Benefit Rights Under Multiple Social Insurance and Public Retirement Systems

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AT THE TIME the Social Security Act was passed, thus laying the foundation for a basic national social insurance system, there were already in existence a number of special systems covering particular groups of the population for specified risks. The existence of these special systems poses a number of problems in the integration of benefit rights, problems which would become more pressing—and more easily solved—with the expansion of the present social security program into a comprehensive unified national system.

One of the older and, with respect to the groups covered, the most inclusive of the special systems antedating the Social Security Act was workmen's compensation. The first statutory provision for benefit payments in case of work-connected injury related to civil employees of the Federal Government and was passed in 1908. The first State workmen's compensation law was enacted in 1911; by the end of 1935, 46 States, the District of Columbia, Alaska, and Hawaii had some provision for replacing the old common-law liability of the employer and right of the employee to sue for damages, with scheduled benefit payments to workers injured or disabled—and the survivors of workers killed—in the course of employment. In 1943, there is still one State without a workmen's compensation law.

Today, as when the Social Security Act was passed, the groups covered by such laws, as well as the level of benefits and the extent of the protection afforded, vary greatly from State to State. In some States only so-called hazardous industries are included, in others only employers with more than a specified number of employees. In virtually all States, coverage is limited to industrial and commercial establishments, with agriculture and domestic service excluded. In 34 States the employer may elect whether or not to come under the act, although if he does not do so he loses the right to plead certain common-law defenses in case of suit by an injured employee. The type of injury compensated also varies: 1 State pays no death benefits; 20 States provide no compensation for occupational disease; and in only 10 is the occupational disease coverage at all complete.[1]

Special retirement systems for State and local employees, principally teachers, policemen, and firemen, were in existence in a few localities prior to 1900. Many of the early local retirement systems were noncontributory, and the pensions paid represented, at least in part, a deferred financial compensation for long public service at low rates of pay. Most of the early State and local retirement systems, both contributory and noncontributory, emphasized the value of retirement provisions in making possible the more rapid advancement of younger employees and in attracting to and keeping in the public service qualified personnel who might otherwise have taken higher-paying jobs in private industry. It is only in more recent years that the concept of social security has received much explicit recognition in the development and justification of such systems. Even today, only about half of all State and local employees are covered by the approximately 1,750 systems which are in operation.[2]

As in the case of workmen's compensation, the nature of the protection afforded varies greatly from system to system. Most of the local systems provide retirement benefits related to the individual's previous earnings or contributions; the statutory retirement age varies, but is ordinarily lowest for police and firemen. In most of the systems, retirement benefits are payable only after long periods of service. A person who moves to another job usually has his contributions refunded but loses all right to benefits. Some State and local retirement systems provide disability and survivor benefits, but in many cases

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[1] See the Bulletin, January 1942, pp. 6–14.

[2] See the Bulletin, March 1943, pp. 72–74.

only for service-connected disabilities or deaths or for survivors of annuitants who elect to take reduced annuities during their own lifetime.

A special retirement system for civilian employees of the Federal Government, under discussion for many years, was finally established in 1920. Financed partly by employee and partly by Government contributions, retirement benefits based on earnings and length of Federal service are payable in full upon retirement at the statutory retirement age or in reduced amounts upon earlier voluntary or involuntary retirement. Disability benefits related to length of service and earnings are payable to individuals with at least 5 years of service. Prior to 1942, employees leaving the Federal service received a refund of their contributions minus a small fixed monthly charge. Amendments to the law in 1942 permit refund of amounts contributed thereafter only when the employee has had less than 5 years of service; the contributions of persons withdrawing after 5 years are retained and help pay for a deferred annuity commencing at age 62.[3]

Slightly more than 90 percent of the Federal civilian employees are at present covered by the Civil Service Retirement Act and two related systems (the Canal Zone and the Alaska Railroad retirement systems) administered by the Civil Service Commission. There are also small separate contributory retirement systems for the officers of the Foreign Service of the State Department, for employees and officers of the Federal Reserve Banks, for civilian members of the staff of the United States Naval Academy, for employees of the Examining Division of the Bureau of the Comptroller of the Currency, and for employees of the Tennessee Valley Authority who are employed at an annual rate of pay.[4] The Tennessee Valley Authority system was set up after the passage of the Social Security Act.

In the second half of the nineteenth century, the Federal Government established a system of noncontributory retirement benefits for members of the Federal judiciary and for regular officers and enlisted men in the armed services. Subsequently, Army and Navy women nurses and officers of the Public Health Service and of the Coast and Geodetic Survey were made eligible for similar noncontributory retirement benefits.

Provisions for compensation to disabled war veterans and to their surviving dependents were made by several of the thirteen original Colonies, and the payment of pensions to veterans of the armed forces has been regarded as a public obligation of the United States since its inception. Limited at first to benefits for disabled veterans and the survivors of men who died as a result of military service, the veterans' payments have from time to time been extended to give to this special group types of social security protection not generally available before the passage of the Social Security Act or not yet generally available. Thus, since 1933, old-age pensions have been payable to all veterans of the Spanish-American and earlier wars, and disability and survivor benefits have been payable on account of non-service-connected disabilities or deaths to veterans or surviving dependents of veterans of World War I and earlier wars whose annual income is less than a specified amount.[5] Some States also pay pensions to veterans, both those of the armed forces of the United States and veterans of their militia.

With the widespread unemployment of the 1930's there came a recognition of the need of all groups of workers for social insurance protection against the major threats to loss of individual and family income in an industrial society. The Social Security Act was intended as the first step in the development of a comprehensive and generally inclusive social insurance system designed to meet that need. The omission of agricultural and domestic workers was regarded as necessary for administrative reasons until such time as the social insurance agency could gain experience in the recording of wages and the payment of benefits. The failure to cover governmental employees was in part due to questions as to the constitutionality of a pay-roll tax on State governments. In the case of Federal employees, many persons believed that the benefits of the existing civil-service retirement system made unnecessary further protection for this group. Since the original Social Security Act did not provide survivor benefits, only retirement rights were in question at that time.

While the Social Security Act was under consideration, Congress also had before it a plan for a special retirement system for railroad workers. Most of the larger railroads had established private

[3] See the Bulletin, April 1941, pp. 20-42, and February 1942, pp. 77-79.
[4] See the Bulletin, January 1942, pp. 25-31.
[5] See the Bulletin, November 1942, pp. 10-24.

pension plans for their employees. In order to stabilize the finances and extend the protection of such systems to all railroad workers, both the railway unions and the railway executives came to favor the transfer of the obligations of these pension funds to a public retirement fund. The Railroad Retirement Act, approved a few days after the Social Security Act, not only took over persons then on the rolls of these private pension funds but provided that, in the computation of benefit rights for persons retiring subsequently, railroad service prior to the passage of the act should be taken into account. This crediting of prior service was possible because of the existence of employment records maintained by the railroad industry over many years. Contribution rates for railroad workers and employers were fixed at a higher rate than under the Social Security Act, in order to make possible benefits close to those already promised under the railroad pension plans; as a result, railroad retirement benefits are at a considerably higher level than the monthly retirement benefits paid under the Social Security Act.

Limitations in the Protection Afforded by Multiple Systems

The most serious consequence of the piecemeal development of social insurance and the continued coexistence of several separate systems, each limited in scope and coverage, is the gaps in protection which result for workers who move from one type of employment to another. The individual who remains throughout his life in Federal employment or in employment with a particular local governmental unit having a retirement system, the railroad worker who retains his railroad job until retirement age, or the worker in commerce and industry all of whose employment is covered under the Social Security Act—these persons are reasonably well protected, in some cases well protected, against the loss of income upon retirement. But the man who works part of the year in the railroad track gang and part of the year takes whatever other jobs he can find, the worker who is sometimes employed in industry and at other times in agriculture, and the public official who moves from one position to another may find himself unable to qualify for retirement benefits under any system. If he does qualify under one, the size of his benefit may be very small, because of the limited period of service on which it is based.

Conversely, multiple systems create problems of duplication and overlapping of benefit rights. Some workers, because of the accident of the timing of their movement between systems, and the nature of the eligibility provisions involved, may acquire rights to substantial benefits under two or more systems. Most existing retirement systems temporarily disqualify a worker for benefits if he returns to work in employment covered by the system, but disregard any other employment which he may take. Although a person is most likely to find a job in his own occupation, it is probable that, during a period of full employment such as the present, a considerable number of persons receiving Federal civil-service or State, local, or railroad retirement benefits will work in jobs covered by the Social Security Act and build up sufficient credits to become entitled also to its old-age benefits.

If the benefits of each retirement system were strictly or even closely proportional to the amount of contributions paid by the worker or the length of his service, such duplication of benefits might be entirely justified. Not only the basic national system, however, but most of the special systems have given some recognition to the need for adequate protection and to the gaps in covered employment by weighting the size of the benefits relative to previous wages or contributions in favor of persons with low aggregate amounts of credited earnings. This result may be achieved by giving the worker credit for prior earnings on which he has not paid contributions to the system, or by relating benefits to average earnings in a recent period, with little regard to the length of time he has been in the system. Many systems also provide a fixed minimum benefit for persons with credited earnings below a specified sum, and the amount of the veterans' benefit has no relation to previous earnings. The weighting of the benefit formula is perhaps greatest, for benefits related to earnings, under the Social Security Act because of the attempt to make some provision for persons who were already close to retirement age when the system was established. However, even under the civil-service system, which has been in operation for 23 years, the employee's contributions purchased only 13 percent of the average annuity granted in 1942 while 87 percent was provided by the Government.

Duplication of benefits will thus in most cases

mean that the individual is receiving a double subsidy from public funds, while other persons with only slightly different employment experience receive no benefits or only very limited amounts. At the same time it is worth noting that, because of the movement of workers in and out of covered employment and the excessive drains on the fund which might result from a large number of payments to persons who had been in the system for very short periods, even old-age and survivors insurance—at present the most inclusive program—cannot afford to provide a minimum benefit at as high a level as would be desirable and feasible if the program covered all employed workers. Thus the inequities and inequalities in the protection afforded workers with differing job histories are increased.

In some of the European countries which have faced the problem of benefit rights under multiple social insurance systems, elaborate mechanisms have been developed for transfers of benefit credits among systems. If established on a broad enough base, such mechanisms can eliminate both loss of benefit rights due to gaps in coverage and duplication of benefit payments for the same risk. To be effective, however, they necessitate complicated and costly administrative arrangements. In this country, a substantial number of State and local teachers' retirement systems provide for transfer of credits from one teachers' system to another. In some cases the transfer privilege is limited to systems within a single State, in others it applies across State lines. Some localities permit transfer of service credits among all their systems, but more frequently between police and fire systems only. Relatively few of the general State and local retirement systems have such provisions. A mechanism has been developed in the interstate benefit-payment plan for the payment of unemployment benefits to eligible workers through the agency of a State other than the one in which the rights were earned. But, in spite of considerable study, no feasible plan for pooling of wage credits for workers employed in more than one State has been developed or placed in operation.

The problem of pooling wage credits for the long-term benefits has attracted relatively little attention, partly because the number of persons receiving duplicate benefits or failing to qualify because of divided coverage is still small, partly because the Social Security Act is conceived to have established a national social insurance system which will in time cover all employed workers.

Basic and Supplementary Insurance Protection

The completion of the basic social insurance structure on the foundation laid in the Social Security Act need not and should not lead to the disappearance of special systems. A comprehensive national social insurance system would provide a basic protection against income loss due to the unemployment, the sickness or disability, the retirement, or the death of the wage earner or self-employed person. Many individuals would wish to build on this basic protection through individual savings or private insurance. There are good reasons, also, why particular groups should obtain supplementary protection through publicly sponsored arrangements.

For reasons similar to those which have led many private employers to continue or establish private pension funds providing benefits supplementary to old-age and survivors insurance benefits, the Government as employer—whether at the Federal, State, or local level—would probably wish to maintain supplementary retirement systems for its employees. Again, the common-law liability of the employer for work-connected injuries may justify socially-provided supplementary protection for workers disabled in the course of employment. In workmen's compensation legislation, also, there has been an additional purpose—that of encouraging employers to take preventive measures against industrial accident and disease. Finally, the Nation would wish to recognize the special service of veterans to their country by the payment, to veterans disabled as a result of military service or to their survivors, of benefits supplementary to those of the basic system. In all these cases, however, since the coverage of the basic system would be complete, the benefits of the special system could safely be made supplementary in amount, as they cannot be while the coverage of the general system is limited.

Existing Provisions With Respect to Multiple Benefits

In general, the existing provisions of the Social Security Act with respect to benefit rights are con-

sistent with the assumption that it is the basic national social insurance system.

Parallel, old-age, survivor, and disability benefits.—The monthly old-age and survivors benefits under the Social Security Act are payable irrespective of any benefits which the individual may be receiving from another system. Overlapping may occur, consequently, with respect to railroad and civil-service or other governmental retirement benefits, veterans' age pensions, and for survivors with respect to workmen's compensation and veterans' benefits. There are no statistics indicating the number of persons receiving benefits under more than one system concurrently; although the number is undoubtedly small at present, it could become substantial in the future if no changes were made in existing provisions. Special studies have been made of the combined benefits received under old-age and survivors insurance and under workmen's compensation by survivors of persons killed in several recent mine disasters. In a number of cases the combined monthly benefits payable during the period while workmen's compensation was received were found to be considerably in excess of the previous earnings of the worker.

There is likewise no provision in either the Railroad Retirement Act or the Civil Service Retirement Act which would limit the annuities payable under those systems when the worker is receiving an old-age benefit under the Social Security Act. The Railroad Retirement Act, as amended in 1942, provides for the crediting of both prior and current military service during a war-service period, for the purpose of determining eligibility and benefit amounts. The employee pays no contributions for such credited war-service periods; the additional benefits are financed by special appropriations. To prevent duplication of benefit payments based on the same periods of service and both financed from public funds, it is further provided that, if an individual is receiving a veteran's benefit ("any other gratuitous benefits payable on a periodic basis under any other Act of Congress") based on the same period of military service, his railroad retirement benefit shall be reduced by the proportion by which the period of military service increased his total years of service or by the amount of the veteran's benefit, whichever would result in the smaller reduction.

On the other hand, the Civil Service Retirement Act, as amended in 1940, specifically provides for crediting of periods of military service[6] in the computation of civil-service retirement or disability benefits—with full credit if the employee pays voluntary contributions covering the period, and with the Government's share of the annuity even if he does not so contribute—even though the worker is receiving a veteran's benefit based on the same period of military service. No provision has yet been made to finance these additional civil-service rights. Under the amended, as under the earlier, civil-service retirement law, any periods of military service on the basis of which an individual is receiving retirement pay (i. e., noncontributory military retirement benefits) are to be excluded in the computation of the civil-service benefits.

All the veterans' benefits arising out of service-connected disabilities are paid irrespective of other benefits payable or of income from employment or any other source. The payments for non-service-connected disabilities, except for the old-age pensions to veterans of the Spanish-American and earlier wars, are subject to an income limitation. Although the limit is relatively high—$1,000 for a single person, $2,500 for a family—it can operate to prevent some overlapping of benefits, since social insurance payments are treated for this purpose like any other type of income.

Disability benefits are paid under the Civil Service Retirement Act to employees with 5 or more years of credited service who become totally disabled for work in their usual grade or class of position. If the disability is of work-connected origin, the employee would also be eligible for workmen's compensation under the Federal Employees' Compensation Act. In such cases, the individual is permitted to choose which of the two benefits he wishes to receive. Similar provisions are found in many of the State and local retirement systems which pay disability benefits; the worker may draw either the benefit from the retirement system or a benefit under the State workmen's compensation law but may not receive both.

Early in 1942 the Social Security Board became responsible for making temporary monthly payments to dependents, residing in the United States,

[6] For a person in furlough or leave-without-pay status from his Government job.

of civilians, primarily employees of contractors at outlying bases, who were killed, injured, or detained by enemy action occurring outside the United States. These payments were financed by an allocation from the President's Emergency Fund. Since this emergency benefit was to be paid entirely from public funds, provision was made by the Board to prevent certain types of duplication of these benefits with any regular survivor or disability benefits which might be payable. In general, the amount of any noncontributory Government benefit, such as workmen's compensation or veterans' payments, to which the individual was entitled was subtracted from the emergency benefit. Only one-half of a benefit toward which the worker had paid contributions, such as a survivor benefit under the Social Security Act, was subtracted from the emergency benefit. Thus an individual was assured of combined benefits at least equal to the emergency benefit and of a higher amount if he was entitled to a contributory benefit or to a noncontributory benefit larger than the emergency benefit. Payments under any of the special life insurance policies available to members of the armed forces were disregarded as being in the nature of private income despite the fact that these benefits are also paid in large measure from public funds. Unemployment benefits were also disregarded as were any earnings of the dependent receiving the emergency war benefit. The emergency program was enlarged in October 1942 to include certain members of civilian defense organizations injured or killed in line of official duty in this country.

In December 1942, Congress provided for payment of benefits to employees of the Government or of contractors disabled, killed, or detained by enemy action outside the United States through the U. S. Employees' Compensation Commission. The only provision with respect to duplicate benefit rights which was retained was a disqualification of persons receiving workmen's compensation.

Nonparallel old-age and survivors insurance benefits.—An individual may be concurrently eligible for more than one social insurance benefit, not only because of the existence of separate insurance systems but also because of the possibility of acquiring benefit rights under a single system on the basis of more than one wage record or employment experience. This possibility results from the provision of dependents' benefits. Thus, under the present old-age and survivors insurance system, a woman may qualify for retirement benefits on the basis of her own earnings and for supplementary (wife's) or survivor benefits on the basis of her husband's earnings. A widow may be eligible for survivor benefits on the basis of both her husband's and her child's wages. A child may be entitled to survivor benefits on the basis of both its mother's and its father's wages. The Social Security Act now provides that in all cases of dual entitlement under title II the individual shall receive the larger of the two benefits.

Under a unified social insurance system providing disability and unemployment benefits, the cases of concurrent eligibility for more than one benefit would be still more numerous. In order to assure family, as well as individual, security the social insurance system should provide benefits to a worker's surviving dependents on the basis of his earnings. There is no sound reason, however, why an individual who happens to qualify both as a dependent and a worker should receive two benefits for the same risk. The social purpose of the system is satisfied if he receives the larger of the amounts to which he is entitled.

Unemployment compensation and other benefits.—Somewhat different problems arise in the case of individuals entitled to receive both long-term and current benefits. Such instances occur most frequently at present in the case of unemployment benefits and various types of retirement, survivor, or disability benefits.

In some countries a person is automatically disqualified for unemployment insurance upon reaching retirement age. Our social insurance system, on the contrary, recognizes that there is no fixed age of retirement; many workers who have passed the minimum statutory retirement age are currently employed and accumulating credits toward future old-age benefits. If such workers become temporarily unemployed, they should be able to draw unemployment benefits to compensate for their current wage loss and not have to apply for old-age benefits until they are ready to retire more or less permanently.

A worker may also file a claim for old-age benefits because he wishes to freeze his benefit amount at a time favorable to himself and continue working. When he becomes unemployed, he

will be entitled to both old-age and unemployment benefits. Similarly, a worker who retires but returns to work may later find himself eligible for both types of benefit. In both cases, the worker should receive benefits to compensate for the wage loss, but there is no sound reason for double compensation. Since the unemployment benefit will ordinarily be the higher of the two, it will usually be to his advantage to draw this benefit so long as he is entitled to it. A unified social insurance system could provide, as is now done for old-age and survivors insurance benefits, that the worker should receive the higher of the two benefits to which he is entitled.

The same result is achieved at present, though at the expense of more complex administrative arrangements, in the 27 States which provide that a worker shall receive in unemployment benefits the difference between his computed benefit amount and any Federal old-age benefit received for the same period. The worker in such case receives his monthly old-age benefit check and one or more supplementary weekly payments from the unemployment compensation agency. Six States completely disqualify a worker for unemployment benefits if he is receiving old-age benefits. In these States the worker will in most cases receive the lesser of the two amounts to which he is entitled. The remaining States pay unemployment benefits irrespective of the receipt of old-age benefits. Railroad retirement payments are treated under the State unemployment compensation laws in the same manner as old-age benefits under the Social Security Act. In 9 States the unemployment benefit is reduced by the amount of any payment from a private group pension plan. Insofar as such payments are in the nature of private insurance, comparable to income from an annuity purchased by the individual or to other savings, this disqualification would seem to have little, if any, justification.

At the time most of the State unemployment compensation laws were passed, the Social Security Act did not provide survivor benefits. The provisions in the State laws governing the relation of unemployment and old-age benefits have not been extended to apply to survivor benefits. It has been argued by some persons that, since the survivor benefit is based on the deceased worker's wage record while the unemployment benefit is based on the individual's own wage record, the two are not duplicative in purpose. This position is hardly consistent, however, with the provision in the Social Security Act suspending payment of survivor benefits for months in which the survivor earns $15 or more in covered employment. If the survivor benefit is intended to provide a substitute for wage income, presumably the person who is eligible for another benefit also compensating for wage loss should receive the larger of the two benefits but not both. On the other hand, when, as in Great Britain, a surviving widow is paid a monthly benefit whether or not she is employed, it is not appropriate to reduce her unemployment benefits because she is receiving a survivor benefit.

Four State unemployment compensation laws disqualify a worker for unemployment benefits if he is receiving Federal or State workmen's compensation for temporary disability, and one State disqualifies a worker if he is receiving any payment for loss of wages. The unemployment benefit is reduced by the amount of any Federal or State workmen's compensation payment for temporary disability in 22 States and by the amount of any payment for loss of wages in 3 States. Most workers who are totally disabled would be automatically disqualified for unemployment benefits by failure to meet the requirement of ability to work. A partially disabled worker may, however, be able to take a job, perhaps in a different occupation from his customary one. Since his partial disability benefit represents a continuing compensation for loss of earning capacity, it would seem inconsistent and inequitable to reduce the unemployment benefit he could receive on the basis of his lowered earnings.

Multiple unemployment benefits.—Because of the existence in this country of 51 State unemployment compensation laws and a separate system of railroad unemployment insurance, a worker might draw two or more unemployment benefits at the same time, if there were no explicit provision to the contrary. All but 5 of the State laws disqualify a worker for benefits in weeks for which he receives (or in some States seeks) benefits under another unemployment compensation law. Such disqualification prevents simultaneous receipt of benefits from more than one system; if they remain unemployed long enough, some workers may still draw benefits from two systems successively for

an aggregate of more than the usual maximum number of weeks.

Emerging Patterns of Benefit Interrelationships

The social insurance program in this country is at present in a transitional stage. Starting from a number of separate systems providing limited protection for special groups, it is developing toward a comprehensive national system providing basic protection to all workers and their families with supplementary benefit rights for special groups where justified. The problems of benefit interrelationships among multiple systems—both the problems of gaps in protection and of duplicate rights—are most acute in this transitional period when the largest of the systems is still limited in scope and coverage.

If no changes are made in the present system, the number of persons who can qualify for benefits from more than one social insurance system may be expected to increase rapidly during the next few years as a result of full employment opportunities and the still relatively low number of years required to attain fully insured status for old-age and survivors insurance. At the same time, substantial numbers of workers previously in employments covered by old-age and survivors insurance are losing insured status and facing a permanent decrease in their old-age benefits because of the time now spent in the armed forces or in civilian Government employment, particularly in arsenals and shipyards. Other workers, previously employed in agriculture, are acquiring what may be a very ephemeral protection based on their present employment in covered industry.

Basic and supplementary benefits.—There is only one completely satisfactory solution to the problem of gaps in protection—that is extension to all employments of the coverage of a national system providing a minimum basic protection. Such extention would also greatly simplify the problem of assuring appropriate relationships among the benefits of multiple systems. Where there are two systems with mutually exclusive coverage, it is extremely difficult to devise benefit formulas for the two systems that will be equitable both for persons whose entire employment is covered by only one of the systems and for persons whose employment is divided between the two. On the other hand, if one of the systems covers all employment while the other is limited to a special segment of employment, it is relatively easy to make the benefits of the limited system appropriately supplement those of the basic system.

It is not possible within the limits of this article to discuss in any detail the methods which might be followed in integrating benefit rights under all the existing special systems with the benefits of a comprehensive national system. However, certain general patterns of relationship may be suggested. The simplest pattern would be that of a single insurance system, paying basic benefits to all qualified workers and augmented benefits to certain groups of workers by whom or on whose behalf special contributions had been made to the system. Thus Government employees might pay a higher contribution rate and receive a retirement benefit increased in proportion to the number of years spent in Government service; or veterans and workers disabled in the course of employment might receive monthly benefits higher by a fixed percentage than the basic monthly benefit, with the additional cost financed by special employer or Government contributions.

It is not likely that such an all-inclusive social insurance system will come into existence in this country or in any other country where the establishment of the basic system has followed that of a number of special systems. And, if supplementary benefits are to be paid to certain groups, there are certain advantages offsetting the administrative disadvantages in their payment by an agency other than the national social insurance agency. Assuming separate systems, the simplest and the most desirable arrangement would be for the basic benefits to be paid irrespective of any other benefit rights and for the special benefits to be adjusted to supplement the basic benefit. This may not, however, be feasible in every case.

Federal retirement and disability benefits.—An appropriate adjustment of supplementary retirement benefits could be effected relatively easily by relating the benefit of the special system to the individual's earnings in employment covered by that system. The benefit level of the special system should then be such as to yield amounts which if added to the basic national system benefit for a worker, all of whose employment had been covered by the special system, would give a

combined benefit equal to the desired percentage of his previous earnings and the desired fraction higher than the basic benefit. A worker who had been in Government employment throughout his working career and one who had been in such employment for only a brief time would each receive a basic benefit related to his entire earnings; the former would receive a relatively large and the latter a relatively small supplementary benefit. The former would have paid substantial, the latter very limited, contributions to the special system. Disability benefits payable under a civil-service retirement system could be similarly adjusted to supplement the disability benefits of the national social insurance system.

State and local retirement benefits.—Where the supplementary retirement system is Federal, Congress can assure the appropriate relationship of the special benefits with those of the national social insurance system. The problem is a little different where State and local retirement systems are concerned. In the design of the national system, a choice must be made between payment of the basic benefit irrespective of any other parallel benefit which the individual may be receiving—with the knowledge that in some cases the special benefits may not be appropriately adjusted—or of adjusting the basic benefit to the State or local benefit. If the latter course were followed, some distinction might be made between contributory and noncontributory benefits. Thus, the entire amount of a noncontributory benefit but only half of a benefit toward which the individual had contributed might be deducted from the basic system benefit.

Any such adjustment in the basic benefit would weaken the protection of the national system and discourage, if not prevent, the most appropriate adjustment of the benefits of any local system to those of the national system. It would seem preferable to accept some duplication. The high level of contributions (employee and governmental) that would be required to maintain full benefits under the State and local systems in addition to coverage under the national system could safely be counted on to reduce such duplication to a minimum. The wiser choice for the national system would, therefore, appear to be the payment of retirement benefits irrespective of any parallel benefits received from another system.

Veterans' benefits.—A somewhat different set of problems is involved in the integration of veterans' service-connected benefits with the disability and survivor benefits of a comprehensive national social insurance system. The justification for supplementation of the basic benefit applies, of course, only to disabilities or deaths of service-connected origin. While the veteran's benefit, like a special retirement system benefit, is based on a portion of the individual's total period of service which is also credited under the comprehensive system, the veteran's benefit is not and probably should not be similarly related to earnings during the period of military service. One way of making the veteran's benefit supplementary to the basic benefit would be to have the veteran's benefit a fixed proportion of the basic benefit for persons who qualify under the national social insurance system. Alternatively, the Veterans Administration might subtract the amount or some part (perhaps half) of the basic benefit from the veteran's benefit otherwise payable.

If some such adjustment in the present system of veterans' service-connected benefits were not adopted, it would be necessary, though less logical, to reduce the amount of the basic benefit when veterans' benefits were payable. The extent of the reduction would depend on the extent of the special recognition which it was desired to give to veterans. It would probably be most equitable to make the reduction proportional to the amount of the basic benefit rather than to the amount of the veteran's benefit, since the latter is not related to the individual's previous earning level.

Workmen's compensation.—Decision as to the relationship which should obtain between the disability and survivor benefits of the national social insurance system and workmen's compensation payments is, as in the case of State and local retirement systems, complicated by the different levels of government involved, and the marked variations in the adequacy of the protection now afforded by the different State workmen's compensation laws. The pattern followed might be the same for workmen's compensation as for State and local retirement benefits. That is, the benefits of the basic national system might be paid irrespective of any workmen's compensation received, on the assumption that the latter benefits would be modified to become supplementary in

character. Such an adjustment is not at all inconceivable. In very few States are disability benefits paid for the remainder of the worker's life or survivor benefits until the children are grown. The usual limitation on the duration of workmen's compensation payments is from 3 to 5 years. If the same aggregate amounts were paid in smaller weekly or monthly sums over longer periods of time when basic benefits were also payable, the worker would have a protection in the case of work-connected injuries that would be truly supplementary to the protection of the basic insurance system.

Opinion may differ sharply as to the probability of any such adjustment in existing State workmen's compensation legislation. The continuing liability of the employer under common law for injuries sustained by his workers makes it most unlikely that State workmen's compensation laws would disappear. However, the degree of adjustment to the benefits of the basic system would certainly differ greatly from State to State, and it is probable that there would be considerable duplication of benefits in some States and no supplementation in others. Consequently, some may consider it preferable to adjust the benefits of the national system to take account of any workmen's compensation received.

A relationship similar to that which now obtains between civil-service disability benefits and workmen's compensation payments to Federal employees could be achieved by denying the benefits of the basic system to any worker who was receiving workmen's compensation payments. A worker who for any reason chose to draw the basic system benefits could refrain from claiming workmen's compensation. So long as medical care was available under workmen's compensation but not under the national social insurance system, this might present some workers with a difficult choice. An alternative and perhaps preferable arrangement would be to reduce the basic benefit by the amount of any workmen's compensation payment received by the worker. The worker would thus be assured of receiving in all cases the full protection of the national insurance system; his combined benefits would be higher than those of the basic system in States paying higher workmen's compensation benefits. The effect of such an adjustment on total benefit rights would be the same as that which results from payment of the higher of two benefits for which the worker qualifies under the unified system.

Supplementation of current weekly benefits.—The discussion of supplementation thus far has related to long-term monthly retirement, disability, or survivor benefits. Is there any justification for concurrent supplementation of one short-term benefit by another short-term benefit for the same risk? The question would arise with respect to sickness benefits under the national social insurance system and temporary disability benefits under workmen's compensation or veterans' legislation. The force of the argument for recognition of special service through supplementary benefit rights is greatly weakened when the benefit is payable for no more than 20 or 26 weeks. In the first place, the current benefit is ordinarily larger in relation to previous earnings than the long-term benefit. If the basic current benefit (including an allowance for dependents) were already 60, 70, or 80 percent of the worker's previous earnings, there would be little or no room for a supplementary payment.

Whatever relationship is established between the monthly benefits of the basic and of the veterans' system, it might consequently be desirable to provide that the weekly sickness benefit under the national system be reduced by the amount of any veteran's temporary disability benefit received. Similarly, even though the monthly disability and survivor benefits of the basic system were paid irrespective of any workmen's compensation payments, it might be thought desirable to reduce the weekly benefit by the amount of any workmen's compensation payment. In other words, in the design of the basic system itself, provision would be made to prevent duplication of current benefits. At the same time the worker would be assured of an amount equal to the higher of the two benefits to which he was entitled.

It was suggested earlier in this discussion that if an individual qualified for two of the benefits of the unified social insurance system, whether for the same or different risks, he should always receive the higher of the two benefits, but not both. The same principle might be followed with respect to any overlapping rights to current benefits under the basic system and long-term benefits under any other system. The desired result would be

achieved by subtracting from the basic weekly benefit any other benefit payable. One exception might be desirable. Benefits received as compensation for loss of earning capacity—such as partial disability benefits and conceivably retirement benefits paid at very early ages to persons in hazardous occupations such as police or fire service—might be disregarded.

The general pattern of benefit rights under a unified and comprehensive social insurance system might thus involve the deduction from the current weekly benefits of the basic system of any other benefits currently received as compensation for wage loss (including the long-term benefits of the basic system), and the payment of the long-term benefits of the basic system without regard for any benefits received from special public retirement systems, and—according to the alternative preferred—with or without adjustment to take account of workmen's compensation and veterans' service-connected payments.

Any patterns of relationship which were developed would need to be modified in detail to fit the special circumstances and the special characteristics of the different supplementary insurance systems. There would have to be special provisions also to protect the accumulated rights of persons now on the rolls of special contributory systems or nearing retirement age. Such details can be worked out. The essential feature of the structure is the comprehensive and inclusive basic protection furnished by the national social insurance system. Without this, the pattern will continue to be one of confusion and of unequal and patchwork security. With a comprehensive national system, special protections can be built upon the firm guarantee of basic social insurance rights for everyone.

Public Assistance as a Resource in the Mobilization and Utilization of Labor*

A RECOGNIZED RESPONSIBILITY of the public assistance agency is that of giving appropriate cooperation to other governmental undertakings that directly affect the welfare of individuals. The unprecedented wartime demand for manpower—for the armed forces, for the production of war materials and essential civilian supplies, and for agricultural production—is necessitating the recruitment of every available worker not already performing essential services outside the regular labor market. By enabling persons in need of employment to obtain or to accept work, the public assistance agency can implement the War Manpower Commission's objective of full employment, and at the same time can discharge a part of its own responsibility for helping individuals meet their financial requirements.

The major function of the public assistance agency—that of providing assistance and other services to persons in need—is basic to the welfare of the people and in itself constitutes the most appropriate service that the public assistance agency can render to the Nation. In relating its activities to the objectives of the War Manpower Commission, the primary responsibility of the public assistance agency is that of defining and performing its own functions; within this framework the agency can then develop methods whereby the appropriate exercise of these functions may implement the operation of other governmental programs. It is through the provision of money payments and other services that the public assistance agency can help individuals to avail themselves of opportunities offered by other programs to the mutual advantage of both the individuals and the programs.

In an examination of methods whereby the agency can enable individuals to avail themselves of employment opportunities, it must first of all be recognized that work is neither possible nor suitable for many recipients of old-age assistance, aid to the blind, and aid to dependent children. Many aged and blind persons are too old or too severely handicapped in other ways to accept employment. Similarly, many recipients of aid to dependent children are not potential workers, since the personal care and supervision they are giving their children far outweigh the value of

*A statement prepared in the Division of Administrative Surveys, Bureau of Public Assistance. For statistics on the number of recipients of the special types of public assistance and on trends in case openings and closings, see pp. 24-31.