A BILL

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

By Mr. Doughton

January 17, 1935

Referred to the Committee on Ways and Means and ordered to be printed
A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

APPROPRIATION FOR OLD-AGE ASSISTANCE

SECTION 1. For the purposes of this title, there is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of $50,000,000 for the fiscal year ending June 30, 1936, and there is hereby authorized to be appropriated for each fiscal year thereafter the sum of
of which sums $99\frac{1}{4}$ per centum shall be apportioned among the several States as hereinafter provided.

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

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

**DEFINITION OF OLD-AGE ASSISTANCE**

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

SEC. 4. A State plan for old-age assistance, offered by the State authority for approval, shall be approved by the Administrator only if such plan—

(a) Is State-wide, includes substantial financial participation by the State, and, if administered by subdivisions of the State, is mandatory upon such subdivisions; and

(b) Establishes or designates a single State authority to administer or supervise the administration of the plan and insures methods of administration which are approved by the Administrator; and

(c) Grants to any person whose claim for assistance is denied the right to appeal to such State authority; and

(d) Provides that such State authority shall make full and complete reports to the Federal Emergency Relief Administration in accordance with rules and regulations to be prescribed by the Administrator; and

(e) Furnishes assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health; and, whether or not it denies assistance to any aged persons, at least does not deny assistance to any person who

(1) Is a United States citizen; and
(2) Has resided in the State for five years or more within the ten years immediately preceding application for assistance; and

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

(4) Is sixty-five 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 seventy 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 fifteen years younger than the recipient, and does not marry again.
REPORTS BY STATES

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

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

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

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

(d) An annual statement of the amount collected, if any, from the estate of any assisted aged person, for which
the State is accountable to the United States under section 4 (f) of this Act.

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

AMOUNT OF ALLOTMENTS TO STATES

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

(b) The Administrator shall direct that the amount of an allotment shall be changed when, under section 5 (b), a definite statement shows that the sums actually required to be contributed differ from the estimated amount, and the change in the allotment shall be in relation to the variation between the estimate and the actual requirement.
(c) If the sum of all allotments be in excess of the appropriations for the purpose, then the allotment to each State shall be diminished to that percentage which the appropriations bear to the sum of all allotments.

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

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

**PAYMENT OF INSTALLMENTS**

**Sec. 7.** The Administrator shall annually notify the Secretary of the Treasury and the treasurers of the several States of the allotments made under this title, and shall periodically notify the Secretary of the Treasury of the amounts payable as quarterly installments to the treasurers of the several States. The Secretary of the Treasury, after receiving such notice, shall pay such quarterly installments to the treasurer of each such State from the sums allotted to it, unless the Administrator notifies him to withhold pay-
ment of any installment, or to change the amount of any allotment, in which case he shall act in accordance with such notification: Provided, 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, and for the administration of the State plan, up to 5 per centum of the total amount expended under such plan in such quarter.

ACTION OF COMPTROLLER GENERAL

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

ADMINISTRATION

Sec. 9. From the moneys becoming available under or in accordance with this title not more than one-half of per centum may be expended by the Administrator for all necessary expenditures, including the employment of experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, the purchase of supplies, material, equipment, office fixtures and apparatus, and the incurring of travel and other expenses, as the Administrator
may deem necessary to carry out the purposes of this title. The Administrator shall include in his annual report to Congress a full account of the administration of this title and expenditure of the moneys herein appropriated or authorized. The President is authorized to transfer at any time to any officer or agency of the Government, the duties and powers conferred upon the Administrator under this title.

RULES AND REGULATIONS

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

INCLUSION OF TERRITORIES AND DISTRICT OF COLUMBIA

SEC. 11. As used in this title the term “State” includes Hawaii, Alaska, Puerto Rico, and the District of Columbia.

TITLE II

APPROPRIATIONS FOR AID TO DEPENDENT CHILDREN

SECTION 201. For the purposes of this title, there is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of $25,000,000 for the fiscal year ending June 30, 1936, and the sum of $25,000,000 is hereby authorized to be appropriated for each fiscal year thereafter, not more than 99 1/2 per centum of such sums
to be apportioned among the several States as hereinafter provided.

ALLOTMENTS TO STATES FOR AID TO DEPENDENT CHILDREN

Sec. 202. The Administrator shall, as soon as possible after the commencement of each fiscal year, make allotments, in amounts as provided in section 206 of this Act, to each State which, through a State authority, has submitted and had approved by him a State plan for aid to dependent children, and which, through its legislature, has accepted the provisions of this title: Provided, That such acceptance may be made, when such legislature is not in session, by the Governor of such State, to be effective until the close of the next session of such legislature thereafter.

DEFINITION OF DEPENDENT CHILDREN

Sec. 203. As used in this title, "dependent children" shall mean children under the age of sixteen in their own homes, in which there is no adult person, other than one needed to care for the child or children, who is able to work and provide the family with a reasonable subsistence compatible with decency and health.

APPROVAL OF STATE PLANS FOR AID TO DEPENDENT CHILDREN

Sec. 204. A State plan for aid to dependent children, offered by a State authority for approval, shall be approved by the Administrator only if such plan—
(a) Provides that not later than June 30, 1936, and thereafter, aid to dependent children shall be available, to persons in need of the same, in every political subdivision of the State, and that the State shall make substantial contributions to the payment thereof; and

(b) Provides that such State authority shall make full and complete reports to the Federal Emergency Relief Administration in accordance with rules and regulations to be prescribed by the Administrator; and

(c) Furnishes assistance at least great enough to provide, when added to the income of the family, a reasonable subsistence compatible with decency and health; and

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

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

REPORTS BY STATES

Sec. 205. To obtain the benefits of this title a State authority shall submit to the Federal Emergency Relief Administration at such time and on such forms as the Administrator may prescribe—
(a) An annual statement of the amount of the appropriation made by the State for its current or ensuing fiscal year, and the amount made available for such year by the political subdivisions of such State, for the purpose of carrying out the State plan for aid to dependent children; and

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

(c) An annual statement of the exact amount, if any, of any allotment made under this title to such State, remaining unexpended at the close of the year for which such allotment was made; and

(d) An annual statement of the number of dependent children whose mothers are receiving aid or are on the waiting list therefor under the State plan for aid to dependent children.

AMOUNT OF ALLOTMENTS TO STATES

Sec. 206. (a) The Administrator shall compute annually the amount to be allotted to such State at a sum equal to one-third of the amount reported under section 204 (a) If the sum of all allotments under this paragraph be in excess of the appropriations for the purpose, then the allotment to each State shall be diminished to that percentage which the appropriations bear to the sum of all such allotments.
(b) The Administrator shall allot, in each fiscal year, so much of the amounts made available under this title for the preceding fiscal year as were not required for the purposes of paragraph (a) of this section, to any or all States with approved plans for aid to dependent children, in amounts apportioned by him on a basis of need, taking into account, among other things, the numbers reported under section 205 (d) of this Act.

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

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

PAYMENT OF INSTALLMENTS

SEC. 207. The Administrator shall annually notify the Secretary of the Treasury and the treasurers of the several States of the allotments made under this title, and shall periodically notify the Secretary of the Treasury of the amount payable, as a quarterly installment, to the treasurer
of each State. The Secretary of the Treasury, after receiving such notice, shall pay such quarterly installment to the treasurer of each such State from the sums allotted to it, unless the Administrator notifies him to withhold payment of any installment, or to change the amount of any allotment, in which case he shall act in accordance with such notification: Provided, That no such installment shall exceed the amounts expended by such State in the quarter immediately preceding the payment of such installment for the purpose of carrying out the State plan for aid to dependent children.

ACTION OF COMPTROLLER GENERAL

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

ADMINISTRATION

Sec. 209. From the moneys becoming available under and/or in accordance with this title, not more than one-half of 1 per centum may be expended by the Administrator for all necessary expenditures, including the employment of experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, the purchase of supplies, material, equipment, office fixtures and apparatus, and in the incurring of traveling and other expenses as the Adminis...
trator may deem necessary to carry out the purposes of this title. The Administrator shall include in his annual report to Congress a full account of the administration of this title and expenditures of the money herein authorized. The President is authorized to transfer at any time, to any officer or agency of the Government, the duties and powers conferred upon the Administrator under this title.

INCLUSION OF TERRITORIES

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

RULES AND REGULATIONS

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

TITLE III

EARNINGS TAX

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

(I) As of January 1, 1937, the tax shall be at the rate of one-half of 1 per centum of the wages paid by such employer to such employee.
(2) As of January 1, 1942, the tax shall be at the rate of 1 per centum of the wages paid by such employer to such employee.

(3) As of January 1, 1947, the tax shall be at the rate of $1\frac{1}{2}$ per centum of the wages paid by such employer to such employee.

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

(5) As of January 1, 1957, the tax shall be at the rate of $2\frac{1}{4}$ per centum of the wages paid by such employer to such employee.

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

**EMPLOYMENT EXCISE TAX**

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

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

(2) As of January 1, 1942, the tax shall be at the rate of 1 per centum of the pay roll of such employer.
(3) As of January 1, 1947, the tax shall be at the rate of $1\frac{1}{2}$ per centum of the pay roll of such employer.

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

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

**COLLECTION OF TAXES**

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

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

**RULES AND REGULATIONS**

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

(a) Collection and payment of the tax by stamps, coupons, tickets, books, or such other reasonable device or
method as may be necessary or helpful in securing a com-
plete and proper collection of the tax and for regulating
the manner, times, and conditions in, at, and under which
the tax shall be collected and paid, including the making
and filing of returns and the affixing or other use of said
stamps, tickets, books, or other device or devices; and
(b) Issue, sale, custody, production, cancelation, and
disposition of such stamps, tickets, books, or other device
or devices, including the substitution or replacement thereof
in case of loss, destruction, or defacement.

SALE OF STAMPS BY POSTMASTERS

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

Sec. 306. (a) Except as provided in this title or in regulations made pursuant thereto, every person who buys, sells, offers for sale, transfers, takes, or gives in exchange, or pledges or gives in pledge any stamp, coupon, ticket, book, or other device prescribed by the Commissioner of Internal Revenue for the collection of any tax imposed by this title, shall be guilty of a misdemeanor and shall, upon conviction thereof, be fined not more than $1,000 or sentenced to not more than six months’ imprisonment, or both.

(b) Any person who, with intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book, or other device prescribed by the Commissioner of Internal Revenue for the collection of any tax imposed by this title, or who uses, sells, lends, or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or who makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device, shall, upon conviction thereof, be punished by a fine not exceeding $5,000 or by imprisonment not exceeding five years, or both.

DEFINITIONS

Sec. 307. When used in this title—

(1) The term “person” means an individual, a trust or estate, a partnership, syndicate, group, pool, joint venture,
or other unincorporated organization, or a corporation, association, joint stock company, or insurance company.

(2) The term "domestic", when applied to a corporation or partnership, means created or organized in the United States or under the laws of the United States or of any State or Territory.

(3) The term "foreign", when applied to a corporation or partnership, means a corporation or partnership which is not domestic.

(4) The term "employer" shall include every person who employs an employee, as defined in this title, except that it shall not include the Federal Government, the States or any political subdivision thereof, a governmental instrumentality, or any employer subject to the Railway Retirement Act, including any amendments hereafter made to such Act.

(5) The term "employee" shall include every individual who on January 1, 1937, has not attained the age of sixty years, and who receives wages under any contract of employment or hire, oral or written, express or implied, and the greater part of whose duties under such contract is performed within the continental United States or on board a vessel subject to the jurisdiction of the United States.

(6) The term "wages" shall mean the total of every form of remuneration received by an employee from an
employer, whether paid directly or indirectly by an em­
ployer, including salaries, commissions, bonuses, and the
reasonable money value of rent, housing, lodging, board
(except in the case of board, the total money value shall
not be included unless such total value is in excess of $10
for any calendar month), payments in kind, and similar
advantages; but it shall not include any such remuneration
received by a nonmanual worker who is employed at a
monthly salary of more than $250 a month.

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

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

TITLE IV
SOCIAL INSURANCE BOARD

Section 401 (a). There is hereby established in the
Department of Labor a Social Insurance Board (hereinafter
referred to as the “Board”) to be composed of three mem­
bers to be appointed by the President. During his term of
membership on the Board, no member shall engage in any
other business, vocation, or employment. Each member
shall receive a salary at the rate of $10,000 a year and shall
hold office for a term of six years, except that (1) any
member appointed to fill a vacancy occurring prior to the
expiration of the term for which his predecessor was ap-
pointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of enactment of this title shall expire, as designated by the President at the time of appointment, one at the end of two years, one at the end of four years and one at the end of six years after the date of enactment of this title. The President shall designate the chairman of the Board.

(b) The Board is authorized, subject to the approval of the Secretary of Labor, to appoint and fix the compensation of such officers, attorneys, and experts as may be necessary for carrying out its functions under this Act, without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, and, subject to the civil-service laws, to appoint such other officers and employees as are necessary in the execution of its functions and fix their salaries in accordance with the Classification Act of 1923, as amended.

**DUTIES OF SOCIAL INSURANCE BOARD**

Sec. 402. The Social Insurance Board shall have, among its duties, the duties of

(a) Studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age insurance, unem-
employment compensation, accident compensation, health insurance and related subjects;

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

(c) Supervising and directing, as hereinafter provided, the payment of old-age annuities under a national contributory old-age insurance system;

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

(e) Assisting the States, in the manner hereinafter provided, in the administration of unemployment compensation laws.

APPROPRIATION

Sec. 403. For the purposes of this title, there is hereby appropriated from the funds in the Treasury not otherwise appropriated (a) for the fiscal year ending June 30, 1936, the sum of $5,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter the sum of $50,000,000, of which sums 98 per centum shall be apportioned by the Board among the States as hereinafter provided; and (b) the proceeds derived from all taxes imposed under title III of this Act, to be allocated to the old-age fund established under this title.
SEC. 404. (a) There is hereby established in the Treasury a fund to be known as the "old-age fund", to be held and invested under the same terms and conditions as the unemployment trust fund established under title VI of this Act; and the Secretary of the Treasury is hereby authorized and directed so to manage such fund.

(b) The Social Insurance Board shall, from time to time, requisition from such fund the amounts necessary for the making of all payments under section 405 of this Act, and shall annually cause to be made, and transmitted to the Secretary of the Treasury in the form of a formal instrument, actuarial valuations of the future income and future expenditures of the old-age fund, which shall show the future obligations of the Government under this title.

PAYMENT OF OLD-AGE ANNUITIES

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

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

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

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

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

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

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

(B) For each forty different weeks (prior to his attaining the age of sixty-five years) over such two hundred weeks, up to an additional two hun-
dred weeks, there shall be added to such percent-
age 1 per centum, except that such addition shall
not exceed 1 per centum for the twelve-month
period commencing at the end of the original two
hundred weeks or the original five-year period,
whichever ends later, and for each twelve-month
period thereafter;

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

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

(3) Any person entitled to the payment of any installment under either paragraph (1) or (2) of this subsection, may, if such person has a dependent spouse, elect to receive a joint survivorship annuity of identical actuarial value in lieu of the annuity provided under either of such paragraphs, under such rules and regulations as the Social Insurance Board shall prescribe.
(4) In no event shall the actuarial value of an annuity paid to a person under this section be less than the amount paid in taxes on his behalf together with interest accretions as determined by the Social Insurance Board.

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

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

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

ALLOTMENTS TO STATES FOR UNEMPLOYMENT COMPENSATION ADMINISTRATION

Sec. 406. The Board shall periodically make allotments, in a total amount of not more than $4,000,000 in the fiscal year ending June 30, 1936, and thereafter not more than $49,000,000 in each year, to those States which have unemployment compensation laws requiring contributions for which credits against tax are allowed under title VI of this Act. The total amount, or so much thereof as the Board deems necessary, allocated under this section shall be apportioned among such States on the basis of need for such financial assistance in the proper administration of such laws.
CONDITIONS OF UNEMPLOYMENT COMPENSATION ADMINISTRATION ALLOTMENTS

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

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

(2) Administrative regulations and practices are reasonably calculated to insure full payment of unemployment compensation when due; and

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

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

(6) The State agency charged with the administration of the unemployment compensation law makes, upon request, full and complete reports to the Social Insurance Board relating to the effect and administration of such law, on forms to be prescribed by the Board, and makes available upon request to any agency of the United States charged with the administration of public works or other assistance through public employment, the names and addresses and ordinary occupation of each recipient of unemployment compensation and the date when such recipient received the last regular payment of compensation to which he was entitled under the State law.

(b) Payment of any installment to a State to which an allotment has been made shall be withheld if the Board reverses the previous finding made by it under this section, and notifies the Secretary of the Treasury and the treasurer
of the affected date of such reversal and the reason or reasons therefor. The amounts thus withheld in any fiscal year shall be added to the total amount from which allotments are made in the next fiscal year.

NOTIFICATION

SEC. 408. The Board shall, as soon as possible after the commencement of the fiscal year, notify the Secretary of the Treasury, and the treasurers of the several States of the States to which allotments for that fiscal year have been made under this title, and of the sums allotted. The Secretary of the Treasury shall thereupon pay in monthly installments to the treasurer of each such State the sums allotted to it, unless the Board notifies him to withhold payment of any installment or to change the amount of any allotment, in which case he shall act in accordance with such notification.

ACTION OF COMPTROLLER GENERAL

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

TITLE V

ANNUITY CERTIFICATES

SECTION 501. The Social Insurance Board is authorized to borrow from time to time, on the credit of the United
States, for the purpose of increasing the old-age fund established under this Act, such sum or sums as in its judgment may be desirable, and to issue therefor, at such prices and upon such terms and conditions as it may determine, annuity certificates: Provided, That no such certificate shall be issued except to United States citizens: And provided further, That there shall not be issued to an individual a certificate or certificates for loans which would amount, with interest accretions, to more than an annuity of $100 a month after such individual attained the age of sixty-five years.

FOR AND CONDITIONS OF CERTIFICATES

SEC. 502. Each annuity certificate issued under this title shall be in such form and subject to such terms and conditions, and may bear such interest and have such provisions for payment, as the Social Insurance Board may prescribe: Provided, That payment of interest may be deferred and payment of principal and interest to persons to whom such certificates have been issued may be made in monthly installments.

ISSUANCE OF STAMPS

SEC. 503. The Board may, under such regulations and upon such terms and conditions as it may prescribe, issue, or cause to be issued, stamps to evidence payments for, or on account of, such certificates.
DEPOSITS IN OLD-AGE FUND

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

RULES AND REGULATIONS

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

TITLE VI

IMPOSITION OF TAX

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

Provided, That

(a) If the Federal Reserve Board's adjusted index of total industrial production averages, for the year ending September 30, 1935, not more than 84 per centum of its average for the years 1923-25, inclusive, the Governor of the Federal Reserve Board shall certify that fact to the
 Secretary of the Treasury and to Congress, and the tax imposed under this section shall, for the taxable year commencing January 1, 1936, be measured by an amount equal to 1 per centum of such employer’s pay roll;

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

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

(d) If such index averages, for the year ending September 30, 1936, more than 84 per centum but less than 95 per centum of such earlier average, such fact shall be so certified, and the tax imposed under this section shall for the taxable year commencing January 1, 1937, be measured by an amount equal to 2 per centum of such employer’s pay roll.
pay roll, except that in no event shall the measure of tax for the taxable year commencing January 1, 1937, be less than the measure of tax for the taxable year commencing January 1, 1936.

ALLOWABLE CREDIT

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

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

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

(c) The State agency of such State, to safeguard the money paid as contributions and to assist in maintaining the stability of industry and employment, deposits all such money, or causes it to be deposited, immediately upon its being paid as contributions, in the unemployment trust fund, or in a bank or banks designated as agents of such trust
fund to be held as part of such trust fund, in accordance with section 604 of this Act;

(d) None of the money requisitioned by such State agency, in accordance with section 604 of this Act, has been used for any purpose except the payment of compensation;

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

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

FINDINGS OF FACT

SEC. 603. In December 1935 the Secretary of Labor shall notify the Secretary of the Treasury and the treasurers of the several States of the names of those States
having State laws which, if faithfully executed, may entitle
employers to credit for contributions made under such laws
in the taxable year commencing January 1, 1936. Annually
thereafter the Secretary of Labor shall make findings of
fact and certifications to the Secretary of the Treasury, as
provided in section 602 of this Act, as to compliance by
the States with the conditions of subsections (a) to (f)
inclusive, of section 602, and shall notify the treasurers
of the several States of the names of those States which he
finds to comply with such subsections.

UNEMPLOYMENT TRUST FUND

Sec. 604. (a) There is hereby established in the
Treasury a trust fund to be known as the "Unemployment
trust fund." The Secretary of the Treasury is authorized
and directed to receive and hold in this fund any and all
moneys delivered in accordance with section 602 of this
Act by any State agency to him at the Treasure or at any
bank designated by him for the purpose, and to receive and
hold the income derived therefrom. The fund or any part
thereof may be invested or reinvested in any primary obliga-
tions of the United States or in any obligations guaranteed
as to both principal and interest by the United States; and
such obligations may be acquired by purchase of outstanding
obligations at the market price thereof or on original issue at
par. Obligations acquired by the fund on original issue,
which are issued exclusively to the fund, shall bear interest
at a rate equal (after adjustment to the next lower multiple
of one-eighth of 1 per centum) to the average rate of interest
payable at the time of such acquisition upon all primary
obligations of the United States (other than obligations
issued directly to the fund) then forming part of the public
debt. Every other obligation acquired for the fund shall be
acquired on such terms as to provide an effective investment
yield which shall not be less, by more than one-eighth of 1
per centum, than such average rate. It shall be the duty of
the Secretary of the Treasury to invest as herein provided
such portion of the fund as is not, in his judgment, required
to meet current withdrawals. The purposes for which obli-
gations of the United States may be issued under the Second
Liberty Bond Act, as amended, are hereby extended to
authorize the issuance thereof to the fund for the sole purpose
of providing it with suitable investments at such interest
rates as may be required for the purposes of this section,
notwithstanding the availability in the market of obligations
of the United States bearing the same or different interest
rates; and to an amount not in excess of the face amount,
from time to time outstanding, of obligations originally issued
to the fund, the Secretary of the Treasury is authorized in
his discretion and on the basis of fair market values to invest
and reinvest in, and to sell (or, in the case of primary obli-
tions of the United States, to cancel) any obligations of a
kind in which he is authorized to invest the fund, but without
limitation as to interest rate. Obligations so acquired shall
be held in a special account. All purchases, retirements, and
sales under this section shall be deemed to be public debt
transactions.

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

(c) The Secretary of the Treasury is authorized and
directed to pay out of the fund to any State agency such part
of the money held in trust for it, as may be duly requisitioned in accordance with the terms of this Act. Whenever
in order to make any such payment it is necessary to dispose
of any obligations held in the fund, the Secretary of the
Treasury is authorized to sell such obligations on the market,
or to acquire such obligations for the account of the United
States at the market price thereof: Provided, That obliga-
tions originally issued to the fund shall be so acquired for
the account of the United States at par plus accrued interest,
(d) The Secretary of the Treasury is hereby authorized to appoint any one or more of the Federal Reserve or national banks as his agents, on such terms and conditions as he may prescribe, to hold and have custody of the fund or any part thereof, and such banks are hereby authorized to act as such agents.

ADMINISTRATION, REFUNDS, AND PENALTIES

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

(b) Every employer liable for tax under this title shall make a return under oath within one month after the close of the year with respect to which such tax is imposed to the collector of internal revenue for the district in which is located his principal place of business. Such return shall contain such information and made in such manner, as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector within one month after the close of the year with respect to which the tax is imposed. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per centum a month from the time when the tax became
due until paid. All provision of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this Act, be applicable in respect of the tax imposed by this Act. The Commissioner may extend the time for filing the return of the tax imposed by this Act, under such rules and regulations as he may prescribe with the approval of the Secretary of the Treasury, but no such extension shall be for more than sixty days.

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

(d) The taxpayer may elect to pay the tax in four equal installments, in which case the first installment shall be paid on the date prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month, after such day. If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.
(e) At the request of the taxpayer the time for payment of any initial installment of the amount determined as the tax by the taxpayer may be extended under regulations prescribed by the Commissioner with the approval of the Secretary of the Treasury, for a period not to exceed six months from the date prescribed for the payment of such installment. In such case the amount in respect of which the extension is granted shall be paid (with interest at the rate of one-half of 1 per centum per month) on or before the date of the expiration of the period of the extension.

DEFINITIONS

SEC. 606. When used in this title the term "Employer" shall mean any person, partnership, association, corporation, whether domestic or foreign, or the legal representative, trustee in bankruptcy, receiver, or trustee thereof, or the legal representative of a deceased person, who or whose agent or predecessor in interest has, within each of thirteen or more calendar weeks in the taxable year, employed at least four persons in employment subject to this title, except that the term "employer" shall not include the Federal Government, the governments of the several States, municipal corporations, or other governmental instrumentalities. In determining whether an employer employs enough persons to be an "employer" subject hereto, and determining for what tax he is liable here-
under, he **shall** whenever he contracts with any subcontractor for any work which is part of his usual trade, occupation, profession, or business, be deemed to employ all persons employed by such subcontractor on such work, and he alone shall be liable for the tax measured by wages paid to such persons for such work; except as any such subcontractor, who would in the absence of the foregoing provision be liable to pay said tax, accepts exclusive liability for said tax under an agreement with such employer made pursuant to regulations promulgated by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury.

"Employment" shall mean any employment in which substantially all of the person's work is, or was, performed within the continental United States under any contract of hire, oral or written, express or implied, whether such person was hired and paid directly by the employer or through any other person employed by the employer, provided the employer had actual or constructive knowledge of such contract; except that for the purposes of this title it shall not include any employment included in any unemployment compensation system (other than for the District of Columbia) established by an Act of Congress.

"Wages" shall mean every form of remuneration for employment received by a person from his employer,
1 whether paid directly or indirectly by the employer, includ-
2 ing salaries, commissions, bonuses, and the reasonable money
3 value of board, rent, housing, lodging, payments in kind,
4 and similar advantages.
5 “Pay roll” shall mean the total amount of all wages
6 paid by the employer during the taxable year to persons em-
7 ployed by him in employment subject to this Act.
8 “State” shall include the District of Columbia.
9 “State law” shall mean a statute enacted by any
10 one of the several States which provides for systematic
11 compensation and the creation of an unemployment fund
12 under the direction of a State agency, requires contribu-
13 tions from employers, whether or not they are national
14 banks, and whether or not they are engaged in interstate
15 commerce, except insofar as they are included in any un-
16 employment compensation system (other than one for the
17 District of Columbia) established by Act of Congress, and
18 which may require that employees and/or the State also
19 contribute.
20 “Contributions” shall mean the amount which the
21 employer has duly paid, as required by a State law, in and
22 for the taxable year, into an unemployment fund.
23 “Unemployment fund” shall mean a special fund,
24 established under a State law, and administered by a State
25 agency in trust for the payment of compensation, and shall
include so much of such fund as is administered as a pooled fund (which shall never be less, except insofar as it may be diminished by payment of compensation, than the amount raised by contributions measured by 1 per centum of payroll) and so much, if any, for which the State agency maintains separate accounts for individual employers or groups of employers who are required to make contributions.

"State agency" shall mean any State officer, board, or other authority designated, under a State law, to direct the administration of an unemployment fund in such State.

"Pooled fund" shall mean an unemployment fund or any part thereof in which all contributions are mingled and undivided, and from which compensation is payable to all eligible employees, except that it is payable to persons employed by employers for whom individual or group reserve accounts are maintained by the State agency only when such accounts, and any other liability of employers for compensation, are exhausted.

"Reserve account" shall mean a separate account, maintained by a State agency, of contributions paid by an employer or group of employers, from which compensation is payable to the employees of such employer or group unless such account is exhausted.

"Guaranteed employment account" shall mean a separate account, maintained by a State agency, of con-
tributions paid by an employer or group of employers who guarantee full wages, for not less than forty weeks in each taxable year to all of their employees, or all of their employees in any plant or plants operated by such employer or group, and give adequate guarantees for the payment thereof as prescribed by the State law, from which account may be payable compensation to each such employee if his guarantee is not renewed and he is otherwise eligible for benefits under such law.

"Compensation" shall mean the cash benefits payable under a compulsory State law to employees for their unemployment.

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

"Tax" shall mean the gross tax imposed on the employer for the taxable year under section 601 of this Act, except that when it is used in section 605 "tax" shall mean the said gross tax minus any amounts credited in accordance with sections 602 and 607 of this Act.

"Taxable year" shall mean the year from January 1 to December 31, inclusive, or any portion of such year.

**ALLOWANCE OF ADDITIONAL CREDITS**

Sec. 607. Any employer qualifying under section 608 of this Act, who has made contributions and has reduced
them under a State law which initially required uniform contributions from all employers making contributions, and which thereafter allows certain employers to reduce their contributions may, for any taxable year thereafter, credit against the tax an amount in addition to the credit allowed under section 602 of this Act, except that in no instance shall an employer's total credits under this Act exceed 90 per centum of his tax. The additional credit under this section shall be equal to the difference between (a) the amount of contributions (measured by his pay roll attributable to such State), actually required of and duly paid by such employer for such year under such law, and (b) the amount of such contributions which he would have been required to make under such law for such year at the highest rate then applicable to any employer or employers required to contribute under such law.

CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE

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

(a) Has, since contributions were first required of him under such law, made contributions, and is required to continue to contribute to a pooled fund in the State whose law allows the reduction for which such credit is claimed at a rate of at least 1 per centum of his pay roll attributable to such State:
(b) If he is permitted to reduce or cease his contributions to a reserve account, (1) under a State law requiring the State agency to maintain reserve accounts for each employer or group of employers making contributions, he is allowed to do so only when the benefits payable from such reserve account have not been scaled down during the taxable year because of the inadequacy of such reserve account and only when such reserve account amounts to not less than 15 per centum of the total pay roll (attributable to such State) of such employer or group during the taxable year; or (2) under a State law permitting the State agency to maintain reserve accounts for some employers, or groups of employers, is allowed to do so only when such employers or groups have guaranteed the full payment of compensation to their employees regardless of the adequacy of their reserve accounts, and only when such reserve account amounts to not less than 15 per centum of the total pay roll (attributable to such State) of such employer or group during the taxable year;

(c) If he is permitted to contribute at a reduced rate as to contributions measured by the guaranteed wages paid in such State, is allowed to do so only if the State agency maintains a separate guaranteed employment account for him individually or as one of a group of employers, and only if he or such group has fulfilled his or its guaranty,
and only when the amount credited in such guaranteed employment account amounts to not less than 7½ per centum of so much of the total pay roll of such employer group for the taxable year as represents the wages guaranteed under such law by such employer or group;

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

TITLE VII

MATERNAL AND CHILD HEALTH

SECTION 701. (a) In order to enable the Federal Government to cooperate with the State agencies of health in extending and strengthening services for the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress, there is hereby appropriated the sum of $4,000,000 from funds in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1936, and there is hereby authorized to be appro-
appropriated for each fiscal year thereafter, the sum of $4,000,000. From these amounts so much, not to exceed 5 per centum, as the Children’s Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose, to be available until expended. The remainder shall be allocated for furthering and strengthening State and local health services to mothers and children, extending maternity nursing services in counties predominantly rural, and conducting special demonstration and research in maternal care and other aspects of maternal and child health service. For each fiscal year, allocations of the appropriations herein authorized shall be as follows:

(1) For furthering and extending maternal and child health and maternity nursing services, the Secretary of Labor shall allot $20,000 to each State and apportion $1,000,000 among the States in the proportion which the number of live births in each State bears to the total number of live births in the United States as determined annually by the latest available statistics for the United States Birth Registration Area: Provided, That no allotment made to a State under this paragraph shall exceed the sum of the amount made available by the State for the purposes of this paragraph
and the amount allotted to it under paragraph (2) of this section:

(2) The Secretary of Labor shall apportion among States unable, because of severe economic distress, to match by themselves in full the amounts made available under paragraph (1), for their use in matching such sums $800,000;

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

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

(c) In order to receive the benefits of paragraphs (1) and (2) of subsection (a) of this section, a State shall, through its State agency of health, submit to the
Children's Bureau detailed plans for effectuating the purposes of this section within such State and information concerning the amounts made available by the State for such purposes, which, unless exceptional circumstances can be shown, must at least equal the amounts available for similar purposes at the time of the passage of this Act; and if an allocation under subsection (a) paragraph (2) is requested, the conditions leading to such a request. A State plan must include reasonable provision for State administrative and supervisory services, for furthering local maternal and child-health services administered by local public-health units for State financial participation, and for cooperation with medical, nursing, and welfare groups and organizations; and must give due consideration to the development of demonstration services or services of a more permanent character in rural and other needy areas or among groups of the population in special need. When the Chief of the Children's Bureau deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section and in accordance with accepted standards of public-health practice developed by Federal Bureaus and other agencies, he shall approve the same and send due notice of such approval to the Secretary of Labor and the State agency concerned.
CARE OF CRIPPLED CHILDREN

SEC. 702. (a) In order to enable the Federal Government to cooperate with the State agencies concerned with the provision of medical care and other services for crippled children, especially in rural areas, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of $3,000,000, and for each fiscal year thereafter there is authorized to be appropriated $3,000,000. From this amount so much, not to exceed 5 per centum, as the Children’s Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose to be available until expended. The remainder shall be allotted to States for purposes of locating crippled children, and of providing facilities for diagnosis and care, hospitalization, and after care, especially for children living in rural areas. For each fiscal year the Secretary of Labor shall allot $20,000 to each State and apportion the remainder among the States on the basis of need as set forth in plans developed by the State agencies concerned and approved by the Children’s Bureau: Provided, That except in the case of severe economic distress or other exceptional circumstance, no allotment under this subsection shall
exceed the sum made available by the State for the purposes of this section.

(b) In order to receive the benefits of this section a State must, through an authorized State agency concerned with the provision of medical care and other services for crippled children, submit to the Children’s Bureau a detailed plan for effectuating the purposes of this section within such State, and information concerning the amounts made available by the State for the purposes of this section, which should at least equal the amounts made available for similar purposes during the fiscal year next preceding the passage of this Act, unless exceptional circumstances can be shown; and if an allocation in addition to the original allotment of $20,000 is requested, the conditions leading to such a request. A State plan must include reasonable provision for State administration, adequate facilities for locating and diagnosing children, adequate medical care, hospitalization and after care, and cooperation with medical, health, and welfare groups and organizations. When the Chief of the Children’s Bureau deems a State plan and the administration thereof to be in reasonable conformity with the provisions of this section, he shall approve the same and send due notice of such approval to the Secretary of Labor and the State agency concerned.
AID TO CHILD-WELFARE SERVICES

Sec. 703. (a) In order to enable the Federal Government to cooperate with the State agencies of public welfare in extending and strengthening, especially in rural areas and areas suffering from severe economic distress, welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby appropriated for the fiscal year ending June 30, 1936, from funds in the Treasury not otherwise appropriated, the sum of $1,500,000, and there is hereby authorized to be appropriated $1,500,000 for each fiscal year thereafter. From these amounts so much, not to exceed 5 per centum, as the Children’s Bureau shall find to be necessary for administering the provisions of this section and for investigations and reports related thereto, shall be deducted annually for this purpose, to be available until expended. The remainder shall be allotted to States for the purposes of assistance to local units, especially in rural areas, in the development of public child-welfare services and for improvement of standards and methods of child-caring service throughout the State. For each fiscal year, from the appropriations herein authorized, (I) The Secretary of Labor shall apportion $1,000,000 among the States, allotting $10,000 to
each State and the balance to States in the proportion
which their population bears to the total population of
the United States: Provided, That no allotment made
to a State under this paragraph shall exceed the sum of
the amount made available by the State for the purposes
of this section and the amount apportioned to it under
paragraph (2) of this subsection.

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

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

(c) In order to receive the benefits of this section a
State must, through its State department of public welfare,
or, if there be none or more than one such agency, through
a State agency designated by the legislature or provisionally
designated by the Governor if the legislature be not in ses-
sion, to cooperate with the Children’s Bureau under the pro-
visions of this section, submit to the Children’s Bureau a de-
tailed plan for effectuating the purposes of this section
within such State, and information concerning the amounts
made available by the State for such purposes, which should
at least equal the amounts made available for similar pur-
poses during the fiscal year next preceding the passage of
this Act, unless exceptional circumstances can be shown;
and, if an allocation under paragraph (2) of subsection (a)
of this section is requested, the conditions leading to such a
request. A plan must include reasonable provision for State
administration, State financial participation, furthering local
public child-welfare services, and cooperation with health
and welfare groups and organizations, and give due con-
sideration to demonstration services or services of a more
permanent character in rural or other needy areas or among
groups of the population in special need. When the Chief
of the Children’s Bureau deems a State plan and the admin-
istration thereof to be in reasonable conformity with the pro-
visions of this section he shall approve the same and send
due notice of such approval to the State agency concerned.
PARTICIPATION BY CHILDREN’S BUREAU

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

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

(c) Within sixty days after any appropriation authorized by this title has been made, and as often thereafter while such appropriation remains unexpended as changed
conditions may warrant, the Secretary of Labor shall ascer-
tain and certify to the Secretary of the Treasury and the
Treasurer of the United States the amounts to which each
State is entitled under the provisions of this title, in accord-
ance with plans submitted by the States and approved by
the Children's Bureau. Such certificate shall show that
the State has complied with all requirements of the pertinent
sections of the title. When in conformity with the provisions
of the title such certificate, until revoked as provided in sub-
section (d) hereof, shall be sufficient authority to the
Treasurer to make payment to the State in accordance
therewith.

(d) Each State agency cooperating with the Chil-
dren's Bureau under the provisions of this title shall make
such reports concerning its operations and expenditures as
shall be prescribed or requested by the Bureau. The Bureau,
after due notice in writing, setting forth the reasons therefor,
may revoke any existing certificate provided for in sub-
section (c) whenever it shall determine that any State
agency has not properly expended or supervised the ex-
penditure of moneys paid to it for the purposes and in
accordance with the provisions of this title. When so
withheld the State agency may appeal to the Secretary of
Labor who may either affirm or reverse the action of the
Bureau with such directions as he shall consider proper.
(e) The Children's Bureau shall perform the duties assigned to it by this title under the supervision of the Secretary of Labor, and he shall include in his annual report to Congress a full account of the administration of this title and expenditures of the moneys herein authorized.

(f) As used in this title, the term "State" shall include Alaska, Hawaii, Puerto Rico, and the District of Columbia.

TITLE VIII
APPROPRIATIONS FOR PUBLIC HEALTH

Section 801. There is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of $10,000,000 for the fiscal year ending June 30, 1936, and there is hereby authorized to be appropriated for each fiscal year thereafter the sum of $10,000,000, to be allocated to the Bureau of the Public Health Service to be expended as hereinafter provided.

LOCAL PUBLIC HEALTH SERVICES

Sec. 802. From the amounts appropriated under this title, the Bureau of the Public Health Service shall annually allot $8,000,000 to the several States, in amounts determined on the basis of the need of each State for such assistance, for the purpose of developing State health services including the training of personnel for State and local health work and for the purpose of assisting counties and/or other po-
subdivisions of the States in maintaining adequate public-health programs. Payment of any allotment, or installment thereof, shall be made only after the Secretary of the Treasury has made a finding of fact that there is need to make such money available in such State, and has notified the Treasurer of the United States to pay such allotment or installment, and the amount thereof. Any money appropriated for the purposes of this section but not expended during the fiscal year shall be available for payment of allotments to the States in the next fiscal year.

**BUREAU OF THE PUBLIC HEALTH SERVICE**

SEC. 803 (a) From the amounts appropriated under this title, $2,000,000 shall annually be available to the Bureau of the Public Health Service, for the further investigation of disease and problems of sanitation, and related matters. Out of the amounts made available in this section the Bureau of the Public Health Service is authorized to employ such experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, to be taken from the eligible lists of the Civil Service Commission, and to purchase such supplies, material, equipment, office fixtures, and apparatus, and to incur such travel and other expenses as it may deem necessary for carrying out the purposes of this title.
(b) The Secretary of the Treasury shall make all rules and regulations necessary to carry out the purposes of this title.

ACTION OF THE COMPTROLLER GENERAL

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

TITLE IX

SEPARABILITY

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

RESERVATION OF POWER

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

SHORT TITLE

SEC. 903. This Act may be known as "The Economic Security Act."