

Submitted to the Committee on Economic Security

March 15, 1935

TEMPORARY DISABILITY INSURANCE

Proposed law drafted as an amendment to Title VI of the Economic Security Act, in accordance with the draft of March 7, 1935, of the Committee's report to the President as approved by the Executive Committee and the sub-Committee on Health Studies of the Committee's Technical Board.

Sec. 602. The taxpayer may credit against the tax imposed by section 601 the amount of contributions, measured by ~~wages~~ paid by him with respect to employment during the taxable year, paid by him and by his employees (before the date of filing his return for the taxable year) into a disability insurance fund under a State law, except that the amount of credit so allowed for contributions of his employees to any State disability insurance fund shall not exceed the amount of credit so allowed for his contributions to the same State disability insurance fund. The total credit allowed to a taxpayer under this section for all contributions paid into disability insurance funds with respect to employment during such taxable year shall not exceed ~~17~~ per centum of the tax against which it is credited, and credit shall be allowed only for contributions made under the laws of States certified for the taxable year as provided in section.

Sec. 603. (a) The Social Security Board shall approve any State ~~law~~ submitted to it, within 30 days of such submission, which it finds provides that ~~----~~

- (1) A special State disability insurance fund, hereinafter referred to as the "fund", to be administered by a State agency shall be established; and
- (2) Contributions to the fund shall be made by ~~employers~~, the contribution of every such employer to be measured by the wages paid by him to part or all of his employees: and
- (3) Any contributions required to be ~~made~~ to the fund by any employee shall be measured by all or part of the ~~wages~~ earned by such employee; and

- (4) Periodic payments shall be made from the fund (with respect to not more than 26 weeks of disability within any 52 consecutive weeks) to persons temporarily disabled by reason of injury or illness (not arising out A Alternative of his employment nor directly caused thereby) (which is B clauses. compensable under any **workmen's** compensation act); and
- (5) Periodic payments shall be made from the fund (**with** respect to disability immediately preceding and following delivery, not to exceed a total of 12 weeks) to female persons **temporarily** disabled by reason of pregnancy; and
- (6) Payments required under paragraphs (4) and (5) shall not be made to any person unless contributions measured by wages earned by him have been paid to the **fund**; and
- (7) The fund shall be used **solely** for making the **payments** required under paragraphs (4) and (5) ; for making payments , if provided by State **law**, of lump sums on account of pregnancy to female persons, or to the **wives** or widows of persons **by** whose **wages** contributions paid into the fund have been measured, for expenses necessarily incident to the collection of contributions , management of the **fund**, and distribution of payments, or for other **necessary** expenses of the State system of disability insurance: and
- (8) The State shall be **subrogat ed**, to the extent of any payments made from the fund to any person for any **injury** **or** illness, to the rights or claims of such person to **re-**

cover damages for such injury or illness, and shall be entitled to be reimbursed to such extent out of any sums received by such person through suit or settlement as compensation for such injury or illness, and sums so recovered and **with** which the State is so reimbursed shall accrue to the fund; and

(9) The first period with respect to which payments of benefits may be made shall begin not less than 3 months after the first day of the first period with respect to which contributions are required; and

(10) The State agency shall furnish such reports as the Board shall deem **necessary**, in such form and at such times as the Board shall prescribe.

The Board shall, upon approving such **law**, notify the Governor of the State of its approval.

(b) Annually on December 31 in each taxable year the Board shall certify to the Secretary of the Treasury the name of each State whose law it has previously approved, except that it shall not certify the name of any State which, after notice and opportunity for hearing to the State agency, the Board finds ---

(1) has changed its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with such provisions;

(c) If, at any time during the taxable year, the Board has reason to believe that the name of a State whose law it has previously approved,

may not be certified under subsection (b) it shall promptly so notify the Governor of such State.

Sec. 604, There is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1937, the sum of \$60,000,000, which sum, or any part of which, may be allotted by the Social Security Board, at such times and in such amounts as the Board may deem necessary ----

- (a) to any State to assist it to carry out measures designed to prevent or mitigate the risks of injuries of illnesses with respect to which payments are provided for in paragraphs (4) and (5) of **section** 603;
- (b) to any State disability *insurance* fund which is found by the Board to have been established on a sound actuarial basis but to have become inadequate by reason of any condition of abnormal incidence of injuries and illnesses or of an epidemic operating to increase expenditures therefrom above those anticipated.

Any money appropriated for the purposes of this section but not expended during the fiscal year shall remain available **for** allotments **in** any subsequent fiscal years under this section until so expended.