Public Assistance

Only by looking back to the years before the Social Security Act became law is it possible to assess the great progress made in the past decade in providing for needy aged and blind persons and dependent children.

The public assistance titles of the Social Security Act were only part of a comprehensive legislative program enacted by Congress in 1935 to supply work, insurance protection, or assistance to persons affected by various hazards. In 1935, in addition to the Social Security Act—which provided for unemployment compensation and old-age insurance as well as for assistance to special groups—Congress established the Works Progress Administration (later called the Work Projects Administration) and the National Youth Administration to supply useful work to the needy unemployed.

In the years of deep depression from 1933 to 1935, Federal grants for general assistance were made to States through the Federal Emergency Relief Administration, which was then the major provision for people who lacked means of support. These grants were discontinued in 1935, when the Federal Government undertook to provide work for the needy unemployed and to share with the States the cost of the special types of public assistance for those who were relatively unemployable. The States and localities again assumed full responsibility for financing general assistance developed last. Alaska had enacted a law in 1918, but no other State law was passed until 1925; by 1934, laws had been passed in 30 States.

Though State enabling acts for these three programs were on the statute books in the majority of States before the Social Security Act became law, some of the programs developed under these laws were of relatively little significance in meeting need. Frequently they were not State-wide in operation, and eligibility conditions were relatively restrictive. Moreover, since appropriations were often extremely small and sometimes entirely lacking, payments were far from adequate and occasionally were discontinued. A few of the early laws were even repealed or became inoperative.

The Social Security Act—building on existing foundations—afforded every State opportunity to extend and strengthen old programs or to establish new ones on a State-wide basis.

To claim matching Federal funds under the Social Security Act, States were required to prepare plans for the operation of their assistance programs under the State-Federal partnership. The act specified the conditions for approval of a State plan for old-age assistance, aid to the blind, or aid to dependent children and delegated to the Social Security Board responsibility for determining whether the plans met these requirements. The first Federal grants were made in February 1936. Organization and development of these programs have proceeded actively during the decade since the Social Security Act became law. Since the initial plans went into operation at different times in different States, States have made many changes to adapt and improve the framework under which they administer assistance.

In June 1945, State-Federal programs of old-age assistance were in operation in all 51 States. All States were operating programs of aid to dependent children under the Social Security Act, except Alaska and Nevada, which had small programs financed without the help of the Federal Government; at the end of July, however, the Board approved Alaska's plan for aid to dependent children under the Social Security Act. All States except Alaska, Delaware, Missouri, Nevada, and Pennsylvania were administering State-Federal programs of aid to the blind in June. Delaware, however, had enacted legislation to authorize the development of a State-Federal program of aid to the blind, and Missouri, Nevada, and Pennsylvania administer aid to the blind without Federal funds.

The extent to which public assistance is available may be measured not only by the increase in the number of State programs but also by the increase in the number of counties that have programs. The Social Security Act requires that public assistance must be available in all local subdivisions if a State is to get Federal funds. Payments of both old-age assistance and aid to dependent children are now available in every county in the United States, and aid to the blind is being administered in all but the three counties in Delaware. In contrast, at the end of 1934, old-age assistance and aid to the blind were available in less than one-third of the counties in the United States, and aid to dependent children in about half of them.

One of the most notable gains under the Social Security Act has been the extension of public assistance to rural areas. Before 1935 the special types of public assistance were provided more commonly in the urban centers. Now these programs are reaching as large a proportion of the population in the rural counties as in the more urban counties. This development is in sharp contrast to general assistance, which is more readily available to needy persons in cities.
Aiding More Needy People

The influence of the Social Security Act is also evident in the growth in the number of persons who are receiving aid. In June 1945 the number of recipients of old-age assistance was seven times as large as in June 1935. The number of persons on the rolls in 1934 from 1 to 5 years of residence in the State, and more than two-thirds also required a specified period of county residence. Now a State plan may not impose a State residence requirement of more than a year, and a requirement of county residence is prohibited. Three States have no residence requirement.

Half the States with programs of old-age assistance in 1935 required that a needy individual, to be eligible for assistance, must have attained the age of 70. Though the Social Security Act authorized Federal participation in payments to needy individuals at age 65, it permitted States to require, until 1940, a minimum age of 70 years. Most of the States, however, did not wait until 1940 to aid persons aged 65-69 years. Colorado goes beyond the Federal matching limit and grants State aid in certain circumstances to persons 60-64 years of age.

Before 1935, most States limited mothers' aid to children under age 16, and in some States the limits were even lower. The Social Security Act originally made Federal matching available in payments for children up to age 16. The 1939 amendments, however, extended matching to children aged 16 and 17 if they were attending school. Now more than three-fourths of the States are aiding children up to age 18, some without requiring school attendance for children 16 and 17 years of age. Only 1 State has a maximum age limit of less than 18 years.

The mothers'-aid programs antedating the act placed primary emphasis on the care of children of widowed mothers, although in many States children whose fathers were incapacitated or were imprisoned, divorced, or separated from their families for other reasons also were eligible. The Social Security Act authorizes Federal matching in assistance to children deprived of parental support or care by the death, incapacity, or continued absence of either parent if the children are living with a parent or with other close relatives. Today all States aid children if one or both parents are absent or incapacitated as well as those whose fathers or mothers are dead. Only two-fifths of the children on the rolls in 1942 were full or half orphans. Over the past 10 years the States have progressively broadened their definitions of continued absence from home and incapacity and thus have been able to aid many more children in homes broken by causes other than death and in families in which a parent is disabled.

Among the most far-reaching changes in conditions of eligibility during the decade are those in the definition of need, which is the basic eligibility provision required by the Social Security Act for all three types of public assistance. The act places upon the States responsibility for defining need. Over the years, progressive liberalizations have been made in the content of living recognized as necessary for recipients of assistance. Fuller recognition has been given both to the range and to the quality and quantity of goods and services that make up this content, and allowance has been made also for changing price levels. Policies regarding the treatment of resources likewise have become more realistic and more liberal. The amount of real and personal property that a person may own and still be considered needy has increased.

More States than formerly protect real property occupied as a home from recoveries during the lifetime of the recipient and often also that of his spouse. In determining the amount of the assistance payment, States are expected to consider all appreciable income actually available to the individual. In some States, income from relatives has been assumed to be available when in fact it was not. At present, more States count as income only the contributions actually received from relatives. Moreover, States have less rigid attitudes toward the responsibility of relatives to contribute to the support of needy persons.

The trend in the past 10 years has been in the direction of minimizing eligibility conditions other than need. Legislatures and administrative agencies have realized increasingly that limits on eligibility are frequently drawn arbitrarily and result in excluding needy persons whose wants are no less acute than those of persons who meet the established conditions of eligibility. Moreover, there
has been much concern—particularly in the war years—over the amount of staff effort required to establish each point of eligibility. This has led to a strong belief among many persons that such effort might better be directed toward providing other necessary welfare services.

**Raising Levels of Assistance**

Under the stimulus of Federal grants for public assistance, marked progress has been made in making payments more nearly commensurate with need. Through June 1945 such grants had aggregated $2.8 billion—$2.3 billion for old-age assistance, $429 million for aid to dependent children, and $66 million for aid to the blind. Still greater amounts had been provided by the States since, in addition to the funds matched by the Federal Government, many have provided additional amounts in individual payments or other forms of assistance for which Federal matching is not authorized. The record of progress in meeting need widely and more nearly adequately among these groups of the population is due not only to the establishment of the Federal grants but also to increased support of these programs on the part of the States and their localities.

The rise in total expenditures reflects expanded coverage as well as higher assistance standards. In June 1945 the monthly expenditure for old-age assistance payments was more than 10 times that in June 1935; expenditures for both aid to dependent children and aid to the blind had almost trebled. The average old-age assistance payment was $16 in June 1935 and $29 a decade later. Average payments for aid to dependent children rose from $32 to $47 a month for a family, which on the average included 2.5 children. For aid to the blind the rise in the average payment was from $20 to $30. Most of the increase in average payments has occurred during the war years, when the cost of living also has been moving upward. Maximum limits on individual payments, however, have prevented many States from increasing all payments by amounts commensurate with the rise in living costs.

The Social Security Act leaves to each State responsibility for determining how much assistance it will give to needy people. In establishing their standards for assistance, however, the States have been strongly influenced by the provisions in the Federal act which define the limits of Federal participation in individual monthly payments. Originally the Social Security Act authorized the Federal Government to pay half the amount of a monthly assistance payment to an aged or blind individual up to as much as $30 a month. For aid to dependent children, the Federal share was one-third of the payment up to a maximum of $18 a month for one child in a family and an additional $12 for each eligible child beyond the first. In 1939, the Federal matching maximums for old-age assistance and aid to the blind were raised from $30 to $40; the matching maximums for aid to dependent children remain unchanged, though the Federal share was increased from one-third to half.

Although the maximums in the Federal act were intended merely to limit the amount the Federal Government would share, most States, in their initial plans, adopted them as the maximum amounts recipients could receive. Experience has shown, however, that needy aged and blind persons often need more than the amount which the Federal Government shares on a 50-50 basis. Families with dependent children almost always require more than can be provided under $18/12 limits. One of the most heartening developments of the past 10 years has been the progressive liberalizations of State maximums on payments. By July 1, 1945, 25 States had no maximums in aid to dependent children, and 8 States set maximums above the $18/12 limits. In 26 States more than $40 a month could be paid in old-age assistance, and in 21 States aid to the blind could exceed $40. Some of these States paid more than $40 only when the individual needed medical care. In addition, some States provide medical care through special medical programs or from general assistance funds.

Substantial—though insufficient—progress has been made in the past 10 years in improving practices for determining the amounts of payments. Standards for determining what the needy individual requires and policies for evaluating his resources have become more objective. Though headway has been made in this important aspect of operation, legislators and administrators generally recognize that simpler and more objective procedures for determining an individual's need and the amount of his payment must be developed in the years ahead.

**Improving Administration**

Progress since 1935 has been made not only in establishing public assistance on a National scale and in liberalizing eligibility conditions and standards and levels of assistance, but also in raising the quality of administration and service. The Federal Government shares costs of administration as well as assistance payments.

Potent in improving administration are the provisions in State public welfare laws that lodge with State departments of public welfare the power to make rules and regulations binding on the localities and the provision in the Social Security Act for the development of the State plan. The act requires that a single State agency shall be established to administer or to supervise the administration of the plan and that such methods of administration shall be adopted as will assure its "proper and efficient" operation. An amendment in 1939 added the further requirement that after January 1, 1940, the States should establish and maintain personnel standards on a merit basis.

As a part of their plans of operation, States have developed materials on organization, policies, and procedures and have compiled manuals of instructions for their local agencies. State agencies have recognized increasingly that policy making plays a vital, continuing role in program development and administrative operation. They have become acutely aware that responsible, accountable administration is possible only if these policies are incorporated in manuals available to local staff so that practice may be in conformity with State policy. The level of performance of personnel has been raised not only by the merit provisions but by constructive programs of staff development and by opportunities for staff to take leave to obtain further education that will equip them to do a better job.

A further improvement in the administration of assistance, which has greatly benefited the individual receiving assistance, stems from the pro-
vision in the Federal act which specifies that assistance shall be in the form of money payments. Two requirements for approval of the State plan—those relating to the provision of fair hearings for applicants and recipients who are dissatisfied with the agency’s action in the case and to the confidentiality of records—have also contributed to the self-respect and dignity of the needy individual and improved his status in the community.

The Social Security Board has interpreted the money-payment provision to mean that no restrictions may be placed by the agency on the individual’s use of his assistance payment. The unrestricted money payment is an affirmation that the recipient of assistance has the same personal rights and responsibilities as other members of the community to determine what use of his money will best serve his and his family’s needs. It is recognition also that the needy individual has capacity for handling his own affairs. Though cash payments were common under the public assistance programs antedating the Social Security Act, such payments often were made with the stipulation that the money be used for particular purposes. The unrestricted money payment epitomizes modern concepts of assistance as a right and stands in sharp contrast to the practice still prevailing in some communities in which the county or town publishes the names of persons getting general assistance and indicates how much they have received, a humiliating custom which under-mines self-respect. Recognition of the inherent right of the needy individual to privacy in his relationship to the public assistance agency represents an important advance in social policy.

The past decade has seen growing emphasis on the concept of assistance as a right. In administration, practice has shifted from “investigation” of the needy individual to the more positive role of helping him assemble and present the facts regarding his need. Good practice dictates that the individual shall be a responsible participant in establishing his right to help and the amount to which he is entitled.

Under the State-Federal partnership the status of public assistance as a function of government has been greatly enhanced. The assurance of Federal funds has given greater stability to appropriations by State and local governments, although in many States they are still far from adequate. Offices of State and local public assistance agencies are emerging from the dark basements of government buildings and now are as adequate as those of other departments of government. Representatives of public assistance agencies have taken their place on planning commissions beside representatives of departments of health, education, and public works. Increasingly, other organizations have turned to public assistance agencies for service.

During the war public assistance agencies have been performing special services, such as dependency investigations and medical surveys for Selective Service Boards and administration, on behalf of the Federal Government, of civilian war assistance and assistance and services to enemy aliens and others affected by restrictive governmental action. Until 1943 assistance agencies also provided a large amount of service to the Work Projects Administration in making investigations for referrals to that agency and were responsible for certifying individuals to participate in the food stamp plan of the Department of Agriculture.

Numerous other welfare programs cluster about the special types of public assistance. Though, in the more populous counties, public welfare agencies have had a long tradition of community service and have been supplemented by private social services, in the rural areas—where nearly half the Nation’s population resides—the public assistance agency often is the only welfare agency. Thus the emergence of the public assistance agency as the nucleus of a broader public welfare program is a development of particular significance in rural areas.

Next Steps

Though the gains of the last decade in meeting the needs of old people, blind persons, and dependent children are impressive, progress has been uneven. To some extent lack of progress may be attributed to legislative and administrative restrictions in State programs. The financing arrangements under which the programs operate have been a major impediment, especially in the low-income States.

The amount of the Federal grant to a State is fixed by the amount provided by the State, or the State and its localities. States with relatively small resources—ordinarily the States where need is greatest—cannot carry half the cost of an adequate assistance program. A similar situation arises when each locality within a State must contribute a fixed and uniform percentage of the amount of assistance it administers. As a result, the amount a needy person receives often depends on where he happens to live and not on what he needs. If standards of assistance are to be equitable and more nearly adequate...
in all States, special Federal aid for public assistance should be provided on an objective basis to States with low economic and fiscal capacity. Similarly, Federal and State funds should be apportioned among localities within States in relation to their needs and, where the localities participate in financing, also in relation to their fiscal ability.

The present structure of public aid suffers from two other major weaknesses—lack of Federal participation in general assistance and practical limitations on the use of Federal funds to provide medical care.

General assistance varies far more widely among and within States than the special types of public assistance and is wholly lacking in areas in several States. Needy individuals who are ineligible for the special types of public assistance or for social insurance benefits, or whose assistance or insurance payments fall short of meeting their needs, may receive general assistance in some States and localities but not in others. Federal participation in general assistance would contribute to the development of a flexible and comprehensive program of general assistance, an indispensable element in the social security program.

Federal matching of medical expenses of recipients of the special types of public assistance, under the present provisions of the Social Security Act, may be obtained only if such costs are included in the amount of the assistance payment. Such use of Federal funds in providing medical care is greatly limited by the nature of medical needs—which are usually irregular, unpredictable, and extremely costly—by inadequacy of funds for public assistance and limitations on the amounts of assistance payments, and by observance of the principle of unrestricted money payments. The Social Security Board has recommended that use of Federal funds be authorized to share costs of medical care given to persons on the assistance rolls under agreements between the State assistance agency and hospitals, medical practitioners, and health agencies.

In the future, much of the need now met through public assistance will be obviated by the development of social insurance. At least during the next decade, however, and perhaps for the next generation, public assistance will continue to be a major segment of the social security program in the United States. Just as the first 10 years of public assistance under the Social Security Act have been characterized by dynamic and progressive change, so it may be hoped that in the future legislators and administrators will take the action required to improve and adapt the public assistance programs to meet existing need effectively.

Developments in Other Countries

The decade that has passed since the Social Security Act was adopted in the United States saw a rapid expansion of social security measures throughout the world. When the act was under consideration by Congress in the spring of 1935, Great Britain and almost every country of Europe had one or more social insurance programs providing protection against the risks of old age, death, invalidity, sickness, or—less frequently—unemployment. Outside the European area, the most comprehensive nation-wide social insurance system was that established by Chile in 1924, with effective health and invalidity insurance for all manual workers—including agricultural and domestic workers—and retirement funds covering all white-collar groups. Uruguay had extended old-age, invalidity, and survivors' insurance to industry and commerce. Japan had compulsory health insurance for a substantial number of persons employed in large establishments. A number of non-European countries, particularly the British nations, had noncontributory old-age and invalid pensions, while work or relief programs were widely used as emergency measures for the unemployed. In general, however, except in Europe, the need for permanent and broad social insurance programs had not yet been extensively recognized in legislation.

In the 10 years since 1935, important social security laws have been adopted in almost every country in the Western Hemisphere, in New Zealand and Australia, and also in Europe. The most important of these are summarized below.

European Developments

In Europe as in Great Britain the world saw in 1935 the example of well-established social insurance systems emerging successfully from an economic depression whose effects they had helped to mitigate. In spite of war and the threat of war which overshadowed most of the decade, there was some expansion in the years following 1935. Norway introduced national old-age pensions by law of 1936 and adopted a national unemployment insurance act in 1938. The Constitution of the U.S.S.R., adopted in 1936, affirmed the right of the citizen to social security, and Russia has substantially enlarged its social security coverage and expenditure since that time. In July 1944, striking increases were made in Russia's former family allowance law of 1936, and benefits became payable on behalf of the third and succeeding children. Finland enacted legislation in 1937 for compulsory old-age and invalidity insurance to cover all residents of the country. Rumania in 1938 increased social insurance coverage, extended medical benefits, and introduced retirement and survivors' insurance. In Hungary, following legislation of 1938 and 1939, old-age insurance for agricultural workers went into operation in 1940. Changes in the Italian system in 1939 increased contributions and coverage, added survivors' insurance, raised unemployment insurance benefits, and expanded maternity insurance. Spain adopted compulsory health insurance in 1942.

When war came, social insurance was continued but was no longer a primary concern of the European governments. Moreover, many of the social security changes became symptomatic of pathological social conditions. Such were the racial and party provisions in Germany and the German-controlled countries. Germany also set up a "New International Labor Office," which had its own "New International Labor Review." Social insurance did not disappear among the European belligerents.

1 See also Erna Magnus, "Social Insurance in Nazi-Controlled Countries," Political Science Quarterly, Vol. 7, No. 9 (September 1944), pp. 385-419.