1 year from the first day of July next after election, or upon election and qualification of a successor.

SEC. 13. The members of the county boards, whether county commissioners or appointed, shall receive no compensation for their services, but in exceptional cases may be allowed expenses of traveling within their county, upon approval of the division.

SEC. 14. Applications for aid under this act shall be made yearly to the county boards. Each board shall cause all applications to be investigated. It may grant an application as originally made, or as modified as a result of its investigations, may postpone it for further evidence, or may reject it, as seems right and equitable.

As soon as an application is allowed by a board it shall execute a certificate of aid, signed by the chairman and secretary of the board, stating that the person named is entitled to aid under this act, the monthly amount to which he is entitled, his address, and any other data prescribed by the division. The board shall then forward such application or a copy thereof, such certificate, and a

report of its findings, or other information as may be required by the division, to the division. The division may approve, modify, or reject the certificate and findings of the board, which action shall be final, unless the division grant a rehearing or reconsideration. The division shall certify its action upon each claim to the respective county board, and shall certify also to the auditor of state every decision allowing, modifying, suspending, or canceling aid.

Any person aggrieved by an action of a board in rejecting, suspending, modifying, or canceling a certificate, or otherwise, may appeal to the division, in manner and under conditions prescribed by the division, and its decision thereon shall be final.

No certificate of aid shall be valid for a period longer than 1 year, a renewal certificate being necessary for each subsequent year. No certificate shall be valid unless duly approved and countersigned by the division.

SEC. 15. The division shall have the duty and authority to make rules and regulations governing applications for aid, certificates of aid, reports and records of the county boards, method of appeal from decisions of a board, appointment, qualifications, and salaries of investigators and other employees of the boards, and all other proceedings under this act; and to prescribe forms for applications, certificates, reports, records, and accounts of the boards, and other matters; and such rules and regulations, and all decisions and orders of the division, shall be binding upon all county boards.

SEC. 16. The county boards shall keep such records and make such reports as the division shall prescribe.

Each board shall have authority to employ, subject to approval by the division, such investigators, clerks, and other employees as are absolutely necessary for the performance of its duties under this act, and to fix the compensation of all employees, subject to approval by the division.

The salaries of employees, office supplies, and other necessary expenses of each county board, upon approval of vouchers therefor by the division, shall be paid by the treasurer of state, upon warrants drawn by the auditor of state, and in manner similar to that in which salaries and expenses of State departments are paid, and as prescribed by the auditor of state.

SEC. 17. Aid payable under this act shall be paid monthly by the treasurer of state upon warrants drawn by the auditor of state.

SEC. 18. If at any time the division or a board has reason to believe that any certificate of aid has been improperly obtained, it may cause a special inquiry to be made, and may suspend payment of aid pending the inquiry. If on inquiry it appears that the certificate was improperly obtained, it may cancel or modify the same; but if it appears that it was properly obtained, then the aid shall be immediately restored and all the suspended installments shall be due and payable at once.

SEC. 19. If at any time a recipient of aid under this act, or his or her wife or husband, becomes possessed of property or income in excess of what is allowed by this act in respect to the amount of aid granted to such recipient, the division or the respective board shall cancel or reduce the amount of aid accordingly; provided that if such excess of property or income cease, then the aid shall be restored or increased to the proper amount.

SEC. 20. In every case of suspension, modification or cancelation of a certificate by a board, it shall forthwith send to the division a notice thereof and the grounds therefor. The division shall immediately notify the auditor of state.

An action of a board in refusing, suspending, reducing, or canceling a certificate, or the amount of aid payable to a person, shall be effective at once, or at the time designated by the board, and shall not require approval by the division; but all orders of boards allowing, renewing, reinstating, or increasing a certificate or the amount of aid payable, shall not be effective unless and until approved by the division.

Orders as to payments under sections 8, 9, and 10 of this act shall be made by the boards, in accordance with regulations of the division, and subject to approval by the division.

SEC. 21. The division and the boards shall not be bound by common law or statutory rules of evidence, or by technical or formal rules or procedure, but shall make investigations in such manner as seems best calculated to conform to substantial justice and the spirit of this act.

SEC. 22. For the purpose of their investigations, the division and each board shall have power to compel the attendance and testimony of witnesses, and the production of books and papers, either before the chief of the division, a board, or a deputy appointed by either; but no person shall be compelled to attend at a

place outside the county in which he resides or is found. Every witness shall be examined upon oath, which may be administered by a member of a board, the chief of the division, or a deputy of either.

In case of refusal of a witness to attend or testify, or to produce book or papers, as to any matter regarding which he might be lawfully interrogated, the court of common pleas of the county in which the person resides or is found, or a judge thereof, upon application of the board concerned or the division, shall compel obedience by proceedings as for contempt as in case of like refusal to obey a similar order of the court.

SEC. 23. If the division or a board finds that any fraudulent misrepresentation has been made by an applicant with the intention of obtaining aid to which he was not by law entitled, or a higher rate of aid than that to which he was entitled, then in addition to any other penalty under this act it may refuse his application or cancel his certificate of aid, and may by order declare that such person shall not be entitled to make a new application for a period not exceeding 6 months from the date of the order.

SEC. 24. Any person who, by means of a false statement, or representation, or by impersonation, or any other fraudulent device whatever, obtains or attempts to obtain, for himself or any other person, old age aid to which such person is not entitled or a larger amount of aid than that to which he is entitled, or who knowingly buys, sells, or disposes of, or aids or abets in buying, selling, or disposing of property, in order to qualify a person for aid, or who knowingly violates any other provision of this act, shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$500 or by imprisonment for not more than 6 months, or both.

SEC. 25. Wherever in this act a masculine pronoun is used it shall be held to include the feminine also.

Wherever in this act the word "husband", "wife", "spouse" or "married person" is used, or such relationship is referred to, it shall not be deemed to include married persons who are separated or are living apart pursuant to a decree or order of divorce or separation by a court of competent jurisdiction.

SEC. 26. All rights to aid under this act shall be inalienable whether by way of assignment, charge, or otherwise, and exempt from execution, attachment, garnishment, and other process.

SEC. 27. Aid granted under this act and certificates of aid shall be deemed to be granted and held subject to the provisions of any amending or repealing acts that may hereafter be passed; there shall be no vested right or interest in such aid; and no beneficiary hereunder shall have any claim by reason of his aid being reduced or terminated by any amending or repealing act.

SEC. 28. The general assembly shall provide necessary and adequate funds for the carrying out of the provisions of this act by appropriations from the general revenue fund of the State or other fund or funds available for the purpose, by allocation of part or all of certain taxes, licenses, fees or other revenues, or by other means.

SEC. 29. This act shall be liberally construed to accomplish the purposes thereof. Nothing herein shall be construed as repealing any other act or part of an act providing for the support of the poor except insofar as plainly inconsistent herewith, and the provisions of this act shall be construed as an additional method of supporting and providing for the aged poor.

SEC. 30. The several sections and provisions of this act are declared to be separate and independent sections and provisions, and the holding of any section or part thereof to be unconstitutional or void shall not affect the validity of the remainder of this act.

I, George S. Myers, secretary of State of the State of Ohio, hereby certify that the foregoing is a true and correct copy of the law proposed by initiative and initiative supplementary petition and submitted to the electors of Ohio at the general election held on the 7th day of November 1933, and that said proposed law was approved by a majority of the electors voting thereon at said election and was, therefore, adopted.

GEORGE S. MYERS,
Secretary of State.

QUESTIONNAIRE ON THE LAWS GRANTING AID TO AGED PERSONS IN OHIO

1. How old must a person be to be eligible for aid under this law?—Sixty-five years.

2. Are all persons of 65 years or over eligible for aid?—No. Only under certain conditions.

3. What are those conditions?—Such persons must be in need and unable to maintain themselves and must not have any children or other persons able to support them who are legally responsible under the laws of Ohio for their support.

4. What relatives are legally responsible?—Adult children for the support of their parents; husbands for the support of their wives, and wives, insofar as they are able to assist in the support of their husbands if they are unable to support themselves.

5. What other persons are responsible for support?—Guardians, trustees, and all others upon whom the duty of support has been laid by law.

6. Must a person be a citizen of the United States to be eligible?—Yes; must have been a citizen for at least 15 years immediately prior to filing application.

7. What other residence requirements must be complied with?—A person must be residing in Ohio at the time application is made and must have been a resident of the State continuously for the last 15 years immediately preceding the date of application and have resided in the county for not less than 1 year immediately prior thereto.

8. What constitutes continuous residence?—Uninterrupted residence will not be deemed to have been interrupted by occasional periods of absence from the State if the total of such periods of absence do not exceed 3 years, or where the person has been absent from the State on official business of the State or of the United States.

9. How much income may a person have and still be eligible to aid?—Not exceeding \$300 from any and all sources.

10. Is every person, who has attained the age of 65 years, who has an income not exceeding \$300, eligible to aid?—Yes; provided they fulfill all the other requirements as to citizenship, residence, nonsupport by a relative, etc., as set forth in the law.

11. What is the amount of aid payable?—The maximum is \$25 per month per person, but in no case shall the aid and total income from all other sources exceed that amount.

12. How is the amount of aid determined?—By the county board of aid for the aged in each county of the State.

13. How and when is aid payable?—By State warrants drawn by the auditor of State, monthly for a period of 1 year.

14. Must a new application be made very year?—Yes.

15. Are funeral expenses also paid?—Yes. If the applicant's estate is insufficient, the county board of aid for the aged may, with the approval of the division, order paid to the proper person any accrued monthly installments and not to exceed 3 additional installments.

16. If applicant is married, are both husband and wife eligible to aid?—Yes. The amount of aid payable shall not exceed \$50 per month, diminished by such an amount that the combined income of both from any and all sources, including the aid payable to either or both, shall not exceed \$600 per year.

17. Does desertion or nonsupport of wife or husband or children disqualify applicant?—Yes. Desertion of a wife by her husband, or of a husband by his wife, or of children under age of 15 years by either husband or wife, or nonsupport by a husband of his wife or children for a period of 6 months or more within previous 15 years disqualifies applicant.

18. How much property does a person have to own to be totally disqualified from receiving aid?—Property, both real and personal, whose net value, after deduction of all incumbrances and liens, exceeds \$3,000 for a single person, and \$4,000 net value of combined property of husband and wife, if married.

19. If applicant owns property which does not produce any income or a reasonable income, how is the income of such property figured in computing the income of the applicant?—The annual income shall be computed at 5 percent of the net value of such property after deduction of the amount of all incumbrances and liens.

20. How is the value of the property determined?—According to the taxable valuation.

21. Must an applicant who owns property transfer same to the division of aid for the aged in order to qualify himself for aid?—The division may require an applicant to convey such property to it in trust, subject to applicant's right to reside upon such property or use it for life, and upon the death of either, leaving wife or husband who is entitled to aid, the survivor shall be permitted to use or reside upon said property for life, and provided also that such property shall be deemed to produce income at the rate of 5 percent per annum, and the aid reduced accordingly, all taxes and assessments on such property and all necessary expenses

of keeping it in good condition and repair shall be paid by the person residing upon it.

22. May such property be reconveyed or transferred back to the recipient of aid?—Yes; upon request and reimbursement of the full amount of aid paid and 4 percent per annum interest on said amount.

23. Upon the death of a recipient of aid, is the amount of aid received by deceased recoverable by the State?—Yes; if the deceased has an estate, the total amount of aid paid to him, plus 4 percent interest, shall become a debt of his estate.

24. Is an inmate of a charitable, fraternal or benevolent home, hospital, or institution, either public or private, eligible to aid?—Yes. The reasonable cost of such maintenance shall be paid to the governing body of the institution out of the aid to which such individual is entitled; and the balance, if any, shall be paid to the person entitled.

25. Is an inmate of any penal or correctional institution or State hospital eligible to aid?—No.

26. What is the penalty for fraudulent misrepresentation made for the purpose of securing aid?—The certificate of aid may be refused or canceled, and such person may be declared not entitled to make a new application for a period not exceeding 6 months.

27. Are there any other penalties provided for false statements or fraud?—Yes. Fine of not more than \$500 or imprisonment for not more than 6 months, or both.

28. To whom should application for aid be made?—To the local county board of aid for the aged.

29. Where may application blanks and information concerning the law be secured?—At the office of the local county board of aid for the aged.

30. Must application be sworn to?—Yes; before notary public.

31. Is the decision of the county board of aid in rejecting or canceling a certificate final?—No. Any person aggrieved by such action may appeal to the division, and its decision thereon shall be final.

32. Is any fee required for filing an application?—No.

33. Are payments of aid subject to execution, attachment, garnishment, or other process?—No.

34. Can recipient of aid assign or sell his right to aid?—No.

35. Must an applicant who owns an insurance policy assign same to the State before he can receive aid?—The law provides that he may be required to assign same to the division of aid for the aged as a condition precedent to the payment of aid.

Ohio's old-age-pension law was enacted by the voters of the State at the polls under the provisions of the initiative and referendum in our State constitution. Its enactment was brought about directly by the Fraternal Order of Eagles in the State, assisted by the State Federation of Labor and other groups interested in social legislation. I had the honor to conduct the campaign for the law at the polls.

While the law was not passed in Ohio until 1933, the citizens of the State, through the efforts of the Eagles and other organizations, had been interested in old-age pensions for years before that. We submitted it to a vote in 1922, but it was defeated. Subsequently we sought action several times in the State legislature but without success. Then finally, in 1933, we submitted the proposal again to a vote of the people, and it passed by nearly one million votes majority, the first law of its kind in the United States to be passed by a vote of the people. And I am happy to state that during that campaign one of the biggest aids we had in winning votes for old-age pensions was a letter from President Franklin D. Roosevelt approving of the principle of old-age assistance.

Administration of the pension law in Ohio has been placed on a sound basis in less than a year's time. The chief of the division of aid for the aged was appointed last March. Funds to pay pensions was provided starting in July. Since then we have created the entire division, consisting of a central office in Columbus and 88 other offices

in the 88 counties of the State, as called for in the law, to receive applications for aid, drafted application forms, and other necessary papers to carry on the work, trained the personnel for the various offices, received 106,000 applications from all over the State for pensions, and investigated all of them. Today we have about 45,000 persons on the rolls to receive monthly pension checks and between 20,000 and 30,000 more who are awaiting final adjustment or approval of their applications. Our monthly pension pay roll now is about \$625,000 and will be \$1,000,000 by April 1. We limit our pensions by law to not more than \$25 a month. The average pension is in the neighborhood of \$15. The Ohio pension law is a mandatory one, and all pensions are paid from the State treasury, which system, I have found, is the best. Under the optional pension law as it exists in many States, you will find that there is a strong tendency to do nothing about the law so long as the cost is divided between the State and the counties. The counties find it hard to raise their share of the money, and the benefits of the law are not available to the entire State. In Ohio every county is on an equal footing, with pensions provided for all in their borders who can qualify for aid.

Qualifications for pensions set up in the Ohio law are practically the same as those in the H. R. 4142 by Mr. Lewis now pending before the Congress. Our age limit is 65. We require that an applicant shall have been a resident of the State at least 15 years continuously prior to receiving aid. We bar criminals and those who have refused to support their families. Applicants with property pledge their property to indemnify the State for their pensions after their death, the State having a first lien on the property. The law, is as its title says, an act to give aid to the aged under certain conditions.

Ohio, I believe, is a State which has elements peculiar to every part of our country. We have about 6 million population. We have some of the biggest manufacturing centers in the country within our borders, and our agricultural areas are extensive and the crops diversified. We have metropolitan centers, such as Cleveland and Cincinnati, and we have our exclusively rural districts. We have a mining district. We have a backwoods area. We have extensive colonies of every nationality making up our citizenry. Therefore, with such a diversification of interests and population, I believe you gentlemen have in Ohio, with its pension law so closely paralleling the provisions of the one you are studying, an excellent practical laboratory in which you can see how the proposed national old-age-pension law would operate all over the United States.

My opinion, based on years of study and practical experience in administering the law in Ohio, is that the proposed national law is a step in the right direction. The Ohio law, while fulfilling the need which brought about its enactment—the furnishing of aid to those in dire need—is only a good beginning. It takes care of the most needy cases. But we have found that there are many cases near the border line, in which we were unable to give aid because of the law's restrictions, in which the need is also great. They constitute a problem pressing for solution also.

The only way that I see now to expand our pension system to take care of all the deserving needy who are clamoring for its protection is to supplement the present set-up with an annuity system. Under this plan, regular contributions would be made to an annuity pension

fund during the productive years of a man or woman's life, and then when they have to retire they can get benefits from the fund in proportion to their contributions, supplemented by regular payments from the Government.

Old-age pensions this year will cost the State of Ohio about \$12,000,000. The cost will keep increasing as our population grows. Under the proposed Federal law, all of our pensioners can qualify, and thus, if the law is passed, Ohio will be able to shift half its pension pay roll to the United States Government. This cost to the Federal Government with the present pay roll would be about \$6,000,000 a year, or about \$1 a year for each resident of the State.

Our cost of administration in Ohio has been exceptionally low. Up to date, including the cost of furnishing and equipping all of our 88 county offices and the central office, it has been approximately 10 percent of the amount we have paid in pensions. With the first-year rush of applications out of the way now, and our permanent equipment all purchased, this cost should be reduced materially.

The Ohio law, which, as I have said before closely parallels your proposed Federal law, is a product of the people themselves. It was not sponsored by any political party, and the campaign was conducted solely by a citizens' committee which included members from all over the State interested in social legislation to cure the ills of the times. We turned down all offers of help from professional promoters and "uplifters". Because of these facts, and in consideration of the fact that this is the only old-age pension law in the country today which was passed by the people themselves at the polls, I believe the Ohio old-age pension law is a real expression of the sincere desires of the American people as to what they want in the line of old-age pension legislation. It is logical, not too expensive, and it works. It is not too radical. It takes care of those really in need. It is the culmination of the fight for the last three decades of the Fraternal Order of Eagles, led by Frank E. Hering, of South Bend, Ind.; and Conrad H. Mann, of Kansas City, Mo., pioneers in old-age pension legislation in this country, for a really workable State pension law. These men and our organization have been responsible for passage of pension laws in 28 States, but none of these laws, I believe, is as good as the Ohio law, or the law you gentlemen are considering.

Summary of division of aid for aged activities to Dec. 31, 1934

	Status of applications	
	Oct. 20, 1934	Dec. 31, 1934
Total applications filed in county offices.....	104, 052	106, 841
Completed and forwarded to central office.....	28, 428	54, 563
Completed but still in county office.....	3, 553	2, 370
Died before investigation completed.....	1, 010	2, 104
Withdrawn and denied.....	7, 634	14, 340
Applications in county office being actively investigated.....	22, 418	14, 544
Applications filed that have not received attention.....	41, 009	18, 830
Completed applications received at the State office in—		
September.....		9, 923
October.....		12, 440
November.....		9, 748
December.....		8, 476

	Number of recipients of aid	Amount of aid paid
September.....	11, 720	\$161, 276. 79
October.....	18, 232	255, 045. 29
November.....	27, 086	384, 550. 29
December (estimate).....	37, 000	525, 000. 00
Total aid paid to Dec. 31, 1934.....		903, 923. 25
Estimated payment for month of December.....		525, 000. 00
Total administrative cost Dec. 31, 1934.....		212, 969. 44

Estimated number on rolls:

January 1935.....	45, 000
December 1935.....	76, 766
Estimated total cost of aid for 1935.....	\$12, 000, 000. 00
Estimated total cost of administration for 1935.....	850, 000. 00

SUGGESTED RECOMMENDATIONS BASED ON EXPERIENCE GAINED FROM SUPERVISING OHIO AID FOR AGED LAW

Minimum amount of monthly pension recommended for aged persons to assure a reasonable degree of comfort:

\$25 per month in urban centers, \$21 per month in semiurban centers, \$18 per month in rural sections.

As little interference as possible in manner of living of aged persons whose habits and physical condition are normally sound but an occasional friendly contact by someone who makes no effort to rehabilitate their lives but who has a sympathetic understanding of their alleged and real problems.

The establishment of a maximum yearly income a person must have before being able to qualify for an old age pension; suggested amount \$360.

Inasmuch as the primary purpose of pensions is to banish fear of dependency and the "going to the poor house", one of the primary phases of an old age pension program should insure peace of mind as well as security of the aged. A provision should be provided that would permit the person concerned to live in the same environment as before, rather than to be institutionalized if their personal habits and physical condition make it practical.

The following are the major provisions of the Ohio aid for the aged law as compared with the Doughton bill 4120.

The Ohio law

Sec. 2 (a). Has attained the age of 65 years or upwards.

Sec. 2 (b). Is residing in Ohio, and has so resided continuously for 15 years immediately prior to making application for aid; provided that continued residence in Ohio shall not be deemed to have been interrupted by occasional absences if the total of such absences does not exceed 3 years; or where the person has been absent from the State on official business of the State or the United States.

Sec. 2 (c). Is a citizen of the United States and has been such for at least 15 years immediately prior to making application for aid.

Sec. 2 (d). Has been a resident of the county in which he makes application for not less than 1 year immediately prior to making such application.

House Resolution 4120

Page 4, line 8. Is 65 years or older.

Page 4, lines 1-3. Has resided in the State for 5 years or more within the 10 years immediately preceding application for assistance.

Page 3, line 23. Is a United States citizen.

Page 2, line 11. (Subject to administrator's approval.)

The Ohio law

Sec. 2 (e). Is not an inmate of any penal or correctional institution or State hospital.

Sec. 2 (f). Has not during the period of 15 years immediately prior to making such application, for a period of 6 months or more, if a husband, deserted his wife, or without just cause failed or neglected to maintain and provide for her or his child or children under the age of 15 years, or if a wife, deserted her husband or her child or children under the age of 15 years.

Sec. 2 (g). His income from any and all sources does not exceed \$300 per year.

Sec. 2 (h). Is unable to support himself, and has no husband, wife, child, or other person who is able to support him and who is responsible by law for his support.

Sec. 2 (i). The net value, less all encumbrances and liens, of all real and personal property of such person does not exceed \$3,000; or, if married, the net value of the combined property of husband and wife does not exceed \$4,000.

Sec. 2 (j). Has not directly or indirectly deprived himself of property or income in order to qualify for aid.

Sec. 3. The amount of aid payable to any person shall not exceed \$25 per month, diminished by such an amount that the total income of such person from any and all sources, including such aid, shall not exceed \$300 per year.

Secs. 6 and 7. (Complete-property transfer clause.) Sec. 6. If an applicant for or recipient of aid, or his or her spouse, is the owner of any interest in real or personal property, excepting household goods, clothing and other personal effects, it may be required, as a condition precedent to the payment of aid or further aid, that he convey and transfer such property to the Division of Aid for the Aged (hereinafter created), in trust, subject to permission to the recipient of aid and his or her spouse to use or reside upon such property for life; and upon death of either, leaving wife or husband who is entitled to aid, the survivor likewise to be permitted to use or reside upon the said property for life; *Provided however*, That in all such cases such property shall be deemed to produce income as provided in section 5 hereof, and the aid granted shall be reduced accordingly, and all taxes and assessments on such property and all necessary expenses of keeping it in good condition and repair shall be paid by the persons using or residing upon it.

House Resolution 4120

Page 2, lines 23-24. At the time of receiving such financial assistance are not inmates of public or other charitable institutions.

No provision.

No maximum income provision.

No provision.

No maximum for property holdings.

No provision.

Page 7, lines 23, 24; page 8, lines 1-3. That no such installment shall exceed one-half of the amounts expended in such State, in the quarter immediately preceding the payment of such installment for the payment of old-age assistance, nor shall it exceed \$15 a month per person.

The Ohio law

House Resolution 4120

All property conveyed to the Division in trust, upon the death of the person or persons entitled to use or reside upon such property as above provided, shall be sold by the Division at public sale, and the proceeds applied in the following order: First, the costs of sale; second, all valid taxes and assessments which are a lien upon said property; third, repay to the Treasurer of State all amounts paid under this act to the person who conveyed or transferred the property to the Division, and all such amounts paid to his or her spouse, with interest at four per centum per annum; fourth, all other valid debts in order according to law; and the balance, if any, to be distributed to the heirs or other persons by law entitled thereto.

Provided, however, That upon request of a recipient of aid, or, after his death, of his surviving spouse, an heir, or other person lawfully entitled thereto, and when reimbursed to the full amount of aid paid and interest as aforesaid, the Division shall reconvey or transfer the property to said person, surviving spouse, or/and heirs or other persons lawfully entitled thereto.

Sec. 7. Upon the death of a person, the total amount of aid paid to him under this act and to his or her spouse, with interest thereon at 4 per centum per annum, shall be a debt of the estate of such deceased person; and it shall be the duty of the Division to present claims to the administrator or executor, if any, to bring suits and to take any other proper action to secure reimbursement from the estate and property of such deceased person.

If upon the death of any person who has received aid under this act, or his or her spouse, it is found that he or she, or both of them, was possessed of property in excess of what is allowed by law in respect to the amount of aid granted, there shall be a penalty or debt, in addition to that above provided for, against the estate of such deceased person in an amount equal to the total amount of aid paid in excess of that to which the recipient was by law entitled; and it shall be the duty of the Division likewise to recover the same from the estate and property so found in excess.

The Ohio Law

House Resolution 4120

Page 4, sec. 4 (f) (complete). (4) Is 65 years of age or older: *Provided*, That until January 1, 1940, but not thereafter, assistance may be denied to otherwise eligible persons who are less than 70 years of age; and

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

SEC. 10. Upon the death of a recipient of aid any monthly installment then accruing, and not to exceed three additional monthly installments under his certificate of aid, may be ordered paid to a proper person entitled thereto to defray the burial expenses of such deceased person.

No provision

From the above comparison it will be observed that the Ohio law conforms to H. R. 4120 in practically all provisions. It does furnish additional safeguards in several of its provisions to taxpayers and recipients of aid. These safeguards do not conflict, however, with the proposed Federal law.

Section 6 is the only provision of the Ohio law which would need to be amended to comply with section 4 (f), page 4, of H. R. 4120.

Section 28 of the Ohio law makes it mandatory upon the general assembly to provide necessary funds: \$3,000,000 was appropriated from the general fund for payment of aid in 1934; \$150,000 was also appropriated from the same fund for administration. At the special session of the general assembly in November 1934, \$700,000 was appropriated for payment of aid in January, and \$125,000 was appropriated for payment of administrative costs during December and January; both of these appropriations coming from the general fund. This same special session appropriated \$6,000,000 for the payment of aid for the first 6 months of 1935, these moneys to come from the general sales tax. The regular session of the general assembly now in session has appropriated \$375,000 for administrative purposes during the period from February 1 to July 1, 1935. This sum is to come from the general sales tax.

We respectfully submit this comparison and recommendations for the committee's consideration.

Property transfers

TOTAL OF PROPERTY TRANSFERRED AS OF JAN. 29, 1935

	Number of cases	Value of property	Average value per case
Personal property.....	298	\$148,165.87	\$497.20
Real property.....	636	702,653.46	1,104.80
Total.....	934	850,819.33	

PROPERTY IN THE PROCESS OF BEING TRANSFERRED IN TRUST

Personal property.....	842	\$386,204.77	\$458.68
Real property.....	1,426	1,964,341.76	1,375.34
Total.....	2,268	2,350,546.53	

Six percent have property; 8 percent have insurance of \$100.

Payments of aid in Ohio during 1934

Month	Number of recipients	Payments of aid	Administrative cost
July.....	1,100	\$13,996.59	\$18,374.67
August.....	6,600	124,527.69	23,190.67
September.....	11,720	161,276.79	33,435.86
October.....	18,232	255,045.29	32,998.06
November.....	27,086	384,550.29	31,386.18
December.....	36,543	527,910.54	43,516.28
Total.....		1,467,307.19	182,901.72

Estimates of the maximum probable cost of the proposed old-age assistance law (H. R. 4120) based upon the Ohio experience and assuming all States take advantage of the law as soon as possible

STATE-WIDE MANDATORY

State	Average award paid by National Government	Population over 65	Estimated total number recipients	1935 cost	1936 cost
Arizona.....	\$9	15,768	4,700	\$180,000	\$507,600
California.....	10	366,125	100,000	4,000,000	12,000,000
Colorado.....	9	61,787	18,000	690,000	1,944,000
Delaware.....	11	16,678	4,900	210,000	642,800
Idaho.....	9	22,310	6,900	248,000	745,200
Indiana.....	10	232,787	70,000	2,800,000	8,400,000
Iowa.....	9	184,289	57,000	2,000,000	6,156,000
Maine.....	10	69,010	20,000	800,000	2,400,000
Massachusetts.....	11	274,195	87,000	3,800,000	11,484,000
Michigan.....	10	254,891	80,000	3,200,000	9,600,000
Minnesota.....	9	163,480	51,000	1,800,000	5,508,000
Nebraska.....	9	86,194	26,000	900,000	2,808,000
New Hampshire.....	10	41,560	12,000	480,000	1,440,000
New Jersey.....	11	201,046	60,000	2,700,000	7,920,000
New York.....	12	667,325	190,000	9,000,000	27,360,000
North Dakota.....	9	30,280	9,000	300,000	972,000
Ohio.....	10	414,836	110,000	4,500,000	13,200,000
Oregon.....	9	67,332	20,000	700,000	2,160,000
Pennsylvania.....	11	508,278	140,000	6,000,000	18,480,000
Washington.....	9	101,503	30,000	1,200,000	3,240,000
Wyoming.....	9	8,707	2,500	90,000	270,000
Wisconsin.....	9	192,059	58,000	2,000,000	6,264,000

COUNTY OPTIONAL

State	Average award	Population over 65	Estimated total number recipients	1935 cost	1936 cost
Kentucky.....	\$8	142,122	45,000	\$850,000	\$4,320,000
Maryland.....	9	92,972	30,000	600,000	3,240,000
Montana.....	9	26,700	8,500	200,000	918,000
Nevada.....	9	4,814	1,600	40,000	172,800
Utah.....	9	22,665	7,100	150,000	766,800
West Virginia.....	9	73,073	24,000	500,000	2,592,000

STATES WITH NO SYSTEM AT THE PRESENT TIME

State	Average award	Population over 65	Estimated total number recipients of aid, 1936	1935 cost	1936 cost
Vermont.....	\$10	31,253	5,000	\$100,000	\$480,000
Rhode Island.....	11	39,953	6,500	130,000	702,000
Connecticut.....	11	93,319	15,000	300,000	1,620,000
Illinois.....	10	421,073	70,000	1,400,000	6,720,000
Missouri.....	9	244,525	40,000	800,000	3,600,000
South Dakota.....	9	36,915	6,000	120,000	540,000
Kansas.....	9	129,468	22,000	440,000	1,980,000
Washington, D. C.....	11	27,253	4,500	90,000	486,000
Virginia.....	8	116,678	18,000	360,000	1,296,000
North Carolina.....	8	115,671	18,000	360,000	1,296,000
South Carolina.....	8	57,164	8,500	170,000	612,000
Georgia.....	8	113,278	17,000	340,000	1,224,000
Florida.....	8	71,202	12,000	240,000	864,000
Tennessee.....	8	119,045	19,000	380,000	1,368,000
Alabama.....	8	99,240	17,000	340,000	1,224,000
Mississippi.....	8	77,343	13,000	260,000	936,000
Arkansas.....	8	75,600	13,000	260,000	936,000
Louisiana.....	8	75,850	13,000	260,000	936,000
Oklahoma.....	8	66,883	15,000	300,000	1,080,000
Texas.....	8	232,459	40,000	800,000	2,880,000
New Mexico.....	9	16,825	2,500	50,000	225,000

SUMMARY

	Population over 65	Estimated number of recipients, 1936	1935 cost	1936 cost
20 States and District of Columbia with no law.....	2,291,002	375,000	\$7,500,000	\$31,005,000
6 States with county law.....	362,346	116,200	3,190,000	12,009,600
22 States with mandatory State law.....	3,980,390	1,157,000	47,608,000	143,505,600
Total.....	6,633,738	1,648,200	58,198,000	186,520,200

NOTES ON THE OPERATION OF OHIO LAW GRANTING AID TO THE AGED

During the 7 months during which aid for the aged has been granted in the State of Ohio certain matters have become clearly evidenced as stated below:

In the larger States, such aid should be under the supervision and control of a central authority, with a director having ample power to select a staff of office employees and traveling supervisors. Such a plan of organization is necessary to obtain uniform treatment of applicants for aid throughout the State; to check the work of local investigators and determine the efficiency of the latter; to establish effective methods for preventing concealment of income and property; to prevent diversion of awards from those receiving same to chiseling children and relatives; to see that responsible relatives able to provide in whole or in part for the care of parents in need, are doing this to a proper extent.

For it should be clearly understood that any noncontributory method for providing aid to the needy should embody a "needs" test, to the end that the

aid granted will be sufficient for a plain, but not luxurious, standard of living based upon previous environment and living conditions; sources from which food, clothing, and other necessities have been obtained and the probability that similar conditions will continue. The health of the applicant and needs for medical treatment at present or in the near future are important elements for consideration.

The possession of real or personal property has an important influence on the determination of the amount of the award to be granted. To the extent that an applicant has property, the "need" for aid is modified. If any property was liquid (cash in bank, bonds, etc.) there would be no immediate need, and no aid should be granted until such property had been used for living expenses, except in the few cases where cash in bank was being held to cover expenses of a surgical operation or other exceptional requirement.

When property is in the form of real estate, deposit in a frozen bank, or stock or bonds, with no present salable value, the problem is that of conversion to usable income. In the State of Ohio this is done by transfer in trust of such property and the granting of an award, which action is equivalent to a sale on the installment-payment plan. Owing to the cost of handling some types of property, exemption of transfer can well be made when the value of real property does not exceed \$500 and personal property, including life insurance, does not exceed \$100 or \$200. Cases of excessive amounts of life insurance, with heavy weekly premium expense, are not uncommon and the use of a considerable part of an award to meet life-insurance costs for excessive insurance is plainly improper.

The transfer of such property is very desirable to prevent chiseling by impecunious children, cases being frequent, where, when an award has been granted parents, children try to have life-insurance policies surrendered for the cash value that they may use the money so obtained.

The transfer of property exceeding a stated amount is, therefore, simply conserving it, and applying it to the needs of the aged.

Such transfer of property and the granting of an adequate award would appear much more suitable than the restrictions found in the recently modified laws of Great Britain, which exempt property not over £25 (\$125) and reduce the award approximately \$11.50 per year for each additional £25 of property owned.

A limit to the maximum amount that may be granted is very advisable (with possibly provision for medical or other exceptional requirements) and \$30 per month would seem to be such maximum.

The other conditions of eligibility as expressed in the Ohio law have been found to be reasonable, and no hardships are being created that have come to the attention of the State office.

It should be kept in mind that a noncontributory plan involves a constantly increasing annual cost to the State, with an eventual tax burden that would be beyond the amount that could be equitably apportioned. An ultimate contributory plan will be necessary, but the amount to be granted should be kept at an amount that will provide only for adequate living costs, if the contributions are to be within the ability of those in the lower income brackets.

The CHAIRMAN. The next witness is Dr. Thomas Parran, State health officer of New York State, of New York City. Dr. Parran, will you please come forward and give the stenographer your name and address?

STATEMENT OF DR. THOMAS PARRAN, STATE HEALTH COMMISSIONER OF THE STATE OF NEW YORK; CHAIRMAN OF THE EXECUTIVE BOARD OF THE AMERICAN PUBLIC HEALTH ASSOCIATION

The CHAIRMAN. Dr. Parran, will you proceed, now, under the 5-minute rule, unless the time is extended by the committee? In the event you are unable to complete your main statement in that time and it would not be satisfactory to extend your remarks in the record, the committee can by their own action extend your time.

Dr. PARRAN. Thank you, Mr. Chairman. I think 5 minutes may be ample. My name is Thomas Parran.