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84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 1189

SOCIAL SECURITY AMENDMENTS OF 1955

JULY 14, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOPER, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 7225]

The Committee on Ways and Means, to whom was referred the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 6, lines 9 and 10, strike out "subsection (i) of such section" and insert "section 202 (i) of such Act".

Page 6, strike out line 22 and all that follows through line 6 on page 7, and insert:

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a woman who attained age sixty-two prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty-two in 1956 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

Page 19, line 18, strike out "(if)" and insert "if".

I. PURPOSE

The old-age and survivors insurance system is the basic program which provides protection for America's families against the loss of earned income upon the retirement or death of the family provider. The program provides benefits related to earned income and such benefits are paid for by the contributions made with respect to persons working in covered occupations.

In urging the enactment of H. R. 7225 your committee is recommending additional improvements in the old-age and survivors insurance system to provide: (1) monthly benefits for disabled insured individuals who have attained age 50; (2) a reduction in the benefit eligibility age for women to 62 years; (3) continued monthly benefits for disabled children after they attain age 18; (4) expanded old-age and survivors' insurance coverage; and (5) an adjustment in the contribution schedule. As in the past, we have recommended increases in the contribution rates fully adequate to meet the cost of the additional protection provided.

II. GENERAL STATEMENT

A. PRINCIPAL FEATURES OF H. R. 7225

H. R. 7225, as reported by your committee, would strengthen the old-age and survivors insurance program by providing:

(1) *Disability benefits.*—Payment of monthly benefits at or after age 50 to workers who are totally and permanently disabled and who meet strict tests as to duration and recentness of old-age and survivors insurance coverage. It is estimated that in the first year disability insurance benefits would be payable to about 250,000 workers, amounting to $200 million in benefits, and that in 25 years 1 million workers would be receiving disability benefits amounting to about $850 million in benefits a year. The procedures for determining and for defining disability would be those now contained in present law with respect to the preservation of insurance rights of individuals with extended total disability.

(2) *Lowering of retirement age for women.*—Payment of monthly benefits at age 62 for women who are insured workers, wives of insured workers, and widows and dependent mothers of deceased insured workers. It is estimated that in the first year benefits would be paid to almost 800,000 additional women, amounting to about $400 million in benefits, and that in about 25 years 1,800,000 additional women would be receiving benefits amounting to about $1.3 billion.

(3) *Children's disability benefits.*—Continuation of monthly benefits to children who become totally and permanently disabled before age 18. It is estimated that eventually 5,000 children and their mothers would be receiving benefits totaling $2 to $3 million per year.

(4) *Expanded old-age and survivors insurance coverage.*—Extension of coverage to the self-employed professional groups now excluded (except physicians), to certain farm owners who receive income under share-farming agreements, to turpentine and gum naval stores employees, and to certain employees of the Tennessee Valley Authority and of the Federal Home Loan Banks. It is expected that this

extension of coverage will provide old-age and survivors insurance protection to an estimated additional 250,000 individuals and their families.

(5) *Adjustment of contribution schedule.*—Increases in the present schedule of contributions of one-half percent each on employers and employees and three-fourths percent on the self-employed, effective simultaneously with the improvement in the benefit provisions on January 1, 1956. The amendments recommended by your committee, including the revised contribution schedule, will place the system in a stronger actuarial position than it is under present law.

Your committee believes that these changes are of such fundamental importance to the welfare of our citizens that they require immediate attention.

B. DISABILITY INSURANCE BENEFITS

Summary of provision.—Present law provides for preserving the insurance rights of disabled workers and their families to benefits payable at the time the worker attains age 65 or dies, but it does not provide any benefits for the disabled worker prior to such time. Your committee's bill provides for the payment of monthly benefits at or after age 50 to workers who are permanently and totally disabled. To be eligible for such benefits, a worker must have had 6 quarters of coverage in the 13-quarter period ending with the quarter of his disablement and 20 quarters of coverage in the 40-quarter period ending with the quarter of his disablement. In addition, the worker must be fully insured. Benefits would not be payable to dependents of workers who become disabled. Benefits would be payable only after a 6 months' waiting period. Benefits would be reduced by the amount of any other Federal disability benefit or State workmen's compensation benefit. Benefits would be suspended in the case of refusal, without good cause, to accept vocational rehabilitation. The disability insurance provision would be effective January 1, 1956.

Need for disability benefits.—The old-age and survivors insurance system now pays benefits to retired people who are age 65 or over. These benefits are designed primarily to protect workers against the loss of earning power due to age.

Your committee believes that retirement protection for the 70 million workers under old-age and survivors insurance is incomplete because it does not now provide a lower retirement age for those who are demonstrably retired by reason of a permanent and total disability. We recommend the closing of this serious gap in the old-age and survivors insurance system by providing for the payment of retirement benefits at age 50 to those regular workers who are forced into premature retirement because of disability.

The provision of social insurance protection against the risk of permanent and total disability has been considered for many years. After considerable study of the subject, the Advisory Council to the Senate Committee on Finance recommended such a program in 1948. After extensive hearings and careful consideration in executive sessions, your committee in 1949 recommended the passage of a permanent and total disability insurance program, and the House of Representatives passed the bill, H. R. 6000, providing for such protection. The Senate-approved version of the bill did not provide for this protection and, although a Federal-State program of disability

assistance for the needy was established in the bill as finally passed in 1950, no provision was made for disability insurance benefits.

We have now had 4½ years of experience with the special category of aid to the permanently and totally disabled and longer experience with other measures for meeting the income maintenance needs of disabled people through the means-test assistance programs, supported by general revenues. Forty States and three Territories have established programs under the special category of aid to the permanently and totally disabled.

In fiscal year 1955 the Federal Government and the States spent about $145 million on this category of assistance. Approximately $70 million has been spent on aid to the needy blind and an estimated $145 million on aid to dependent children who are in need because of the disability of the father. Furthermore, much of the $225 million approximate cost to the States and local governments of general assistance (which excludes vendor payments for medical care) also arises because of disability. It is true that a part of this $585 million in total assistance costs results from the needs of people with congenital disabilities and of women who have never worked, and that perhaps half of the assistance costs arising from disabilities may be attributable to disability among persons who are not yet 50 years of age. Nevertheless, the program we recommend will, over the years, make the burden on public assistance and, therefore on general revenues, very substantially less than it would be in the absence of such a program.

The adoption, in 1950, of the assistance program to provide for the income maintenance needs of the disabled clearly expressed the intention of the Congress that the disabled should not be allowed to go without the necessities of life. It also indicated the judgment of the Congress that it was administratively feasible to determine who is disabled. Therefore, the question before your committee was one of method of providing for the disabled. Your committee concluded that the disabled should be provided for by contributory social insurance rather than to continue to be solely provided for through needs-test assistance financed out of general revenues. These disability insurance benefits would afford additional protection to the 70 million workers now protected by the social security system and would relieve the general taxpayers to a considerable extent from the burden of providing funds for such benefits.

Your committee has consistently been of the belief that the foundation of the social security system should be the method of contributory social insurance with benefits related to prior earnings and awarded without a needs test. As stated in the committee's report on the Social Security Act Amendments of 1949:

> * * * the contributory system of old-age and survivors insurance, with benefits related to earnings and paid as a matter of right, should continue to be the basic method for preventing dependency. Insurance against wage loss due to permanent and total disability will round out the protection of the insurance system. The assistance program, with payments related to need, should continue to serve the function of filling the gaps left by the social insurance program * * *

Your committee believes that the covered worker forced into retirement after age 50 and prior to age 65 should not be required to become virtually destitute before he is eligible for benefits as he must under the assistance program. Certainly there is as great a need to protect the resources, the self-reliance, the dignity and the self-respect of

disabled workers as of any other group. As the Advisory Council to the Senate Committee on Finance pointed out:

> The protection of the material and spiritual resources of the disabled worker is an important part of preserving his will to work and plays a positive role in his rehabilitation.

We believe that everything possible should be done to support and strengthen vocational rehabilitation. Rehabilitation, where it is possible, is the most economical method of providing for disabled persons and is the most satisfactory for the individual.

Under your committee's bill the determination of disability will be made by the State agencies which make the determinations under the disability "freeze" provisions enacted last year. The Department of Health, Education, and Welfare now has agreements with 36 States, the District of Columbia, and Puerto Rico to make such determinations. In all but 5 of these 38 jurisdictions, there are agreements with State vocational rehabilitation agencies. Eleven additional States and two Territories have designated vocational rehabilitation agencies to enter into agreements for this purpose and it is expected that these agreements will be completed in the near future. In the few States where the State agency designated is the public welfare agency rather than the rehabilitation agency, working relationships have been developed for the proper referral of individuals for rehabilitation purposes.

In order to avoid setting up barriers to vocational rehabilitation the bill specifically provides that a person who performs work while under a State rehabilitation program will not, solely by reason of this work, lose his benefits during the first 12 months while he is testing out a new earning capacity. On the other hand, the legislation also contains as a special safeguard a provision that stops the benefits of anyone who, without good cause, refuses rehabilitation available to him.

Important as rehabilitation is, it cannot be a substitute for disability benefits. Many disabled persons cannot be vocationally rehabilitated and even those who can will need benefits during rehabilitation. The major proportion of the disabled people who can be successfully rehabilitated are those who are only partially disabled or who are under age 50.

Your committee has designed a conservative program of disability-insurance benefits. Under the bill eligibility for these benefits will be limited to persons who, through a record of work over a considerable period of time, have demonstrated a capacity and a will to work and who at the time of their disablement have had recent work. Moreover, the definition of the term "disability" requires inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. Thus, an individual who is able to engage in any substantial gainful activity will not be entitled to disability-insurance benefits even though he is in fact severely disabled. Also, a waiting period of 6 consecutive months of disability is required. The requirement that the disability can be expected to result in death or to be of long-continued and indefinite duration is more exacting than the disability provisions of commercial insurance policies now being issued, which permit a total disability that has persisted for 6 months to be com-

pensated on the presumption that it is "permanent" until shown to be otherwise. The 6-month waiting period is long enough to permit most temporary conditions to be corrected or to show definite signs of probable recovery. The fact that the worker will frequently be without income during that period would make it unprofitable for a person who could work not to do so.

Under your committee's bill if another Federal disability benefit or a State workmen's compensation benefit is also payable to the disabled individual, the disability-insurance benefit would be suspended if it is smaller than the other disability benefit; or, if larger, it would be reduced by the amount of the other benefit.

Basically the present framework for carrying out the disability "freeze" provision established by the 1954 amendments would be used for the payment of monthly disability benefits. As under the disability "freeze" provision the use of State agencies in making disability determinations will mean the utilization of well-established relationships with the medical profession. The near-universality of the coverage of old-age and survivors insurance program means that through its earnings reports and records the Bureau of Old-Age and Survivors Insurance will have an automatic check on earnings of the disabled.

Although present law provides for the preservation of the insurance rights of disabled workers, so as to insure that when they attain age 65 they will get full retirement benefits, many will not survive to age 65. The time they need their retirement protection is when they are in fact permanently retired whether it results from age or disability.

Covered workers have no protection under old-age and survivors insurance against income loss by reason of disability and for most such workers there is no protection under any other program, public or private. Employees disabled on the job may benefit from State workmen's compensation laws—but only about 5 percent of all permanent and total disability cases are work connected. The coverage provided by private insurance is very limited in this area. For the average worker, such insurance protection against income loss due to disability is not, as a practical matter, available.

Your committee believes that protection under the old-age and survivors insurance program should be provided in this area.

C. PAYMENT OF MONTHLY BENEFITS TO WOMEN AT AGE 62

Summary of provision.—The qualifying age for receipt of monthly insurance benefits under present law is 65 for all aged beneficiaries. Your committee's bill would lower the qualifying age to 62 for all women beneficiaries. Altogether about 1,200,000 women would derive immediate protection from this provision of the bill. Of the 1,200,000 about 800,000 could draw monthly benefits beginning in January 1956. The remaining 400,000, who are working or the wives of workingmen, could receive benefits when they or their husbands retire. The reduction in the qualifying age for widows means the addition of about $15 billion in face value of the survivor protection of insured workers under the program.

Need for provision.—Your committee has given careful attention to the special problems resulting from the requirement that women must be 65 before qualifying for old-age and survivors insurance benefits. In the hearings before the committee on the Social Security Amend-

ments of 1950 the great majority of witnesses testifying on the retirement age for women favored lowering the age at which they could qualify for benefits. Although the eligibility age for women was not actively considered at the time of the 1954 amendments, representatives of many different groups again recommended that the qualifying age for women be lowered. In recommending a reduction in eligibility age for women your committee took cognizance of the personal hardship encountered by older women who have to wait until age 65 to receive monthly benefits under the old-age and survivors insurance program.

Your committee is concerned about the situation of elderly couples after the husband retires. The principle underlying wife's benefits under old-age and survivors insurance is that a married couple should not have to get along on the same amount that is sufficient for a single person. Wives are generally a few years younger than their husbands. Thus, when the husband has to retire many couples have only the husband's benefit until the wife also reaches age 65. With the age of eligibility for wife's benefits reduced to 62, about 400,000 wives would become immediately eligible for monthly benefits. Of this number 275,000 could draw benefits beginning January 1956, the effective date of the provision.

Your committee also is keenly aware of the plight of women widowed when they are not many years below age 65. Many of these widows have never worked or have not had recent work experience. As a result, when the death of the family earner makes a search for employment necessary many widows find it impossible to secure jobs. Some 175,000 widows and dependent mothers of insured workers would become immediately eligible for benefits with the age reduced to 62; virtually all of them could draw benefits beginning in January 1956. With the present qualifying age of 65, insured workers now have the equivalent of some $70 billion in face value of survivors insurance protection under the old-age and survivors insurance program for their wives in the event of the worker's death. As mentioned above, reduction in the qualifying age for widows from 65 to 62 means the immediate addition of about $15 billion in survivor protection under the program for these insured workers.

Your committee believes that the age of eligibility should be reduced to 62 for women workers, also. A recent study by the United States Employment Service in the Department of Labor showed that age limits are applied more frequently to job openings for women than for men and that the age limits applied are lower. Under your committee's bill some 650,000 women workers now between 62 and 65 years of age would be immediately eligible for benefits; about half of them could draw benefits beginning in January 1956.

As indicated, about 1,200,000 women would be made eligible for benefits by this provision beginning with January 1956. About 800,000 women could draw monthly benefits beginning with that month. The remaining 400,000 women, while not drawing benefits immediately because they are working or are the wives of workingmen, nevertheless would derive immediate protection from the amendments since they could draw benefits if they or their husbands retire from substantial work.

D. CONTINUATION OF MONTHLY BENEFITS TO DISABLED CHILDREN AGE 18 AND OVER

Summary of provision.—Under present law child's benefits under old-age and survivors insurance cease when the child attains age 18. Your committee's bill would provide for continuing the payment of benefits after age 18 to a child who becomes permanently and totally disabled before reaching age 18. The mother of such a child would also be eligible for benefits so long as she continued to have such child in her care. About 1,000 disabled children would become immediately eligible for benefits under this provision and each year in the future some 500 disabled children currently attaining age 18 would be continued on the rolls.

Need for provision.—Your committee has been much concerned about the problems faced by beneficiary families in which there are disabled children and the tragedy that befalls them where a child is permanently mentally or physically disabled. Where a child is permanently and totally disabled, he is as dependent on his family after age 18 as he was before.

Your committee's bill would provide for the continuation of monthly benefit payments under the old-age and survivors insurance program to a child who reaches 18 years of age after 1953 if he was receiving benefits before he became age 18 (or if he attained age 18 before 1956, and would have been eligible to receive child's benefits if he had applied for them) and has a disability which began before that age. To be eligible for benefits, such a disabled child must be unable to engage in any substantial gainful activity.

Under your committee's bill monthly benefits would be payable also to the mother of a disabled child after he reaches age 18 as long as he is in her care. This provision recognizes that the mother may be unable to go to work to support her family when she has this responsibility. It is not the committee's intention that mother's benefits would be paid when the disabled child is being cared for on a continuing basis elsewhere, as when he has been placed in an institution.

Your committee is aware of the importance of rehabilitation efforts on behalf of disabled persons. Many disabled children over age 18 are so severely handicapped that rehabilitation is not feasible; where it is feasible, however, a rehabilitation plan should be worked out for them. Accordingly, your committee's bill states that it is the policy of the Congress that disabled children be promptly referred to State vocational rehabilitation agencies so that as many children as possible may be prepared for gainful work. The disabled child's benefits and the mother's benefits will be suspended for refusal, without good cause, to accept rehabilitation services.

As in the case of disability-insurance benefits, benefits to a disabled child over 18 and to his mother (if she is receiving benefits solely because she is caring for him) will be offset against other benefits payable in whole or in part on account of such child's disability.

E. EXTENSION OF OLD-AGE AND SURVIVORS INSURANCE COVERAGE

The old-age and survivors insurance program now covers about 9 out of 10 of the Nation's jobs. The bill would bring under the program some of the few groups which the present law still excludes. It would extend coverage to some 200,000 self-employed professional

people, about 20,000 turpentine workers and about 13,000 Federal employees. The bill also provides that certain income of the owner or tenant of farmland shall not be excluded as rentals, even though the production is mainly by another individual, if the owner or tenant, by the farming agreement, materially participates in the production. In addition, the bill would make two minor technical amendments relating to the coverage of employees of nonprofit organizations.

The only major groups who would still remain excluded from the program are policemen and firemen covered by State or local retirement systems, physicians, members of the Armed Forces, and Federal civilian employees who are covered by the civil service retirement system and certain other staff retirement systems. (Coverage of members of the Armed Forces would be provided in a bill reported by the House Select Committee on Survivor Benefits and passed by the House on July 13 to provide an integrated program of protection for survivors of members of the Armed Forces. A detailed plan of coverage of Federal civilian employees is now being developed in the executive branch of the Government.)

Specific coverage groups added

1. *Self-employed professional people.*—The bill would extend coverage to over 200,000 people who during the course of a year are self-employed in the practice of certain professions. The groups to whom coverage would be extended are lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists. The specific exclusion of self-employed physicians would be continued. Anyone with annual net earnings of $400 or more from self-employment in a profession (except as a physician) would be covered for taxable years which end after 1955. This coverage would be on the same basis as that on which other self-employed people are covered under present law. Your committee has received numerous requests for coverage from members of the professions included in the bill. Results of the polls conducted by organizations representing these professions which have been submitted to your committee have been predominantly in favor of coverage. Your committee believes that coverage should be extended to these groups.

2. *Farm self-employment.*—The bill clarifies the status under old-age and survivors insurance of individuals who operate farms with the owners or tenants of those farms, under share-farming arrangements. (Such farmers may be known locally by a variety of names such as "sharecroppers," "croppers," "renters," "tenants," and "lessees.") In specifying that these individuals are not employees but are self-employed for purposes of coverage by old-age and survivors insurance, the bill is declaratory of present law.

Your committee believes that these declaratory provisions are necessary because share farmers have some characteristics of employees and some characteristics of self-employed persons. For example, in some instances the landowner may direct share farmers to nearly the same extent, on an overall basis, as he does individuals who clearly are employees. On the other hand, share farmers participate directly in the risk of farming in that their return from the undertaking is dependent upon the amount of the crop or livestock produced. The provisions of the bill would tend to remove any doubt as to whether services are rendered as an employee or as a self-employed person in

certain borderline cases; they would resolve any such doubt in favor of a determination that the services are rendered by a self-employed person. Such a determination is believed to be representative of the intent of such arrangements in the vast majority of cases.

The bill would also provide that the present exclusion from self-employment earnings of rentals from real estate would not apply to any income derived by an owner or tenant of land from the operation of a farm by another individual under an arrangement which provided for material participation by the owner or tenant in the farm production. The bill thus would extend coverage under old-age and survivors insurance to certain farmers who, though not covered under the present law, have income from work and therefore are exposed to the type of income loss against which the program is designed to afford protection.

3. *Agricultural labor.*—The bill extends coverage to an estimated 20,000 workers engaged in the production of turpentine and gum naval stores. These workers would be covered on the same basis as the present law prescribes for other workers performing agricultural labor.

4. *Employees of the Tennessee Valley Authority and the Federal home loan banks.*—The bill would extend coverage to about 13,000 employees of the Tennessee Valley Authority and to about 200 employees of district Federal home loan banks. Your committee is advised that the level of benefits afforded by the Tennessee Valley Authority retirement system will be adjusted to take into account the fact that old-age and survivors insurance benefits will be payable to members of the system. The retirement system of the Federal home loan banks is already adjusted to take into account that old-age and survivors insurance benefits would be payable since many of the employees under that retirement system are now covered by old-age and survivors insurance.

F. ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

The committee bill provides for the periodic establishment of an Advisory Council on Social Security Financing for the purpose of reviewing the status of the old-age and survivors insurance trust fund in relation to the long-term commitments of the program, evaluating the financing provisions in relation to the dynamic character and growing productive capacity of our economy before each scheduled increase in the tax rates.

The Advisory Council would be appointed by the Secretary of Health, Education, and Welfare and consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing, to the extent possible, employers and employees in equal numbers, and self-employed persons and the public. The Advisory Council would receive actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare, and would be authorized to engage such technical assistance, including actuarial services, as may be necessary. The council will make a report of its findings and recommendations to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, such report is to be included in their annual report submitted to the Congress. The Advisory Council will then go out of existence.

The committee bill provides that the first Council is to be appointed after February 1957 and before January 1958. Not earlier than 3

years and not later than 2 years before each ensuing scheduled increase in the tax rates, following the increase scheduled for 1960, the Secretary shall again appoint an Advisory Council on Social Security Financing constituted in the same manner with the same functions, duties, and responsibilities, including the reporting of its findings and recommendations.

G. MISCELLANEOUS PROVISIONS

Your committee's bill amends the Railroad Retirement Act so as to preserve the existing relationship between the railroad retirement and old-age and survivors insurance systems. Certain other minor provisions were included in H. R. 7225 at the request of the Department of Health, Education, and Welfare to make technical corrections in existing law. These miscellaneous provisions are described in the section-by-section analysis of this report.

III. ACTUARIAL COST ESTIMATES FOR OLD-AGE AND SURVIVORS INSURANCE SYSTEM

A. FINANCING POLICY

Cost aspects have been carefully considered by the Congress in determining the benefit provisions of the old-age and survivors insurance system at the time of the various amendments to the program. In regard to the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from contributions of covered individuals and employers and accordingly repealed the provision permitting appropriations to the system from general revenues of the Treasury. In the subsequent amendments of 1952 and 1954, this policy was continued. Your committee has always very strongly believed that the system should be actuarially sound. Your committee continues to believe that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen, or in other words, actuarially sound.

The concept of actuarial soundness as it applies to the old-age and survivors insurance system differs considerably from this concept as applicable to private insurance although there are certain points of similarity—especially in regard to private pension plans.

The most important difference is due to the fact that a social-insurance system can be assumed to be perpetual in nature with a continuous flow of new entrants (as a result of its compulsory nature). Accordingly, it may be said that the old-age and survivors insurance program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contribution and interest earnings on the accumulated trust fund will over the long run support the disbursements for benefits and administrative expenses. Quite obviously, future experience may be expected to vary from the actuarial cost estimates made now, but the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that according to an intermediate-cost estimate results in the system being in balance, or quite close thereto.

The system's actuarial balance under the 1952 act was estimated at the time of enactment to be virtually the same as in the estimates made at the time the 1950 act was enacted; this was the case because

of the rise in earnings levels in the 3 years preceding the enactment of the 1952 act being taken into consideration in those estimates. New cost estimates made after the enactment of the 1952 act indicated that the level-premium cost (i. e. the average long-range cost, based on discounting at interest, relative to payroll) of the benefit disbursements and administrative expenses were somewhat more than one-half percent of payroll higher than the level-premium equivalent of the schedule taxes (including allowance for interest on the existing trust fund).

The 1954 amendments as passed by the House of Representatives contained an adjusted contribution schedule which met not only the increased cost of the benefit changes in the bill, but also reduced the aforementioned lack of actuarial balance to the point where, for all practical purposes, it was sufficiently provided for. The bill as it passed the Senate, however, contained several additional liberalized benefit provisions without any offsetting increase in contribution income so that, although the increased cost of the new benefit provisions was met, the "actuarial insufficiency" of the 1952 act was left substantially unchanged. The benefit costs for the 1954 amendments as finally enacted fell between those of the House-approved and Senate-approved bills. Accordingly, it may be said that under the 1954 act the increase in the contribution schedule met all of the additional cost of the benefit changes proposed and reduced substantially the "actuarial insufficiency" which the estimates had indicated in regard to the financing of the 1952 act.

Recent operating experience of the program has indicated that earnings levels have risen by about 10 percent over those used in the previous actuarial estimates (based on 1951–52 levels). Taking this factor into account reduces the "actuarial insufficiency" under the present law to the point where for all practical purposes it may be said to be nonexistent. Accordingly, the system is now in approximate actuarial balance, and your committee believes that the increases in benefit cost that we are proposing at this time should be met by appropriate changes in the tax schedule. Your committee further believe that the first rise in the tax rates should occur simultaneously with the initial payments under the liberalized benefit provisions and that the initial increase in rates should meet not only the initial increase in cost but also the higher long-range average costs involved. It is recognized that future cost estimates, particularly if earnings continue to rise, may indicate that a lower schedule of contribution rates will provide for a self-supporting system. We believe, however, that our policy should be one of utmost prudence in this area to assure the continuing actuarial soundness of the system.

B. BASIC ASSUMPTIONS FOR COST ESTIMATES

Estimates of the future cost of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Benefit payments may be expected to increase continuously for at least the next 50 to 70 years because of factors such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement program, public or private, that has been in operation for only a relatively short period.

The cost estimates for the bill are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors. Both the low-cost and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1954. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low-cost and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading because, for example, a higher earnings level will increase not only the outgo but also, and to a greater extent, the income of the system. The result is that the cost relative to payroll will decrease.

The low-cost and high-cost assumptions relate to the cost as a percentage of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, and so forth.

In general, the cost estimates have been prepared on the basis of the same assumptions (other than as to earnings) and techniques as those contained in the Social Security Administration's Actuarial Study No. 39 (relating to present law).

As to the bases of the estimates for the monthly disability benefits, the following assumptions—used for the estimates for similar benefits in the House version of H. R. 6000 in 1949 (H. Rept. No. 1300, 81st Cong.), which subsequently became law as the Social Security Act Amendments of 1950 (but without the monthly disability benefits)—were, in essence, used here:

(*a*) *Low-cost.*—Disability incidence rates for men are about 45 percent of class 3 rates (experience of life-insurance companies under disability income policies for the early 1920's, modified for a 6-month waiting period). Incidence rates for women are 50 percent higher. Termination rates are German social-insurance experience for 1924–27, which is the best available experience as to relatively low disability termination rates.

(*b*) *High cost.*—Disability incidence rates for men are 90 percent of the so-called 165 percent modification of class 3 rates (which includes increasingly higher percentages for ages above 45); this modification corresponds roughly to insurance-company experience during the early 1930's. Incidence rates for women are 100 percent higher. Termination rates are class 3 rates.

The incidence rates used for both estimates are reduced 10 percent because in the bill, unlike the general definition in insurance company policies, disability is not presumed to be total and of expected long-continued duration after 6 months' duration but rather must be so proven then.

It will be noted that the low-cost estimate includes low incidence rates (which taken by themselves produce low costs) and also low termination rates (which taken by themselves produce higher costs, but which are felt to be necessary since with low incidence rates—meaning only severely disabled beneficiaries—there would tend to be low termination rates because there would be few recoveries). On

the other hand, the high-cost estimate contains high incidence rates that are somewhat offset by high termination rates.

Your committee believes that these cost estimates for the monthly disability benefits provided under the bill are as good an indication of such costs as are now possible. Nonetheless, we recognize that in a new field such as this, more valid estimates are possible only after operating experience has developed from the provisions being in effect for several years. As indicated above, disability incidence and termination rates can vary widely—much more so than mortality rates, which are basic insofar as retirement and survivor benefit costs are concerned. Accordingly, your committee anticipates that the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund will, in each of its annual reports, present an analysis of the past and expected future experience under the monthly disability provisions as contrasted with the estimates made in this report. Such analysis should, among other things, make a comparison of the disbursements for monthly disability benefits during each of the preceding fiscal years with estimates of total contributions that would have been collected at a rate equal to the level-premium cost according to the intermediate-cost estimate of this report, and also corresponding figures for the ensuing fiscal years.

The cost estimates are extended beyond the year 2000 since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience, and, as a result, there is a dip in the relative proportion of the aged from 1995 to about 2010, which, in itself, would tend to yield low benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050 (actually the relationship between benefits and payroll is virtually constant after about 2020). If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred load.

The estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they rise steadily as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present act, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits never-

theless would not be changed, the cost relative to payroll would, of course, be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since under such circumstances, the relative importance of the interest receipts of the trust fund would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust fund will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

Financial interchange provisions with the railroad retirement system are, under present law, in effect such that the old-age and survivors insurance trust fund is to be placed in the same financial position as if railroad employment had always been covered under the old-age and survivors insurance program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small net gain to the old-age and survivors insurance system since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the trust fund on the basis, as provided in current law, that all railroad employment will be (and beginning with 1937, has been) covered employment. The balance in the fund thus corresponds exactly to the actual situation arising. But the contribution income and benefit disbursement figures shown are slightly higher (by about 5 percent) than the payments which will actually be made directly to the trust fund from contributors and the payments which will actually be made from the trust fund to the individual beneficiaries. This is the case because the figures here include both the additional contributions which would have been collected if railroad employment had always been covered and the additional benefits that would have been paid under such circumstances. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions.

C. RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 1 presents costs as a percentage of payroll for each of the various types of benefits. The level-premium cost for the benefits provided in the bill, on the basis of 2.4 percent interest, ranges from 7.4 to 9.9 percent of payroll.

Table 2 shows the estimated operations of the trust fund under the bill on the basis of a 2.4 percent interest rate, which is the rate used in the prevous estimate, although slightly above what is currently being earned. Under the low-cost estimate, the trust fund builds up quite rapidly and even some 45 years hence is growing at a rate of over $8 billion per year and at that time is about $255 billion in magnitude; in fact under this estimate, benefit disbursements never exceed contribution income and even in the year 2020 are 4 percent smaller. On the other hand, under the high-cost estimate the trust fund builds up slowly to a maximum of about $43 billion in 1980, but decreases thereafter until it is exhausted in the year 1998. Benefit disburse-

ments exceed contribution income during 1959, 1963–64, 1968–69, and in 1974 (in each case, just before a scheduled rise in the contribution rate), and again in and after 1980.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950, 1952, and 1954 acts, as set forth in the committee reports therefor and as continued in this bill by your committee, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in table 2 would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward—or perhaps would not be increased—in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades even under relatively high-cost experience.

D. RESULTS OF INTERMEDIATE-COST ESTIMATE

The intermediate-cost estimate is developed from the low-cost and high-cost estimates, by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). This intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950, 1952, and 1954 acts, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis, or in other words actuarially sound. This belief is reiterated in this report. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedules contained in the 1954 act and in the bill are as follows:

[Percent]

Calendar year	1954 act			Bill		
	Employee	Employer	Self-employed	Employee	Employer	Self-employed
1955	2	2	3	2	2	3
1956–59	2	2	3	2½	2½	3¾
1960–64	2½	2½	3¾	3	3	4½
1965–69	3	3	4½	3½	3½	5¼
1970–74	3½	3½	5¼	4	4	6
1975 and after	4	4	6	4½	4½	6¾

The new schedule contained in the bill somewhat more than provides for the increased benefit cost arising from the several changes made, thus putting the system in a stronger actuarial position than is the case under present law.

Table 3 gives an estimate of the level-premium cost of the bill, tracing through the increase in cost over the present act according to the major changes proposed. For both the present act and the bill, the level-premium costs are based on benefit payments from 1956 on.

It should be emphasized that in 1950 the Congress did not recommend that the system be financed by a high, level tax rate from 1951 on, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level-premium tax rate; this fund will be invested in Government securities (just as is much of the reserves of life-insurance companies and banks, and as is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life-insurance systems), and the resulting interest income will help to bear part of the increased benefit costs of the future.

As will be seen from table 3, the level-premium cost of the benefits of the present act—based on 2.4 percent interest—is about 7.5 percent of payroll, while the corresponding figure for the bill is 8.4 percent.

The level-premium contribution rates equivalent to the graded schedules in the present law and in the bill may be computed in the same manner as level-premium benefit costs. These are shown in the table below for income and disbursements from 1956 on (on the basis of the intermediate-cost estimate at 2.4 percent interest):

[Percent]

Level-premium equivalent	Present law		Bill
	Original estimate	Revised estimate	
Benefit costs [1]	7.77	7.51	8.43
Contributions	7.29	7.29	8.29
Net difference, or lack of actuarial balance	.48	.22	.14

[1] Including adjustments (*a*) to reflect lower contribution rate for self-employed as compared with employer-employee rate, (*b*) for existing trust fund, and (*c*) for administrative expenses.

The new contribution schedule, beginning with 1956, results in a 1 percent increase in the combined employer-employee rate. The net effect of the proposed revised contribution schedule somewhat more than meets the increased cost of the bill.

Table 4 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate for both the bill and the present law. These figures are based on a future level-earnings assumption and do not consider business cycles, which over a long period of years tend to average out. The benefit disbursements under the bill for 1956 are estimated at about $6.4 billion, with a range of $5.9 to $7.0 billion (as contrasted with contribution income of about $8.2 billion). According to the intermediate-cost estimate the dollar amount of the increased cost in 1956 of the bill over the present act is about $600 million, while the cost as a percent of payroll is about one-third percent higher. The benefit cost of the bill as a percent of payroll increasingly exceeds the cost of the present law, with such excess being about two-thirds percent in 1960 and about 1 percent after 1980.

Table 5 gives the increased cost of the system resulting from each of the major benefit changes made by the bill, both in terms of dollars and as a percent of payroll for the near-future years and for the long range.

Table 6 presents the cost of the benefits under the bill as a percent of payroll for each of the various types of benefits and is comparable with table 1 of the previous section.

Table 7 gives the estimated operation of the trust fund under present law, according to the intermediate-cost estimate using the revised earnings assumptions and with a 2.4 percent interest rate. Contribution income exceeds benefit disbursements in virtually all of the next 30 years and, accordingly, the balance in the fund is estimated to increase steadily until reaching a maximum of about $121 billion about 60 years from now, with a decrease thereafter.

Table 8 shows the estimated operation of the trust fund under the bill according to the intermediate estimate (using a 2.4 percent interest rate) and is comparable with table 2 of the previous section. According to this estimate, contribution income exceeds benefit disbursements for the next 30 years. As a result, the fund is estimated to grow steadily until reaching a maximum of about $150 billion about 55 to 65 years from now and then decrease. This decline in the long-distant future indicates that, under the bill, the proposed tax schedule is not quite self-supporting under a level-earnings assumption but is, for all practical purposes, sufficiently close so that the system may be said to be actuarially sound. This general situation was also true for the 1950 and 1952 acts according to estimates made at the times they were being considered, and for the 1954 amendments as initially passed by the House of Representatives.

In regard to the ultimate 6½-percent employer-employee rate under the 1950 act, your committee then stated as follows:

> If a 7-percent ultimate employer-employee rate had been chosen, the cost estimates developed would have indicated that the system would be slightly overfinanced. Your committee believes that it is not necessary in such a long-range matter to attempt to be unduly conservative and provide an intentional overcharge—especially when it is considered that it will be many, many years before any deficit or excess in the ultimate rate will be determined and even at that time will probably be of only a small amount.

In the same manner, the system under the provisions of the bill is not quite in actuarial balance under the contribution schedule therein, although very close to such balance. Yet, it would not seem advisable to have a higher ultimate employer-employee rate, like 9½ percent, which according to these estimates would overfinance the system.

E. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age and survivors insurance system as modified by the bill has a benefit cost (on the basis of the continuation of 1954 earnings levels) that is about as closely in balance with contribution income as was the case for the 1950 and 1952 acts at the time they were enacted, and for the 1954 amendments as they were initially passed by the House of Representatives. In other words, the system as it would be amended by the bill is as nearly in actuarial balance, according to the estimates made, as the previous acts when they were considered by the Congress. Although in all these instances the system is shown to be not quite self-supporting under the intermediate estimate, there is very close to an exact balance, especially considering that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program as amended by this bill would be actuarially sound, and in fact its actuarial status would be improved since the cost of the liberalized benefits is more than met by the increased contributions scheduled (with such rise going fully into effect immediately with the inauguration of the new benefit provisions).

TABLE 1.—*Estimated benefit payments as percent of taxable payroll [1] for bill, by type of benefit*

[In percent]

Calendar year	Monthly benefits							Lump-sum death payments	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's	Disability [3]		
ACTUAL DATA [4]									
1951	0.97	0.15	0.13	0.01	0.07	0.23	----------	0.05	1.61
1952	1.06	.16	.15	.01	.07	.25	----------	.05	1.76
1953	1.43	.21	.19	.01	.09	.29	----------	.07	2.28
1954	1.75	.25	.23	.01	.10	.34	----------	.07	2.74
LOW-COST ESTIMATE									
1960	2.58	0.39	0.63	0.01	0.16	0.42	0.17	0.09	4.44
1970	3.69	.47	1.07	.01	.17	.45	.24	.11	6.21
1980	4.70	.52	1.32	.01	.16	.43	.27	.12	7.53
1990	5.35	.52	1.41	.01	.16	.42	.27	.13	8.26
2000	5.15	.48	1.29	.01	.15	.40	.27	.13	7.88
2020	5.83	.55	1.26	.01	.15	.40	.27	.13	8.60
Level premium [5]	4.77	.50	1.18	.01	.16	.40	.25	.12	7.38
HIGH-COST ESTIMATE									
1960	3.08	0.45	0.66	0.01	0.19	0.44	0.50	0.09	5.42
1970	4.41	.54	1.13	.01	.20	.45	.62	.11	7.49
1980	5.74	.57	1.41	.02	.19	.40	.66	.12	9.13
1990	6.93	.61	1.54	.02	.17	.38	.66	.13	10.45
2000	7.21	.61	1.44	.02	.16	.34	.71	.15	10.64
2020	9.55	.83	1.58	.02	.15	.34	.71	.18	13.34
Level premium [5]	6.55	.64	1.34	.02	.17	.38	.64	.15	9.88

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

[2] Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's and widow's benefits. Also includes husband's and widower's benefits, respectively.

[3] Including the cost of the "disability freeze," which in actual practice is spread among the various types of benefits.

[4] Excluding effect of railroad coverage under financial interchange provisions.

[5] At 2.4 percent interest. Level-premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

NOTE.—All estimates are based on high-employment assumptions.

TABLE 2.—*Estimated progress of trust fund under bill, 2.4 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
ACTUAL DATA EXCLUDING EFFECT OF RAILROAD FINANCIAL INTERCHANGE					
1951	$3,367	$1,885	$81	$417	$15,540
1952	3,819	2,194	88	365	17,442
1953	3,945	3,006	88	414	18,707
1954	5,163	3,670	92	468	20,576
ACTUAL DATA INCLUDING EFFECT OF RAILROAD FINANCIAL INTERCHANGE					
1952	$3,974	$2,395	$92	$376	$17,900
1953 [1]	4,105	3,236	92	424	19,102
1954 [1]	5,373	3,920	96	477	20,936
LOW-COST ESTIMATE					
1960	$10,335	$7,909	$135	$800	$35,267
1970	15,741	12,507	170	1,577	68,811
1980	20,026	16,755	201	2,888	124,739
1990	21,861	20,077	229	4,255	182,344
2000	24,333	21,307	247	5,948	255,183
2020	28,673	27,406	305	11,298	482,521
HIGH-COST ESTIMATE					
1960	$10,221	$9,541	$177	$616	$26,544
1970	15,546	14,918	226	744	31,940
1980	19,463	19,739	269	1,007	42,679
1990	20,446	23,729	305	723	29,046
2000	21,850	25,813	328	[2]	[2]
2020	22,629	33,549	391	[2]	[2]

[1] Preliminary estimate.
[2] Fund exhausted in 1998.

NOTE.—All estimates are based on high-employment assumptions.

TABLE 3.—*Changes in estimated level-premium cost [1] of benefit payments as percent of payroll, by type of change, intermediate-cost estimate, high-employment assumptions, 2.4 percent interest*

Item	Level-premium cost [1]
Cost of present act:	*Percent*
1954 estimate	7.77
Current estimate	7.51
Effect of proposed changes:	
Reducing retirement age for women to 62	+.56
Monthly disability benefits after age 50	+.37
Continuation of child's benefits beyond age 18 when disabled	[2]
Extension of coverage	−.01
Cost of bill	8.43

[1] Level-premium contribution rate for benefit payments after 1955 and in perpetuity, taking into account (*a*) lower contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses.
[2] Less than 0.005 percent.

TABLE 4.—*Estimated cost of benefit payments under present law and under bill, intermediate-cost estimate, high-employment assumptions*

Calendar year	Amount (in millions)		In percent of payroll [1]	
	Present law	Bill	Present law	Bill
			Percent	*Percent*
1956	$5,855	$6,446	3.43	3.78
1960	7,540	8,725	4.28	4.93
1970	11,931	13,713	5.98	6.85
1980	16,050	18,247	7.34	8.31
1990	19,565	21,903	8.35	9.32
2000	21,129	23,561	8.26	9.18
2020	27,523	30,478	9.69	10.69
Level-premium: [2]				
2¼ percent interest	----------	----------	7.63	8.55
2.4 percent interest	----------	----------	7.51	8.43
2½ percent interest	----------	----------	7.44	8.36

[1] Taking into account lower contribution rate for self-employed compared with employer-employee rate.
[2] Level-premium contribution rate for benefit payments after 1955 and into perpetuity, taking into account (*a*) lower contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 5.—*Estimated increases in cost of bill over present law, by type of change,*[1] *intermediate-cost estimate, high-employment assumptions*

Calendar year	Amount (in millions)		In percent of payroll [2]	
	Reducing retirement age for women to age 62	Monthly disability benefits after age 50	Reducing retirement age for women to age 62	Monthly disability benefits after age 50
			Percent	*Percent*
1956	$389	$200	0.23	0.11
1957	455	278	.26	.16
1958	519	355	.30	.20
1959	584	433	.33	.25
1960	650	511	.36	.29
1970	1,006	742	.50	.37
1980	1,292	859	.59	.39
1990	1,399	888	.59	.37
2000	1,362	1,012	.53	.39
2020	1,840	1,044	.64	.36
Level-premium [3]	----------	----------	.56	.37

[1] Not shown here are the relatively small increases in cost for continuation of child's benefits beyond age 18 when disabled (about $2 to $3 million a year, after the first few years of operation) or the additional benefit payments arising under present provisions in respect to the extended coverage under the bill.
[2] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.
[3] Based on 2.4 percent interest. Level-premium contribution rate for benefit payments after 1955 and into perpetuity, not taking into account (*a*) existing trust fund, and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 6.—*Estimated benefit payments as percent of taxable payroll [1] for bill, by type of benefit, intermediate-cost estimate, high-employment assumptions*

[In percent]

Calendar year	Monthly benefits							Lump-sum death payments	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's	Disability [3]		
1960	2.83	0.42	0.64	0.01	0.17	0.43	0.33	0.09	4.93
1970	4.05	.50	1.10	.01	.19	.45	.43	.11	6.85
1980	5.21	.55	1.37	.01	.17	.42	.47	.12	8.31
1990	6.11	.56	1.47	.01	.17	.40	.46	.13	9.32
2000	6.12	.54	1.36	.02	.16	.37	.48	.13	9.18
2020	7.47	.67	1.39	.01	.15	.37	.46	.16	10.69
Level-premium [4]	5.58	.56	1.26	.01	.16	.39	.44	.13	8.53

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

[2] Included are excesses of wife's and widow's benefits over old-age benefits for female old-age beneficiaries also eligible for wife's and widow's benefits. Also includes husband's and widower's benefits, respectively.

[3] Including the cost of "disability freeze," which in actual practice is spread among the various types of benefits.

[4] At 2.4 percent interest. Level-premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 7.—*Estimated progress of trust fund under present law, intermediate-cost estimate, high-employment assumptions, 2.4 percent interest.*

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
1955	$5,970	$5,434	$130	$508	$21,850
1956	6,826	5,855	131	534	23,224
1957	6,883	6,276	132	563	24,262
1958	6,941	6,699	133	584	24,954
1959	6,998	7,120	134	596	25,294
1960	8,482	7,540	135	616	26,716
1970	13,598	11,931	172	931	40,473
1980	17,498	16,050	206	1,624	69,936
1990	18,744	19,565	238	2,080	88,239
2000	20,459	21,129	258	2,334	99,126
2020	22,729	27,523	314	2,730	113,950

TABLE 8.—*Estimated progress of trust fund under bill, intermediate-cost estimate, high-employment assumptions, 2.4 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
1955 [1]	$5,970	$5,434	$130	$508	$21,850
1956	8,198	6,446	135	544	24,011
1957	8,630	7,028	140	594	26,067
1958	8,702	7,594	146	637	27,667
1959	8,774	8,159	151	670	28,800
1960	10,278	8,725	156	708	30,906
1970	15,643	13,713	197	1,160	50,376
1980	19,744	18,247	235	1,948	83,709
1990	21,154	21,903	267	2,489	105,695
2000	23,092	23,561	287	2,892	123,050
2020	25,651	30,478	348	3,572	149,820

[1] Estimated operations under present law since bill is not effective as to benefit disbursements until 1956.

IV. SECTION-BY-SECTION ANALYSIS

The first section of the bill contains a short title, "Social Security Amendments of 1955." The remainder of the bill is divided into two titles: Title I, which amends title II of the Social Security Act, establishes an Advisory Council on Social Security Financing, and preserves the relationship between the railroad retirement program and old-age and survivors insurance; and title II, which amends the Internal Revenue Code of 1954.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE 18

Continuation of benefits

Section 101 (a) of the bill amends section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) to provide that child's insurance benefits will be continued beyond the child's attainment of age 18 as long as he is under a disability (as defined in sec. 223 (c) (2) of the Social Security Act as amended by this bill) which began before he attained age 18 and which is determined to be a disability under section 221 of the act.

Maximum family benefits

Section 101 (b) of the bill amends section 203 (a) of the act, which sets forth the maximum limitations on benefits payable on the basis of the earnings record of an individual, to provide that such limitations shall be applied after any deductions that may be made for refusal to accept rehabilitation services under section 222 (b) of the act (added by sec. 103 (b) of the bill) or reductions made in disability insurance benefits to take account of disability payments under other programs specified in section 224 of the act (added by sec. 103 (a) of the bill), as well as after deductions made under existing law.

Deductions from benefits

Section 101 (c) of the bill amends section 203 (b) of the act, which relates to deductions from benefits because of the occurrence of certain events. Under the amendment, if deductions are made from a child's insurance benefits payable to a disabled child over 18 years of age for any month under the provisions of section 222 (b) of the act (added by sec. 103 (b) of the bill) because of refusal to accept rehabilitation services, deductions would also be made from the insurance benefit payable to his mother for that month, if such child is the only child beneficiary in her care.

Since child's insurance benefits are payable for any month beginning with the month in which a child attains age 18 only if the child is unable to engage in any substantial gainful activity, the earnings test provisions in section 203 (b) of the act are (under the amendment made by subsec. (c)) specifically made inapplicable to such benefits.

Occurrence of more than one deduction event

Section 203 (d) of the Social Security Act provides that if more than one event occurs in any month which would occasion deductions equal to a benefit for that month only an amount equal to such benefit shall be deducted. Section 101 (d) of the bill amends this section to make it applicable also to deductions on account of refusal to accept rehabilitation services.

Extent of deductions from family benefits

Section 203 (h) of the act provides that deductions will be made from an individual's benefits only to the extent that those deductions would reduce the total amount of benefits which would otherwise be paid on the basis of the same earnings record to him and other beneficiaries in the same household. Section 101 (e) of the bill amends this section to make it applicable to deductions under section 222 (b) for refusal to accept rehabilitation services and to reductions under section 224 for payments under programs specified therein on account of physical or mental impairment.

Effective date

Section 101 (f) of the bill sets forth an effective date for the amendment providing continuation benefits for disabled children who have attained age 18. The provisions would apply only in the case of a child who attained age 18 after 1953, and only with respect to monthly benefits for months after December 1955.

A child who attained age 18 after 1953, but before January 1956, when the provisions first become effective, would be deemed to have retained his entitlement to child's insurance benefits in spite of attain-

ment of age 18, if an application for monthly benefits is filed by the child after the month of enactment of the bill and the child is under a disability at the time the application is filed. However, the deemed entitlement would not be a basis for the payment of benefits for any month before the later of (1) January 1956, or (2) the month in which the application was filed. The child's mother, if her entitlement had been terminated before January 1956 by reason of the child's attainment of age 18, could (if she files an application) again become entitled to mother's insurance benefits for months in which such child is entitled (but no earlier than the month specified above).

Section 101 (f) of the bill also provides that for purposes of title II of the Social Security Act (other than sec. 202 (d) (1)), a child referred to in the preceding paragraph shall not, by reason of the amendment made by section 101 (a) of the bill, be deemed entitled to a child's insurance benefit before the first month for which a child's insurance benefit becomes payable to him pursuant to the amendment made by such section 101 (a).

Finally, section 101 (f) provides that a child who attained age 18 after 1953 and before 1956 and who did not file an application for child's insurance benefits before he attained age 18, shall be deemed to have filed an application for such benefits in the month prior to attainment of age 18, for the purposes of qualifying for the continuation of child's insurance benefits.

RETIREMENT AGE FOR WOMEN

Definition of retirement age

Section 102 (a) of the bill amends section 216 (a) of the Social Security Act to provide that the term "retirement age" means age 65 in the case of a man and age 62 in the case of a woman.

Effective date

Subsection (b) of section 102 sets forth the effective date for the change made by subsection (a).

Paragraph (1) of section 102 (b) of the bill provides that, except as provided in paragraphs (2) and (4) thereof, the amendment would apply only in the case of monthly benefits for months after December 1955 and in the case of lump-sum death payments with respect to deaths after December 1955.

Paragraph (2) provides that in any case where a woman had been entitled to wife's or mother's insurance benefits, and those benefits have terminated prior to January 1956, a new application must be filed, after December 1955, for entitlement to wife's or widow's benefits for months after 1955.

Paragraph (3) of section 102 (b) of the bill, as reported, provides a special effective date for purposes of section 215 (b) (3) (B) of the Social Security Act (relating to "closing date" for purposes of computing an individual's average monthly wage) in certain cases. For purposes of determining this closing date, a woman who attained age 62 prior to 1956 and who was not "eligible" for old-age insurance benefits prior to such date—i. e., was not both fully insured and age 65 prior to 1956—will be deemed to have attained age 62 in that year, or, if earlier, the year in which she died. Also, for purposes of determining this closing date, a woman will not, by reason of the

amendment made by subsection (a) of this section of the bill, be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever is the earlier. The lowering of the retirement age for women would not be applicable for purposes of determining the closing date for women who became "eligible" for old-age insurance benefits before 1956.

Paragraph (4) of the subsection would provide an effective date for the new definition of retirement age insofar as it affects the provisions of section 209 (i) of the Social Security Act, which excludes from wages payments (other than vacation or sick pay) made to an employee after the month in which he attains retirement age if he did not work for the employer in the period for which the payment is made. The amendment would apply, for purposes of such section 209 (i), with respect to remuneration paid after December 1955.

DISABILITY INSURANCE BENEFIT PAYMENTS

Section 103 (a) of the bill adds three new sections (223, 224, and 225, relating to disability insurance benefits) to the Social Security Act. The new section 223 provides for payment of disability insurance benefits to certain insured disabled individuals who have attained age 50 but have not reached retirement age. The new section 224 provides for the reduction of such disability insurance benefits and child's insurance benefits for disabled children age 18 and over (sec. 101 of the bill) if another Federal benefit or a State workmen's compensation benefit is payable by reason of a physical or mental impairment. Section 225 provides that in cases in which the Secretary believes a disabled beneficiary may no longer be disabled the Secretary may suspend the payment of disability benefits pending a determination as to whether the disability has, in fact, ceased.

Disability insurance benefits

Subsection (a) of the new section 223 provides for the payment of monthly disability insurance benefits, upon the filing of an application, to an individual who is insured for disability benefit purposes (as determined under subsection (c) (1) of this section), has attained age 50 but is under retirement age, and who is under a disability (as defined in subsec. (c) (2) of the section) at the time he files the application. Monthly disability insurance benefits would be payable beginning with the first month after a 6 months' waiting period throughout which the claimant had been under such a disability, but would not (except as provided in sec. 103 (b) of the bill, explained below) be payable for any month before the month in which the application is filed. The benefits would terminate with the month before the month in which the individual died or reached retirement age or his disability ceased.

The amount of the monthly disability insurance benefit would be the same as the primary insurance amount computed under section 215 of the Social Security Act; for purposes of such computations, the individual would be considered to have become entitled to old-age insurance benefits in the first month of his waiting period.

Filing of application

Subsection (b) of the new section 223 of the act provides that, to be valid, an application for disability insurance benefits must be filed

after the month in which the bill is enacted. Thus, an application filed in or before the month of enactment of the bill for a determination of disability under the existing "freeze" provisions of the Social Security Act (sec. 216 (i)) would not be an effective application for disability insurance benefits. An application filed more than 9 months before the first month for which the applicant becomes entitled to disability insurance benefits would also not be a valid application.

Definition of "insured status"

Paragraph (1) of subsection (c) of the new section 223 defines insured status for purposes of disability insurance benefits. An individual would be insured for disability insurance benefits in any month if he (1) would have been fully and currently insured, under section 214 of the Social Security Act, if he had attained retirement age and filed application for old-age insurance benefits on the first day of such month, and (2) had at least 20 quarters of coverage during the period of 40 calendar quarters ending with the quarter in which such first day occurred, not counting in the 40-quarter period any quarter any part of which was included in a period of disability (as defined in sec. 216 (i) of the Social Security Act) unless such quarter was a quarter of coverage.

The individual must meet the insured status requirements at the beginning of his waiting period (defined in par. (3) of this subsection) and the waiting period cannot begin more than 6 months before the month in which the individual attains age 50, nor can it begin before July 1955. However, persons (including those who were disabled in the past or before reaching age 50) whose insurance rights have been "frozen" as provided under section 216 (i) of the Social Security Act, may meet the insured status requirements by having the period of the freeze excluded from the period counted in determining their insured status for disability insurance benefits.

Definition of "disability"

Paragraph (2) of the new section 223 (c) defines "disability" as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which is expected to be of long-continued and indefinite duration. An individual may not be considered to be under a disability unless he submits such proof of the existence of his disability as may be required. The definition of disability for purposes of disability insurance benefits and child's insurance benefits where the child is 18 or over is the same as that provided under the existing disability freeze provision except that blindness does not constitute presumed disability; for purposes of disability benefits, individuals with visual impairments must be disabled to the same extent as those with other physical impairments—that is, they must be unable to engage in any substantial gainful activity.

Definition of "waiting period"

Paragraph (3) of subsection (c) of the new section 223 defines the term "waiting period" to mean the earliest period of 6 consecutive calendar months throughout which the individual has been under a disability; however, the waiting period cannot begin before the first day of the sixth month before the month in which an application for disability insurance benefits is filed. If the individual is insured for

disability insurance benefits in such sixth month, the waiting period begins with that month; if he is not insured in that month, the waiting period begins with the first day of the first month thereafter in which he is insured. No waiting period may begin before July 1, 1955, or the first day of the sixth month before the month in which the individual attains age 50.

Reduction of benefits based on disability

The new section 224 of the act (added by sec. 103 (a) of the bill) contains provisions relating to adjustment of disability benefits where another Federal disability benefit or a State workmen's compensation benefit is payable.

Subsection (a) of section 224 provides for reduction of a disability insurance benefit, or of a disabled child's insurance benefit, for any month if it is determined under any other law of the United States or under a system established by any agency of the United States that another periodic benefit based on disability is payable by any agency of the United States for such month. If such a periodic benefit is payable for any month in which an individual is entitled to a disability insurance benefit or disabled child's insurance benefit and the amount of, or the eligibility for, such periodic benefit is based, in whole or in part, on a physical or mental impairment of the individual, then for such month the disability insurance benefit or the disabled child's benefit will be reduced by an amount equal to such periodic benefit payable for such month, but not below zero.

It is not intended that payments under United States Government life insurance, or payments under such acts as the National Service Life Insurance Act or the Uniformed Services Contingency Option Act of 1953, be treated as periodic benefits on account of which monthly disability-insurance benefits or disabled child's insurance benefits are to be reduced under this section.

The provisions with respect to reductions are also applicable where it is determined that a periodic benefit is payable under a workmen's compensation law or plan of a State on account of a physical or mental impairment.

In the case of a disabled child's insurance benefit, if the periodic benefit or benefits exceed the disabled child's insurance benefit, the amount of monthly benefits payable to an individual under section 202 (b) (wife's insurance benefits) or section 202 (g) (mother's insurance benefits) would be reduced by the amount of the excess, but only if such individual would not be entitled to monthly benefits if she did not have the disabled child in her care (in the case of a wife, individually or jointly with her husband). Thus, if the only child in the care of the wife or mother is entitled to child's insurance benefits on the basis of disability, such excess will reduce such wife's or mother's insurance benefit. On the other hand, if the wife or mother has another child in her care entitled to child's insurance benefits and with respect to whom the provisions for reductions are not applicable, such excess would not reduce such wife's or mother's insurance benefits.

Subsection (b) of section 224 provides that if the periodic benefit payable under another program is payable on other than a monthly basis (not including a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), the reduction can be made in such amounts as the Secretary of Health, Education,

and Welfare finds will approximate, as nearly as practicable, the reduction provided in subsection (a).

Subsection (c) of section 224 provides that the Secretary may, as a condition to certification for payment of any monthly benefits under title II of the Act, require adequate assurance of reimbursement to the Federal Old-Age and Survivors Insurance Trust Fund, if it appears likely that there may be eligibility for a periodic benefit which would give rise to a reduction under subsection (a) and that the reduction will not be made.

Subsection (d) of section 224 requires any agency of the United States to certify to the Secretary, at his request, the necessary information to carry out his functions under section 224.

Subsection (e) of section 224 defines "agency of the United States" for purposes of this section to mean any department or other agency of the United States and any instrumentality which is wholly owned by the United States.

Suspension of benefits based on disability

The new section 225 of the act authorizes the Secretary to make current suspensions from benefits to which a disabled individual (age 18 or over) is entitled under section 202 (d) (child's insurance benefits) or 223 (disability insurance benefits) when there is reason to believe that such individual's disability may have ceased to exist. The suspensions so made would be in the nature of temporary withholding until there is a determination whether the disability has ceased or until the Secretary believes the disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of the suspension and shall request a prompt determination of whether such individual's disability has ceased.

Rehabilitation services

Subsection (b) of section 103 of the bill amends section 222 of the Social Security Act (containing a statement of policy regarding referral of disabled individuals for vocational rehabilitation services to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act) to make it apply to disabled individuals entitled to child's insurance benefits as well as to disabled individuals who file application for determination of disability. The referrals are to be made in accordance with policies established under the program carried out under the Vocational Rehabilitation Act governing the referral of individuals for rehabilitation purposes.

Subsection (b) of this section of the bill also adds a new subsection (b) to section 222 to provide that deductions are to be made from a child's insurance benefit (in the case of a disabled child beneficiary age 18 or over) or a disability insurance benefit for any month in which the individual refuses, without good cause, to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

Section 103 (b) of the bill also adds a new subsection (c) to section 222 which provides that during a period of 12 months, beginning with the first month in which services are rendered pursuant to a program of rehabilitation under a State plan approved under the Vocational Rehabilitation Act, the individual shall not, for the purpose of deter-

mining his disability under sections 216 (i) (1) and 223 (c) (2), be regarded as being able to engage in substantial gainful employment solely by reason of such services.

TECHNICAL CHANGES RELATED TO DISABILITY INSURANCE BENEFITS

Subsection (c) of section 103 of the bill makes a number of technical changes related to the provisions for disability insurance benefits.

Application for old-age insurance benefits

Paragraph (1) of subsection (c) amends section 202 (a) (3) of the Social Security Act to provide that an individual who was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age may become entitled to old-age insurance benefits without filing an application for such benefits.

Simultaneous entitlement to benefits

Paragraph (2) of subsection (c) amends section 202 (k) (2) (B) of the act, which provides that an individual who is entitled simultaneously to more than one monthly insurance benefit (other than an old-age insurance benefit) under section 202 shall be entitled only to the largest of those benefits. The amendment makes the provision applicable also to the disability insurance benefits that would be provided under section 223 of the act as amended by the bill.

Deportation

Paragraph (3) of subsection (c) amends section 202 (n) (1) (A) of the Act, which provides that an old-age insurance beneficiary who is deported from the United States for specified causes shall have his benefits suspended during the period of deportation. The amendment would apply the suspension provision to persons receiving disability insurance benefits as well as to old-age insurance beneficiaries.

Saving clause

Paragraph (4) of subsection (c) amends section 215 (a) of the act, which relates to computation of the primary insurance amount, to provide that if an individual was entitled to a disability insurance benefit for the month before the month in which he attains retirement age or dies (whichever first occurs), his primary insurance amount shall be the larger of his disability insurance benefit or his primary insurance amount as computed under the provisions of section 215 without regard to the amendment.

Rounding of benefits

Paragraph (5) of subsection (c) amends section 215 (g) of the act to apply to the disability insurance benefit the provision for rounding of benefits to the next higher 10 cents.

Definition of disability for freeze purposes

Paragraph (6) of subsection (c) amends section 216 (i) (1) of the act to provide that the definition of disability for purposes of preserving insurance rights during periods of disability is not to apply for purposes of section 202 (d) (providing for the continuation of child's insurance benefits for children who are disabled before attaining age 18), section 223 (providing disability insurance benefit payments), or section 225 (providing for the suspension of benefits based on disability in certain circumstances).

Determination of disability by State agencies

Paragraph (7) of subsection (c) amends section 221 (a) of the act (providing for determinations of disability by State agencies under section 216 (i) (1), for purposes of preserving insurance rights during periods of disability) to make the section apply also to determinations of "disability" as defined in section 223 (c).

Review by the Secretary

Paragraph (8) of subsection (c) amends section 221 (c) of the act (providing for the review, by the Secretary, of State agency determinations of "disability" under section 216 (i) (1), for purposes of preserving insurance rights during periods of disability) to make the section apply also to determinations of "disability" as defined in section 223 (c).

Effective date of disability provisions

Paragraph (1) of subsection (d) of section 103 of the bill provides that the amendment made by subsection (a) of the section, providing for disability insurance benefits, will take effect with respect to monthly benefits payable for months after December 1955.

Paragraph (2) of subsection (d) provides that for purposes of determining entitlement to disability insurance benefits for any month after December 1955 and before June 1956 an application for such benefits filed after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which the individual would have been entitled to a disability insurance benefit if he had filed an application before the end of that month. This provision makes an exception (limited to the period February through June 1956) to the general rule that disability insurance benefits are not payable for any month before an application was filed.

EXTENSION OF COVERAGE

Service in connection with gum resin products

Under the existing section 210 (a) (1) (A) of the Social Security Act, service performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum, are excluded from coverage under old-age and survivors insurance. Section 104 (a) of the bill would remove the specific exclusion of this service from employment and would have the effect of covering such service under old-age and survivors insurance on the same basis as other agricultural labor.

Employees of Federal home loan banks and of the Tennessee Valley Authority

Section 104 (b) (1) of the bill amends section 210 (a) (6) (B) (ii) of the Social Security Act so as to remove the exception from employment now provided in such section in respect of service performed in the employ of a Federal home loan bank. Thus, the general exclusion from coverage of service which is performed in the employ of a Federal instrumentality exempt from the employer tax on December 31, 1950, and which is covered by the retirement system of such instrumentality would no longer apply to service performed in the employ of such a bank.

Section 104 (b) (2) of the bill amends section 210 (a) (6) (C) (vi) of the Social Security Act so as to remove the exclusion from coverage of service performed in the employ of the Tennessee Valley Authority by an individual who is subject to the retirement system of that instrumentality. At present such service is excluded from coverage under the general exclusion of service performed by an individual who is excluded from the Federal civil service retirement system because he is subject to another Federal retirement system.

Share-farming arrangements

Section 104 (c) (1) of the bill amends section 210 (a) of the Social Security Act by inserting a new paragraph (16). The new paragraph provides that service performed by an individual under an arrangement with the owner or tenant of land pursuant to which such individual undertakes to produce agricultural or horticultural commodities on such land, shall be excepted from employment, provided that, pursuant to the arrangement, the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between him and the owner or tenant and the amount of such individual's share depends solely on the amount of the agricultural or horticultural commodities produced. This amendment is declaratory of present law.

Section 104 (c) (2) of the bill amends section 211 (a) (1) of the Social Security Act. Under this section of present law, rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) are excluded from "net earnings from self-employment." Under the amendment, the present exclusion would not apply to any income derived by an owner or tenant of land under an arrangement with another individual for the production by such other individual of agricultural or horticultural commodities on such land if such arrangement provides for material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and there is participation by the owner or tenant in the production of any such commodity to a degree which is material with respect to that commodity.

Under this amendment it is contemplated that the owner or tenant of land which is used in connection with the production of agricultural or horticultural commodities must participate to a material degree in the management decisions or physical work relating to such activities in order for the income derived therefrom to be classified as "net earnings from self-employment." Thus, the mere furnishing of tools, equipment, supplies, and animals, or the mere selection of crops or livestock to be produced, would not, in and of itself, evidence the degree of participation contemplated by the amendment.

Section 104 (c) (3) of the bill amends section 211 (c) (2) of the Social Security Act so as to include within the term "trade or business" service described in the new paragraph (16), which is added to section 210 (a) of the act by section 104 (c) (1) of the bill. This amendment is declaratory of present law.

Professional self-employed

Under section 211 (c) (5) of the Social Security Act, the performance of service by an individual (or a partnership) in the exercise of designated professions is excluded from the definition of the term "trade or

business" for purposes of determining "net earnings from self-employment" and "self-employment income." The professional service thus excluded under present law is service performed by any person as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner. Section 104 (d) of the bill would eliminate the exclusions, except in the case of physicians and Christian Science practitioners. The effect of this amendment is that any income derived by an individual from the practice of the profession of lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, or optometrist would be included for old-age and survivors purposes.

The provisions in the present law which permit coverage of Christian Science practitioners on an individual election basis would continue unchanged.

The determination of who is a "physician" for purposes of the amended section 211 (c) (5) of the act would be made without regard to section 1101 (a) (7) of the act, which defines the term to include osteopathic practitioners.

Effective dates

Section 104 (e) of the bill provides effective dates for the amendments made by section 104. The amendments made by paragraph (1) of subsection (c) (relating to certain share farmers) would apply with respect to service performed after 1954; these amendments, however, are declaratory of present law. The amendment made by paragraph (2) of subsection (c) (relating to rental income from a farm) would apply with respect to taxable years ending after 1954. Although the amendment made by paragraph (3) of subsection (c) (relating to share farmers) would also apply with respect to taxable years ending after 1954, this provision is declaratory of present law. The amendments made by subsection (a) (relating to workers performing service in connection with gum resin products) and subsection (b) (relating to certain Federal employees) would apply with respect to service performed after 1955. The amendment made by subsection (d) (relating to professional self-employed) would apply with respect to taxable years ending after 1955.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

Filing requirements

Section 105 of the bill makes two technical amendments in the Social Security Act to conform certain provisions to the Internal Revenue Code of 1954, which changed the deadline date for filing income-tax returns from March 15 to April 15.

Subsection (a) of this section of the bill amends section 203 (g) (1) of the Social Security Act, which provides that beneficiaries who earn more than the amount of earnings permitted by the "retirement test" must report their earnings to the Secretary of Health, Education, and Welfare. The amendment would permit such reports to be filed up to the 15th day of the 4th month of the year in which the report is required, rather than of the 3d month of such year as under present law.

Subsection (b) of this section of the bill amends section 205 (c) (1) (B) of the act, which relates to the definition of the term "time

limitation" for purposes of making changes in wage records, to provide that term shall mean a period of 3 years, 3 months, and 15 days, rather than 3 years, 2 months, and 15 days as under existing law.

COMPUTATION OF AVERAGE MONTHLY WAGE

Section 106 of the bill contains provisions designed to permit the computation of the average monthly wage over full-calendar years in cases involving periods of disability as is now done for cases not involving such periods.

Subsection (a) of the section amends section 215 (b) (1) of the Social Security Act to provide that, in the computation of the average monthly wage, all years any part of which was included in a period of disability shall be excluded from the computation, except the year in which the period began if the inclusion of all the months of that year and of the earnings for that year would result in a higher primary insurance amount.

Section 106 (b) of the bill amends section 215 (d) (5) of the Social Security Act which relates to the computation of the average monthly wage where periods prior to 1951 are involved. The amended section would provide that all of the quarters in any year prior to 1951 any part of which was included in a period of disability would be excluded from the elapsed quarters unless, in the case of the year in which the period of disability began, the inclusion of such quarters and of the wages for such quarters would result in a higher primary insurance amount.

Section 106 (c) of the bill amends section 215 (e) of the Social Security Act to provide that any wages paid to an individual in any year any part of which was included in a period of disability, and any self-employment income credited to such a year, shall be excluded in computing the average monthly wage unless the months of such year are included as elapsed months in the computation under section 215 (b) (1).

Section 106 (d) of the bill provides an effective date for the amendments made by the section. These amendments would apply only to individuals (1) who become entitled (without regard to the provisions in section 202 (j) (1) of the Social Security Act, relating to retroactive payment of benefits) to old-age insurance benefits after the enactment of the bill, or (2) who die without becoming entitled to such old-age insurance benefits and on the basis of whose earnings an application for benefits or a lump-sum death payment is filed after the date of enactment, or (3) who become entitled to disability insurance benefits under the new section 223 of the Social Security Act, or (4) who, after the date of enactment of the bill, file an application which is accepted as an application for a disability determination under the existing section 216 (i) of the Social Security Act.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

Section 107 (a) of the bill establishes an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal old-age and survivors insurance trust fund in relation to the long-term commitments of the old-age and survivors insurance program.

Subsection (b) of this section provides that the Council shall consist of the Commissioner of Social Security, as chairman, and 12 other persons appointed by the Secretary of Health, Education, and Welfare representing, to the extent possible, employers and employees in equal numbers, and self-employed persons and the public. The Council would have to be appointed after February 1957 and before January 1958.

Section 107 (c) of the bill authorizes the Council to engage such technical assistance, including actuarial services, as it may require and, in addition, requires the Secretary of Health, Education, and Welfare to make available to it such assistance from the Department of Health, Education, and Welfare as the Council may require to carry out its functions. This section also provides for compensation for members of the Council while on business of the Council, at rates to be fixed by the Secretary, but not in excess of $50 a day, and for payment of necessary traveling expenses and per diem.

Section 107 (d) of the bill provides that the Council shall make a report of its findings and recommendations (including its recommendations for changes in tax rates under the old-age and survivors insurance program) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund. This report must be submitted not later than January 1, 1959, and is to be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959. The Council would go out of existence once it had submitted its report.

A new Council, similarly constituted and with the same functions, would be appointed not earlier than 3 years and not later than 2 years before the first year for which each ensuing scheduled increase (after 1960) in social security tax rates is effective. Each such Council would report its findings and recommendations in the manner described above not later than January 1 of the year preceding the year in which the scheduled change in tax rates occurs, and the report and recommendations would be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1. Each such Council would also go out of existence after submission of its report.

DEFINITION OF SECRETARY

Section 108 of the bill provides that the term "Secretary," as used in the bill and in the provisions of the Social Security Act set forth in the bill, means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

Section 109 of the bill amends the Railroad Retirement Act. These amendments are designed to maintain the relationship between the old-age and survivors insurance system and the railroad retirement system that was established by the amendments made in 1951 to the Railroad Retirement Act by Public Law 234, 82d Congress.

Section 109 (a) amends section 1 (q) of the Railroad Retirement Act so as to provide that references in the Railroad Retirement Act to the "Social Security Act" and to the "Social Security Act, as

amended," are references to the Social Security Act, as amended in 1955 (that is, as amended by all acts amending the Social Security Act during and preceding 1955).

Section 109 (b) amends section 5 (f) (2) of the Railroad Retirement Act, which guarantees the payment of total benefits under the railroad retirement and old-age and survivors insurance programs at least equal to the worker's contributions to the railroad program, plus an allowance for interest. In defining the terms of this guaranty, section 5 (f) (2) of the Railroad Retirement Act refers to survivor benefits payable under the Social Security Act "upon attaining age 65," and to benefits payable "under section 202 of the Social Security Act." Paragraph (1) of section 109 (b) substitutes the phrase "retirement age (as defined in sec. 216 (a) of the Social Security Act)" for "age 65" each place it appears in section 5 (f) (2) of the Railroad Retirement Act. This takes account of the reduction in the retirement age requirement for women from age 65 to age 62 under the Social Security Act. Paragraph (2) of section 109 (b) substitutes "title II" of the Social Security Act for "section 202" of the Social Security Act each place it appears in section 5 (f) (2) of the Railroad Retirement Act. This takes account of the new disability insurance benefits provided under title II of the Social Security Act.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

EXTENSION OF COVERAGE

District of Columbia credit unions

Section 201 (a) of the bill adds a new section 3113 to subchapter B of chapter 21 of the Internal Revenue Code of 1954. Section 3113 would render inoperative, with respect to the employer tax imposed by section 3111 of such code, any exemption from taxation wich is now granted, or which may in the future be granted, to credit unions in the District of Columbia chartered pursuant to the act of June 23, 1932. Service performed in the employ of these credit unions now constitutes employment under chapter 21 of such code and title II of the Social Security Act, and such credit unions are now required to report and pay over the employee tax imposed by section 3101 of such code with respect to such service. However, such credit unions are not required to pay the employer tax imposed by section 3111 of such code in view of the exemption from taxation now granted under section 16 of the act of June 23, 1932. Section 201 (a) has the effect of subjecting such credit unions to liability for the employer tax with respect to such service.

Under section 201 (i) (1) of the bill, the amendment made by section 201 (a) is effective with respect to remuneration paid after 1955.

Standby pay

Section 201 (b) of the bill amends section 3121 (a) (9) of the Internal Revenue Code of 1954 to conform such section to the changes made by section 102 (a) and (b) (4) of the bill in the definition of the term "retirement age" for purposes of section 209 (i) of the Social Security Act. Under existing law, any payment (other than vacation or sick pay) made to an employee after the month in which he or she attains age 65 is excluded from "wages," as that term is defined in the Federal Insurance Contributions Act, if the employee did not work for

the employer in the period for which such payment is made. Under the bill, any such payment made after 1955 is excluded if made to a male employee after the month in which he attains age 65 or, in the case of a woman, after the month in which she attains age 62.

Service in connection with gum resin products

Under the existing section 3121 (b) (1) (A) of the Internal Revenue Code of 1954, service performed in connection with the production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum, is excepted from employment. Section 201 (c) of the bill would remove the specific exception of this service from employment and would have the effect of covering such service under the Federal Insurance Contributions Act on the same basis as other agricultural labor.

Under section 201 (i) (1) of the bill, the amendment made by section 201 (c) applies to service performed after 1955.

Employees of Federal home loan banks and of the Tennessee Valley Authority

Section 201 (d) (1) of the bill amends section 3121 (b) (6) (B) (ii) of the Internal Revenue Code of 1954 so as to remove the exception from employment now provided by section 3121 (b) (6) (B) in respect of service performed in the employ of a Federal home loan bank. Thus, the general exception from employment provided by such section for service which is performed in the employ of a Federal instrumentality exempt from the employer tax on December 31, 1950, and which is covered by the retirement system of such instrumentality would no longer apply to service performed in the employ of a Federal home loan bank.

Section 201 (d) (2) of the bill amends section 3121 (b) (6) (C) (vi) of the Internal Revenue Code of 1954 so as to remove the exception from employment of service performed in the employ of the Tennessee Valley Authority by an individual who is subject to the retirement system of that instrumentality. At present, such service is excepted from employment under the general exception of service performed by an individual who is excluded from the Federal civil service retirement system because he is subject to another Federal retirement system.

Under section 201 (i) (1) of the bill, the amendments made by section 201 (d) apply to service performed after 1955.

Share-farming arrangements

Section 201 (e) (1) of the bill amends section 3121 (b) of the Internal Revenue Code of 1954 by adding a new paragraph (16). The new paragraph provides that service performed by an individual under an arrangement with the owner or tenant of land, pursuant to which such individual undertakes to produce agricultural or horticultural commodities on such land, shall be excepted from employment, provided that, pursuant to the arrangement, the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between him and the owner or tenant and the amount of such individual's share depends solely on the amount of the agricultural or horticultural commodities produced.

Although the amendment is made effective (by sec. 201 (i) (1) of the bill) with respect to service performed after 1954, it is declaratory of present law.

Section 201 (e) (2) of the bill amends section 1402 (a) (1) of the code under which rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) are excepted from "net earnings from self-employment." Under the amendment, the present exception would not apply to any income derived by an owner or tenant of land under an arrangement with another individual for the production by such other individual of agricultural or horticultural commodities on such land if such arrangement provides for material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and there is participation by the owner or tenant in the production of any such commodity to a degree which is material with respect to that commodity.

Under this amendment it is contemplated that the owner or tenant of land which is used in connection with the production of agricultural or horticultural commodities must participate to a material degree in the management decisions or physical work relating to such activities in order for the income derived therefrom to be classified as "net earnings from self-employment." Thus, the mere furnishing of tools, equipment, supplies, and animals, or the mere selection of crops or livestock to be produced, would not, in and of itself, evidence the degree of participation contemplated by the amendment.

The amendment made by section 201 (e) (2) applies (under sec. 201 (i) (1) of the bill) with respect to taxable years ending after 1954. However, under section 201 (i) (2) of the bill, any self-employment tax which is due, solely by reason of the amendment made by section 201 (e) (2), for any taxable year ending on or before the date of enactment of the bill shall be considered timely paid if payment is made in full within 6 calendar months after the month in which the bill is enacted. In no event shall interest on any such tax accrue during any period ending on the date of enactment of the bill.

Section 201 (e) (3) of the bill amends section 1402 (c) (2) of the code so as to include in the term "trade or business" the service described in the new paragraph (16) (relating to certain share farmers) which is added to section 3121 (b) of the code by section 201 (e) (1) of the bill. Although the amendment made by section 201 (e) (3) applies (under sec. 201 (i) (1) of the bill) with respect to taxable years ending after 1954, it is declaratory of present law.

Professional self-employed

Under section 1402 (c) (5) of the Internal Revenue Code of 1954, the performance of service by an individual (or a partnership) in the exercise of designated professions is excluded from the definition of the term "trade or business" for purposes of determining "net earnings from self-employment" and "self-employment income." The professional service thus excluded under present law is service performed by any person as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner. Section 201 (f) of the bill would delete these exclusions, except in the case of physicians and Christian Science practitioners. This amendment has the effect of requiring that any

income derived by an individual or a partnership from the practice of a profession as a lawyer, dentist, osteopath, chiropractor, veterinarian, naturopath, or optometrist, must be taken into account in determining liability for the self-employment tax.

Section 1402 (e) of such code, which permits Christian Science practitioners to file a coverage certificate waiving their exemption from this tax under certain conditions, is not affected by this amendment.

Section 201 (i) (1) of the bill provides that the amendment made by section 201 (f) shall apply with respect to taxable years ending after 1955.

Filing of supplemental lists by nonprofit organizations

Section 201 (g) of the bill amends section 3121 (k) (1) of the Internal Revenue Code of 1954, relating to waivers of tax exemption which may be filed by certain religious, charitable, etc., organizations. Pursuant to section 3121 (k), such an organization may file a certificate waiving exemption from tax under chapter 21 of such code only if two-thirds or more of its employees concur in the filing of such certificate, and such certificate is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs. As originally enacted, section 3121 (k) permitted additions to the list of employees concurring in the filing of a certificate only if a supplemental list was filed within the period ending on the due date of the first return of tax required of the organization (that is, the end of the first month following the first calendar quarter for which the certificate is in effect). However, section 3121 (k) was amended by section 207 (a) of the Social Security Amendments of 1954 so as to permit additions to the list within a period of 24 months after the first calendar quarter for which the certificate is in effect. This amendment had the effect of permitting additions to lists accompanying certificates filed as early as the second calendar quarter of 1952, but made no provision for additions to any list of concurring employees in the case of a certificate filed prior to that quarter.

Section 201 (g) would permit amendment of the list accompanying any certificate, effective now or in the future, by the filing of a supplemental list at any time before the expiration of 24 months following the first calendar quarter for which the certificate is effective or at any time before January 1, 1958, whichever is the later. This amendment would take effect immediately upon enactment of the bill. However, the date on which a supplemental list becomes effective with respect to service performed by an individual whose signature appears on such list would continue to be governed by existing law.

Effective date for waiver certificate filed by nonprofit organizations

Section 201 (h) of the bill amends section 3121 (k) (1) of the Internal Revenue Code of 1954 so as to provide an optional effective date for certificates filed under such section after 1955. Under present law a certificate filed under section 3121 (k) of such code becomes effective on the first day of the calendar quarter following the quarter in which the certificate is filed. Under such section as amended by section 201 (k) of the bill, a certificate filed after 1955 may be made effective on the first day of the calendar quarter in which the certificate is filed

or the first day of the succeeding calendar quarter, whichever is specified by the organization.

CHANGES IN TAX SCHEDULES

Section 202 (a) of the bill amends section 1401 of the Internal Revenue Code of 1954, relating to the rate of tax upon self-employment income. Under existing law, the rate of tax upon self-employment income is 3 percent for taxable years beginning after 1953 and before 1960. This rate is increased under existing law to 3¾ percent for taxable years beginning in 1960 and by an additional ¾ percent at 5-year intervals thereafter until a maximum rate of 6 percent is reached for taxable years beginning after 1974. Under the bill, the rate of such tax is increased to 3¾ percent for taxable years beginning after 1955 and before 1960, and is increased by an additional ¾ percent for taxable years beginning in 1960, and is further increased by ¾ percent at 5-year intervals thereafter until a maximum rate of 6¾ percent is reached for taxable years beginning after 1974.

Subsections (b) and (c) of section 202 would amend sections 3101 and 3111, respectively, of the code, relating to the rates of employee tax and employer tax under the Federal Insurance Contributions Act. Under existing law, the rate of the employee tax and of the employer tax is 2 percent for the calendar years 1955 through 1959. Each of these rates is increased under existing law by an additional ½ percent on January 1, 1960, and at 5-year intervals thereafter until a maximum rate of 4 percent is reached for 1975 and subsequent years. Under the bill, the rate of each such tax is increased to 2½ percent for the calendar years 1956 through 1959, and is increased by ½ percent on January 1, 1960, and at 5-year intervals thereafter until a maximum rate of 4½ percent is reached for 1975 and subsequent years.

CHANGES IN EXISTING LAW

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

TITLE II—FEDERAL OLD-AGE AND SURVIVORS INSURANCE BENEFITS

* * * * * * *

OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

Old-Age Insurance Benefits

SEC. 202. (a) Every individual who—

(1) is a fully insured individual (as defined in section 214 (a)),

(2) has attained retirement age (as defined in section 216 (a)), and

(3) has filed application for old-age insurance benefits *or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,*

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in

which he dies. Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month.

* * * * * * *

Child's Insurance Benefits

(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and had not attained the age of eighteen, and

(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), [or attains the age of eighteen] *attains the age of eighteen and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of eighteen.*

* * * * * * *

Simultaneous Entitlement to Benefits

(k) (1) * * *

(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child's insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month, such benefit to be the one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

(B) Any individual [who under the preceding provisions of this section] *who, under the preceding provisions of this section and under the provisions of section 223,* is entitled for any month to more than one monthly insurance benefit (other than an old-age insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

* * * * * * *

Termination of Benefits Upon Deportation of Primary Beneficiary

(n) (1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

(A) no monthly benefit under this section *or section 223* shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence,

* * * * * * *

REDUCTION OF INSURANCE BENEFITS

Maximum Benefits

SEC. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, *after any deductions under section 222 (b), and after*

any reduction under section 224, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, *after any deductions under section 222 (b), and after any reduction under section 224*, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased.

Deductions on Account of Work or Failure to Have Child in Care

(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—

(1) in which such individual is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or

(2) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or

(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or

(4) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

(5) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child of her deceased former husband, who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no deduction shall be made under this subsection from any child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month.

* * * * * * *

Occurrence of More Than One Event

(d) If more than one of the events specified in subsections (b) and (c) *and section 222 (b)* occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of earnings to any month shall be treated as an event occurring in such month.

* * * * * * *

Report of Earnings to Secretary

(g) (1) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of $100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the [third] *fourth* month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. Such report need not be made for any taxable year

beginning with or after the month in which such individual attained the age of seventy-two.

* * * * * * *

[Circumstances Under Which Deductions Not Required

[(h) Deductions by reason of subsection (b), (f), or (g) shall, notwithstanding the provisions of such subsection, be made from the benefits to which an individual is entitled only to the extent that they reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to him and the other individuals living in the same household.]

CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

(h) In the case of any individual—

(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income to such individual and the other individuals living in the same household.

* * * * * * *

EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

SEC. 205. (a) * * *

* * * * * * *

(c) (1) For the purposes of this subsection—

(A) The term "year" means a calendar year when used with respect to wages and a taxable year (as defined in section 211 (e)) when used with respect to self-employment income.

(B) The term "time limitation" means a period of three years, [two] *three* months, and fifteen days.

(C) The term "survivor" means an individual's spouse, former wife divorced, child, or parent, who survives such individual.

* * * * * * *

DEFINITION OF EMPLOYMENT

SEC. 210. For the purposes of this title—

Employment

(a) The term "employment" means any service performed after 1936 and prior to 1951 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (l) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (l) of the Internal Revenue Code of 1954, with respect to such subsidiary; except that, in the case of service performed after 1950, such term shall not include—

[(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;

[(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;]

(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;

* * * * * * *

(6) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

(B) Service performed by an individual in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950, and if such service is covered by a retirement system established by such instrumentality; except that the provisions of this subparagraph shall not be applicable to—

(i) service performed in the employ of a corporation which is wholly owned by the United States;

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, *a Federal Home Loan Bank*, or a Federal Credit Union;

* * * * * * *

(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

* * * * * * *

(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (*other than the retirement system of the Tennessee Valley Authority*);

* * * * * * *

(14) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; [or]

(15) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669)[.]; *or*

(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

(C) the amount of such invidual's share depends on the amount of the agricultural or horticultural commodities produced.

* * * * * * *

SELF-EMPLOYMENT

SEC. 211. For the purposes of this title—

Net Earnings From Self-Employment

(a) The term "net earnings from self-employment" means the gross income, as computed under Subtitle A of the Internal Revenue Code of 1954, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702 (a) (9) of the Internal Revenue Code of 1954, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; *except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;*

* * * * * * *

Trade or Business

(c) The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954, except that such term shall not include—

(1) The performance of the functions of a public office;

(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of [eighteen and other than] *eighteen, service described in section 210 (a) (16), and* service described in paragraph (4) of this subsection);

* * * * * * *

[(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership.]

(5) The performance of service by an individual in the exercise of his profession as a physician (determined without regard to section 1101 (a) (7)) or as a Christian Science practitioner; or the performance of such service by a partnership.

* * * * * * *

COMPUTATION OF PRIMARY INSURANCE AMOUNT

SEC. 215. For the purposes of this title—

Primary Insurance Amount

(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after August 1954, or who dies after such month and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

(A) Fifty-five per centum of the first $110 of his average monthly wage, plus 20 per centum of the next $240; or

(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c).

(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger.

Average Monthly Wage

[(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage, except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.]

(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

(A) the months in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and

(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.

* * * * * * *

Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table

(d) For the purposes of subsection (c), the primary insurance benefits and the primary insurance amounts of individuals shall be determined as follows:

(1) * * *

* * * * * * *

(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), [any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted.] *all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount.*

* * * * * * *

Certain Wages and Self-Employment Income Not To Be Counted

(e) For the purposes of subsections (b) and (d) (4)—

(1) * * *

* * * * * * *

[(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability.]

(4) in computing an individual's average monthly wage, there shall not be counted—

(A) any wages paid such individual in any year any part of which was included in a period of disability, or

(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability.

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B).

* * * * * * *

Rounding of Benefits

(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 *or 223* which (after reduction under section 203 (a)) is not a multiple of $0.10 shall be raised to the next higher multiple of $0.10.

OTHER DEFINITIONS

SEC. 216. For the purposes of this title—

Retirement Age

[(a) The term "retirement age" means age sixty-five.]

(a) The term "retirement age" means—

(1) in the case of a man, age sixty-five, or

(2) in the case of a woman, age sixty-two.

* * * * * * *

Disability; Period of Disability

(i) (1) [The] *Except for purposes of sections 202 (d), 223, and 225, the* term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

* * * * * * *

DISABILITY DETERMINATIONS

SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i) *or 223 (c)*) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

* * * * * * *

(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability (*as defined in section 216 (i) or 223* (c)) and, as a result of such review, may determine that such individual is not under a disability (*as so defined*) or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

* * * * * * *

[REFERRAL FOR REHABILITATION SERVICES

[SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity.]

REHABILITATION SERVICES

Referral for Rehabilitation Services

SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

Deductions on Account of Refusal To Accept Rehabilitation Services

(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

Service Performed Under Rehabilitation Program

(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered.

DISABILITY INSURANCE BENEFIT PAYMENTS

Disability Insurance Benefits

SEC. 223. (a) (1) Every individual who—

(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

(B) has attained the age of fifty and has not attained retirement age (as defined in section 216 (a)),

(C) has filed application for disability insurance benefits, and

(D) is under a disability (as defined in subsection (c) (2) and determined under section 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as

though he became entitled to old-age insurance benefits in the first month of his waiting period.

Filing of Application

(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

Definitions

(c) For purposes of this section—

(1) An individual shall be insured for disability insurance benefits in any month if—

(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

(2) The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

(3) The term "waiting period" means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

(A) throughout which the individual who files such application has been under a disability, and

(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

REDUCTION OF BENEFITS BASED ON DISABILITY

SEC. 224. (a) If—

(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (e)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum

unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

(e) For purposes of this section, the term "agency of the United States" means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

SUSPENSION OF BENEFITS BASED ON DISABILITY

SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term "disability" has the meaning assigned to such term in section 223 (c) (2).

SECTIONS 1 (q) AND 5 (f) (2) OF THE RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

DEFINITIONS

SECTION 1. For the purposes of this Act—

(a) * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act as amended in [1954] *1955*.

* * * * * * *

ANNUITIES AND LUMP SUMS FOR SURVIVORS

SEC. 5. (a) * * *

* * * * * * *

(f) LUMP-SUM PAYMENT.—(1) * * *

(2) Whenever it shall appear, with respect to the death of an employee on or after January 1, 1947, that no benefits, or no further benefits, other than benefits payable to a widow, widower, or parent upon attaining age sixty at a future date, will be payable under this section or, pursuant to subsection (k) of this section, upon attaining [age sixty-five] *retirement age (as defined in section 216 (a) of the Social Security Act)* at a future date, will be payable under [section 202] *title II* of the Social Security Act, as amended, there shall be paid to such person or persons as the deceased employee may have designated by a writing filed with the Board prior to his or her death, or if there be no designation, to the person or persons in the order provided in paragraph (1) of this subsection or, in the absence of such person or persons, to his or her estate, a lump sum in an amount equal to the sum of 4 per centum of his or her compensation paid after December 31, 1936, and prior to January 1, 1947, and 7 per centum of his or her compensation after December 31, 1946 (exclusive in both cases of compensation in excess of $300 for any month before July 1, 1954, and in the latter case in excess of $350 for any month after June 30, 1954), minus the sum of all benefits paid to him or her, and to others

deriving from him or her, during his or her life, or to others by reason of his or her death, under this Act, and pursuant to subsection (k) of this section, under [section 202] *title II* of the Social Security Act, as amended: *Provided, however,* That if the employee is survived by a widow, widower, or parent who may upon attaining age sixty be entitled to further benefits under this section, or pursuant to subsection (k) of this section, upon attaining [age sixty-five] *retirement age (as defined in section 216 (a) of the Social Security Act)* be entitled to further benefits under [section 202] *title II* of the Social Security Act, as amended, such lump sum shall not be paid unless such widow, widower, or parent makes and files with the Board an irrevocable election, in such form as the Board may prescribe, to have such lump sum paid in lieu of all benefits to which such widow, widower, or parent might otherwise become entitled under this section or, pursuant to subsection (k) of this section, under [section 202] *title II* of the Social Security Act, as amended. Such election shall be legally effective according to its terms. Nothing in this section shall operate to deprive a widow, widower, or parent making such election of any insurance benefits under [section 202] *title II* of the Social Security Act, as amended, to which such widow, widower, or parent would have been entitled had this section not been enacted. The term "benefits" as used in this paragraph includes all annuities payable under this Act, lump sums payable under paragraph (1) of this subsection, and insurance benefits and lump-sum payments under [section 202] *title II* of the Social Security Act, as amended, pursuant to subsection (k) of this section, except that the deductions of the benefits which, pursuant to subsection (k) (1) of this section, are paid under [section 202] *title II* of the Social Security Act, during the life of the employee to him or to her and to others deriving from him or her, shall be limited to such portions of such benefits as are payable solely by reason of the inclusion of service as an employee in "employment" pursuant to said subsection (k) (1).

INTERNAL REVENUE CODE OF 1954

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

* * * * * * *

SEC. 1401. RATE OF TAX.

In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

(1) in the case of any taxable year beginning *after December 31, 1955, and* before January 1, 1960, the tax shall be equal to [3] *3¾* percent of the amount of the self-employment income for such taxable year;

(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to [3¾] *4½* percent of the amount of the self-employment income for such taxable year;

(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to [4½] *5¼* percent of the amount of the self-employment income for such taxable year;

(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to [5¼] *6* percent of the amount of the self-employment income for such taxable year;

(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to [6] *6¾* percent of the amount of the self-employment income for such taxable year.

SEC. 1402. DEFINITIONS.

(a) NET EARNINGS FROM SELF-EMPLOYMENT.—The term "net earnings from self-employment" means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702 (a) (9) from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) there shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; *except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an*

arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;

* * * * * * *

(c) TRADE OR BUSINESS.—The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 162 (relating to trade or business expenses), except that such term shall not include—

(1) * * *

(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of [18 and other than] *18, service described in section 3121 (b) (16), and* service described in paragraph (4) of this subsection);

* * * * * * *

[(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership.]

(5) the performance of service by an individual in the exercise of his profession as a physician or as a Christian Science practitioner; or the performance of such service by a partnership.

* * * * * * *

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

SUBCHAPTER A—TAX ON EMPLOYEES

* * * * * * *

SEC. 3101. RATE OF TAX.

In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

(1) with respect to wages received during the calendar years [1955] *1956* to 1959, both inclusive, the rate shall be [2] *2½* percent;

(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be [2½] *3* percent;

(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be [3] *3½* percent;

(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be [3½] *4* percent;

(5) with respect to wages received after December 31, 1974, the rate shall be [4] *4½* percent.

* * * * * * *

SUBCHAPTER B—TAX ON EMPLOYERS

SEC. 3111. RATE OF TAX.

In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

(1) with respect to wages paid during the calendar years [1955] *1956* to 1959, both inclusive, the rate shall be [2] *2½* percent;

(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be [2½] *3* percent;

(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be [3] *3½* percent;

(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be [3½] *4* percent;

(5) with respect to wages paid after December 31, 1974, the rate shall be [4] *4½* percent.

* * * * * * *

SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26-516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111.

* * * * * * *

SUBCHAPTER C—GENERAL PROVISIONS

* * * * * * *

SEC. 3121. DEFINITIONS.

(a) WAGES.—For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash: except that such term shall not include—

(1) * * *

* * * * * * *

[(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 65, if he did not work for the employer in the period for which such payment is made; or]

(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

(A) in the case of a man, he attains the age of 65, or

(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or

* * * * * * *

(b) EMPLOYMENT.—For purposes of this chapter, the term "employment" means any service performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (h)); except that, in the case of service performed after 1954, such term shall not include—

[(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j);

[(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;]

(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;

* * * * * * *

(6) (A) * * *

(B) service performed by an individual in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950; and if such service is covered by a retirement system established

by such instrumentality; except that the provisions of this subparagraph shall not be applicable to—

(i) * * *

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, *a Federal Home Loan Bank*, or a Federal Credit Union;

* * * * * * *

(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) * * *

* * * * * * *

(vi) by any individual to whom the Civil Service Retirement Act of 1930 (*46 Stat. 470; 5 U. S. C. 693*) does not apply because such individual is subject to another retirement system (*other than the retirement system of the Tennessee Valley Authority*);

* * * * * * *

(14) (A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; [or]

(15) service performed in the employ of an international organization[.]; *or*

(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced.

* * * * * * *

(k) EXEMPTION OF RELIGIOUS, CHARITABLE, AND CERTAIN OTHER ORGANIZATIONS.—

(1) WAIVER OF EXEMPTION BY ORGANIZATION.—An organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, *or at any time prior to January 1, 1958, whichever is the later,* by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The certificate shall be in effect (for purposes of subsection (b) (9) (B) and for purposes of

section 210 (a) (9) (B) of the Social Security Act) for the period beginning with [the first day following the close of the calendar quarter in which such certificate is filed,] *the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate*, except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed. The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation, except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

SUPPLEMENTAL VIEWS

A majority of the undersigned voted to report this bill favorably. Even among those of us who did not, there is recognition that some of the bill's provisions are desirable and that many of its objectives are praiseworthy. Nevertheless, we are impelled to express our concern over certain aspects of this vital legislation.

The social security system is fast reaching maturity. Under Republican leadership, practically universal coverage was finally achieved last year. The system is no longer an experimental innovation but has become an integral part of our economy. Even minor changes in the program can have a profound and far-reaching effect on American life. To millions of our people, the system represents the basic foundation for their own retirement security as well as for the survivorship protection of their dependents. The old-age and survivors' insurance trust fund today approximates $20 billion, and almost every American has a stake in the soundness and stability of that fund. The Committee on Ways and Means is charged by law with responsibility for initiating all legislation affecting the social security system, and, in a very real sense, therefore, the members of our committee are trustees of the public interest in this program. This trusteeship imposes upon us an obligation not only to current social security beneficiaries but also to succeeding generations of beneficiaries. We must state with regret that we do not believe that the committee has properly discharged its trust in this instance.

The proposals contained in this bill will involve increased benefit payments from the trust fund of $2 billion a year, on the average. Moreover, as we pointed out in our letter of June 18, 1955, to the chairman of the committee, these proposals—

> will have an unpredictable but far-reaching impact not only upon the old-age and survivors insurance system but also upon private pension plans to which millions of American workers look for their security, upon State and local retirement plans, upon private insurance, and upon the public assistance program. The ultimate social and economic implications of these proposals are tremendous.

We went on to declare that it was—

> unthinkable that public hearings not be held.

Despite the obvious logic of this position, the majority voted not to hold public hearings and to proceed entirely in executive session. The Republican members voted to open consideration of these vital issues to the public but were turned down by a strict party-line vote.

As a result, this bill, containing multibillion dollar provisions which will affect the lives of millions of Americans for many years in the future, is entirely the product of a few closed-door sessions by this committee. Thus, the far-reaching implications of the proposals contained in this bill have been explored in what can only be described as a cursory and casual fashion.

Representatives of the Department of Health, Education, and Welfare cooperated fully with the members of our committee. To the best of their ability, they presented all available information which bear upon the complex problems involved. It is unfortunate that even this testimony is not available either to the Congress or the public. These representatives of the Department were the first to suggest that such information as they could provide was in many instances secondhand information at best, that the committee should develop firsthand information by soliciting direct testimony from qualified sources, and that in several areas there was insufficient experience upon which to base intelligent legislation. The Administration conscientiously brought to the attention of our committee the many difficult problems which these proposals involve. For example, on June 21, 1955, the Secretary of Health, Education, and Welfare transmitted the following letter to the chairman of the committee:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington 25, D. C., June 21, 1955.

Hon. JERE COOPER,
Chairman, Committee on Ways and Means,
House of Representatives.

DEAR MR. CHAIRMAN: Thank you very much for your letter of June 17, 1955, enclosing copies of a confidential draft of a bill you are submitting to the full Committee on Ways and Means. Our staff has made such review as is possible in the time available and will be happy to appear before your committee today to assist in whatever manner is possible. We wish to cooperate fully with you, the committee, and the legislative counsel's office in carrying out the committee's wishes.

You have asked, also, that our staff be ready to present to the committee the position of the Department on these proposed amendments. I would like to take this opportunity to set forth our views.

It is hardly necessary for us to restate the administration's basic policy with respect to the old-age and survivors insurance system. In his first state of the Union message, and even prior thereto, President Eisenhower clearly and emphatically called for broad improvements in the contributory, self-supporting system of old-age and survivors insurance. In the spring of 1953 a group of expert consultants was called together by this Department to consider the extension of the protection of the OASI system to additional groups of workers and self-employed persons. Late in the 1st session of the 83d Congress a bill was introduced by Congressman Daniel A. Reed embodying the recommendations of this consultant group. During the fall of 1953 an intensive study was conducted within the Department of the benefit structure of the OASI system, and in January of 1954 President Eisenhower transmitted to the Congress, in his state of the Union and special social-security messages, a series of recommendations for the expansion and improvement of the OASI system. These recommendations were translated into a new bill introduced by Congressman Reed.

As you will recall, your committee and the Committee on Finance of the Senate gave that bill the most careful and thorough scrutiny. Your committee conducted weeks of public hearings during 1954, even though many of the elements of the administration bill had, at one time or another, been considered previously by the committee. This Department regards the committee's action last year as a model of careful and thorough joint legislative effort, and we particularly valued the important contributions made by you personally and by other members of the committee to perfecting the administration bill.

The result of this effort was perhaps the most sweeping and broadening improvement of the OASI system since its inception 20 years ago. The 1954 amendments made the following important changes:

1. Extended coverage to about 10 million more workers, including 3½ million self-employed farmers and many additional farm workers.
2. Increased benefit payments substantially for all present and future retired workers and for other beneficiaries.
3. Adopted a more advantageous basis for calculating benefits by (*a*) permitting a worker to drop as many as 5 years of low or no earnings from his wage record, and (*b*) by increasing to $4,200 the amount of annual earnings that can be counted toward benefits.

4. Preserved the rights of totally disabled workers to any benefits they may have earned.

5. Liberalized the retirement test by (*a*) permitting employed and self-employed beneficiaries to have earnings up to $1,200 in a year without loss of benefits, and (*b*) by reducing from 75 to 72 the age at which a beneficiary will be able to receive the payments regardless of the amount he is earning.

6. Provided benefits for the families of workers who had credit for a year and a half in social security jobs but who died uninsured prior to September 1950.

In brief, Mr. Chairman, the 1954 amendments, which were adopted by an overwhelming bipartisan vote in both Houses of Congress, reflect in a way even more eloquent than a statement of principles the deep concern of this administration for improving the welfare of our people by strengthening and improving the OASI system.

We come now to consider how the administration policy for strengthening the OASI system applies in the situation presented by your stated intention to conduct 3 days of closed or executive sessions on a bill based on the confidential draft you transmitted to us with your letter.

It is our firm conviction that a thoroughgoing review and inquiry into the issues raised by the confidential draft are essential. We believe that this committee could best serve the American people in this particular instance by setting up the mechanism for an intensive study—as was done by this committee in 1946 and by the Senate Finance Committee in 1948. A study commission or advisory council, particularly if given a mandate to consider certain specified problem areas, could assure that no important consideration is overlooked and the views of all are taken into account. Either this committee or the study commission could conduct full and open hearings on measures of the type in the confidential draft, with an opportunity prior thereto for all interested persons and groups to study the measures carefully, to formulate their views and to prepare testimony.

We wish to emphasize particularly the willingness and desire of this Department, as it has done in similar situations in the past, to work in close cooperation with such a commission or council.

While it is true that testimony on related proposals was received by this committee in 1949, we are convinced that a full inquiry is needed with respect to the proposals contained in the confidential draft for the following reasons:

1. The social-security system is a system of the people. It represents the source of security for many millions of Americans, and it has a tremendous significance for our economy. It has reached practically universality in coverage of employment. Legislation dealing with a structure of such universal impact and significance should be considered widely by employers, employees, the self-employed, and other interested groups and discussed fully and openly.

2. Although the confidential draft is similar in many respects to parts of a bill considered by your committee in 1949, there are important differences. Just for example, the provisions of the 1949 bill dealing with cash disability benefits provided that a disability benefit could be terminated if the disabled person refused without good cause to accept available rehabilitation services.

3. There are many alternative approaches to even the proposals in the draft bill. For example, as to cash disability benefits, the terms of eligibility, the administrative provisions and the appropriate review of administrative determinations are all matters of key importance with respect to which we do not purport to be able to give the Congress our best counsel at this time.

4. The OASI system has changed significantly since 1949 from a system under which about 6 out of 10 jobs were covered to one under which 9 out of 10 jobs are covered. Millions of self-employed persons have now been brought within the system—paying social-security taxes at a rate 150 percent of the rate paid by employees. Self-employed farmers will commence paying taxes for the first time on January 1, 1956. The benefit structure of the system has been completely revised since 1949. The overall costs of the system have increased substantially, and a substantially higher ultimate tax rate is projected than was the case in 1949.

5. Because the OASI system is becoming a more costly one (with an 8 percent combined employer-employee tax already projected at the end of 20 years), every additional item of cost must be considered with the greatest care. The system could lose its attractiveness, particularly for many self-employed persons, if additional cost items are added without the most careful evaluation of the benefits they confer.

6. There are many praiseworthy objectives which have taken the form of numerous proposals for amendment of the OASI system other than the 2 or 3 proposals included in the confidential draft. There should be full opportunity carefully to consider which of the many proposals have the highest priority.

7. Since 1949 there have been many developments outside the OASI system which call for a thorough consideration. For example, there has has been a tremendous growth in private insurance, private pension plans, and voluntary health insurance. These developments have an important bearing on the proposals contained in the confidential draft.

Within the Administration, we have not had an opportunity to make a real study of the proposals contained in the confidential draft bill, and have particularly not had an opportunity to solicit the views of groups and individuals outside of Government.

Furthermore, there has not been an opportunity to assess and evaluate the results of the 1954 amendments, nor will there be for some time yet. The first few State determinations of disability under the disability "freeze" provision enacted last year have just been received. We are convinced that best interests of the OASI system and the American people would be served by obtaining more experience under the "freeze" and having that experience evaluated carefully before coming to far-reaching decisions which have important implications for the OASI trust fund. Similarly, there has been no real opportunity to evaluate the effect of the Vocational Rehabilitation Act of 1954, expanding the Federal-State program of rehabilitation for the disabled, or the effect of the referral to State rehabilitation agencies under the disability "freeze" provision mentioned above. We regard all of these as matters of crucial significance in the development of sound legislation.

We wish to reemphasize that the Department strongly endorses all efforts to strengthen and improve the OASI system which are soundly financed, in a way not unfair to any group. However, we believe that any major amendments should be adopted only after they have been presented to the public with an opportunity for full expression of views and open debate, and have been the subject of full deliberation based on experience under recent basic changes in the law.

There are many issues which a commission of inquiry might fruitfully consider. For example, the following major questions are raised by the proposals in the confidential draft bill:

Cash disability benefits

1. Recognizing that self-sufficiency and independence through rehabilitation are more important goals for the individual than dependence on cash payments: What are the implications of cash disability benefits with respect to rehabilitation efforts?

(*a*) Has experience under veterans' programs, workmen's compensation, or other programs indicated any lessening of incentive toward rehabilitation as a result of payments of cash benefits?

(*b*) Do we yet know the full potential of the expanding Federal-State vocational rehabilitation program?

(*c*) Could greater social gain be achieved by backing rehabilitation efforts with additional funds—whether from the OASI trust fund or other sources—rather than paying the same funds in cash benefits on the condition of continued disability?

(*d*) Could the desired objectives be better achieved by making more liberal maintenance payments during rehabilitation?

2. What are the actuarial problems involved in cash disability benefits? What is the recent experience of insurance companies, labor union funds, and the like? What experience is there with respect to disabilities of women in middle- and upper-age brackets?

3. Do we need a broad "health census" to better ascertain the incidence and scope of "permanent and total disability" in this country? See for example, the recommendations in the 1955 report to the Congress, entitled "Study of the Homebound."

4. Would a cash disability program be utilized by employers as a means for retiring disabled persons from the labor market, especially persons in upper age groups?

5. Is there in fact a changing concept of disability, as a result of developments which have broadened the extent to which handicapped persons may be restored to activity and gainful employment? Is it true, as stated in the 1952 report of the Task Force on the Handicapped (Office of Defense Mobilization) that "The

idea of disability itself is outmoded," and that the significance of medical and rehabilitation advances of the last 10 years have not yet been fully comprehended? How should long-range policy in our social insurance system toward disability be developed in the light of these factors, if they are found to be true?

6. What guidance to the administrative problems involved in determining disability can be derived from experience under the disability "freeze" which has just gone into effect?

7. What would be the relationship of a Federal cash disability program to—

(*a*) The program of aid to the permanently and totally disabled, enacted in 1950;

(*b*) "Permanent and total disability" benefits provided under workmen's compensation;

(*c*) Unemployment compensation;

(*d*) Temporary disability programs in the States; and

(*e*) Private disability programs and voluntary health insurance plans?

8. Could benefits for "permanent and total disability" be handled more effectively under any of the foregoing programs at the State level rather than at the Federal level?

9. Should cash disability benefits, if adopted, be paid at any age, or only at age 55 or 60?

Reduction in retirement age for women

1. What is the particular rationale for a reduction in retirement age for—

(*a*) Wives,

(*b*) Workingwomen, and

(*c*) Widows?

2. Is a reduction in age inconsistent with

(*a*) The lengthening life span for the entire population,

(*b*) The fact that women live longer than men on the average?

3. In meeting the challenge of an aging population, much public and private research is being conducted into the social significance of "retirement age" provisions in OASI and other retirement plans. For example, the Department of Labor is planning a broad research program with respect to employment of older workers, and the administration has endorsed the bills pending in Congress to establish a Commission on the Aging to consider, among other things, national policy with respect to employment of older persons. In view of these developments and the strong trend toward encouragement of continued employment for older workers who are physically healthy, should there be a general reduction in the retirement age for women at this time?

4. Would a reduction in age for working women make it more difficult for them to obtain and keep jobs on a fair basis with men?

5. Would a reduction of retirement age by only 3 years have any real significance in alleviating (for example) the problem of the woman who is widowed at age 45, 50 or later?

6. Would a reduction in age for women be merely a forerunner of a general reduction in retirement age for men, as well?

The foregoing questions, many of which involve issues of broad economic and social policy, are stated not to discourage action in further amending the OASI law, but rather to lend sincere encouragement to the soundest possible approach to strengthening our social insurance system. It is because of these questions, Mr. Chairman, that we are anxious that your committee should exercise its traditional prerogatives with respect to the social security system and conduct a full inquiry into these and the many other questions which might be raised.

In addition to stating these views as Secretary of Health, Education, and Welfare, I wish to express the same opinions in my capacity as a trustee of the old-age and survivors insurance trust fund. The integrity of the fund cannot, in my opinion, be protected if we are to commence now to deviate from the pattern of deliberate, full, and careful consideration which has marked all prior major amendments of the OASI system. The actuarial status of the fund is too vital to the welfare of our people—the employed, the self-employed, and their families—to permit of even the possibility of hasty action without full understanding by all members of this committee, the Congress, and the American people of the implications of that action.

At the very minimum as a trustee of the fund, I feel compelled to call attention to the financial impact which the proposals in the confidential draft might have—as a result of their average annual cost to excess of $2 billion—and to stress the importance of full and forthright financing of any additional costs imposed.

We appreciate this opportunity to express our views, and will stand ready to cooperate with your committee in any way possible. We highly value the spirit of cooperative endeavor which has marked all our relationships in the past.

With warmest personal regards.

Sincerely yours,

OVETA CULP HOBBY, *Secretary.*

BASIC PROBLEMS

1. *Cost.*—In order to finance the multi-billion-dollar increase in benefits contained in this bill, a higher tax schedule is provided. An almost immediate increase to 2½ percent each on employees and employer, respectively, is provided effective January 1, 1956. Each of the subsequent periodic increases provided under existing law is also increased by one-half of 1 percent. As a result, the ultimate tax rate projected under the bill, effective in 1975, is 9 percent shared equally by employees and their employers. The self-employment tax, applicable to professional individuals, proprietors, farmers, and other self-employed individuals, will become 6¾ percent at that time.

As high as these future rates are, the rates themselves do not convey a complete picture of the true burden which they involve. The tax on wages is a tax on gross wages without any allowance for personal exemptions, dependents, or other deductions. The tax on self-employment income only permits certain business deductions, such as depreciation. It is, in effect, a tax on adjusted gross income. Therefore, unlike the income tax, the social security tax is not limited to net income. As a result, that tax, as a percentage of net income, is substantially higher than the actual rates would indicate. In fact, the eventual 6¾ percent rate on the self-employed would be the equivalent of a net income tax in the neighborhood of 20 percent and higher in many cases.

Let us take the example of a farmer with a net income from self-employment of $4,200 in 1975. Assuming that he has a wife and 2 children and uses the standard deduction, his Federal income tax, under present rates, will be $276. His social-security tax, on the other hand, will be $283.50. In this example, which is a completely average case, the social-security tax, as a percentage of net taxable income, would be in excess of 20 percent. If the same individual had 3 children, his income tax would be cut to $156 but his social-security tax would still amount to $283.50. In such a case, the latter tax would be the equivalent of a net income tax of 36 percent. We again point out that this would be an ordinary case and not at all an unusual one.

It is estimated that in 1975 the total social-security tax collections will approximate $20 billion annually, a colossal sum. Moreover, this estimate assumes continuation of existing wage levels and makes no allowance for the increase in those levels which past experience indicates will occur. The $20 billion estimate, is therefore, extremely conservative.

We point out these facts concerning future social-security tax rates and tax collections in order to show both the ultimate individual tax burdens and the total burden on the economy which are projected under this program. We believe that realism requires us to face the cold fact that these projected tax burdens are so high as to effectively preclude any significant social-security liberalizations in the future.

We are deeply concerned over this fact because our committee made no effort to determine what the true "priorities" for present action are. We suggested that public hearings be held on other proposals, such as liberalization of the so-called work clause, in order that we could decide intelligently exactly which liberalizations were most needed at this time. We listed a number of these other areas in our letter to the chairman of June 18, 1955. This recommendation was rejected, again by a straight party vote.

We are concerned over this fact, moreover, because by their very nature, the liberalizations contained in this bill will create demands for additional changes involving further costs. For example, the bill provides benefits for the disabled children of a deceased worker. This liberalization is, in itself, highly desirable and involves very little cost. Once enacted, however, how long can the Congress deny equivalent benefits to a widow who is likewise permanently and totally disabled? The bill provides for the payment of cash disability payments to workers once they have reached the age of 50. How long can Congress deny equal treatment to permanently and totally disabled workers who are 49, 45, or younger? The bill provides retirement benefits to women on attaining age 62 even though the statistics show that women retire only slightly earlier than men. How long can Congress refuse to lower the retirement age for men?

We do not cite these problems as criticisms of the provisions of the bill. One cannot deny the serious need of many disabled people or elderly women. On the other hand, we have pointed out that the costs projected under the provisions of the bill [1] are so great as to preclude serious additions to those costs in the future. At the same time we have created the basis for further liberalization which it will be almost impossible to refuse. That is the dilemma which we are creating for ourselves.

We are further concerned over these ultimate costs because of the danger that they may eventually weaken or even destroy public acceptance of the social security system. A social insurance program cannot be expected to provide against all insurable risks. It must be designed to provide a basic protection at a cost within the reach of all, especially those in the lower income brackets who are most in need of that protection. Despite this fact, we are creating a scale of benefits which must be supported by a social security tax which, in the not too distant future, will be equal to and in many cases higher than the Federal income tax.

In the past few years we have brought into the system on a compulsory basis millions of self-employed individuals. We now propose in this bill to extend coverage on the same basis to many other self-employed, such as lawyers and dentists.[2] Many of these people have felt that the benefits of coverage are conjectural at best. We raise the question of whether future social security tax rates may not entirely undermine the attractiveness of the system to them.

Finally, insofar as the cost of this program is concerned, we should take sober warning that, in our zeal to provide ever greater benefits

[1] We do not wish to create the impression that the tremendous ultimate costs to which we have referred are solely the result of the changes contained in this bill. Those costs are the cumulative effect of various liberalizations over the years of which this bill is but one part, although a significant one.

[2] This new coverage was added to the bill by Republican motion and is supported by almost all of the undersigned. There is no longer any logical basis, in a national program of this type, for including some groups and excluding others.

and to provide against an ever wider area of need, we do not destroy the very system which we have created. We have succeeded in avoiding the full impact of the cost by shifting most of the burden to the future. At that time, the high tax rates may make it very difficult to retain the contributory principle which we believe so essential to the program. However, we would be deluding ourselves should we believe that the general revenue could be depended upon to support the system. We have already pointed out that, under the present schedule, social security tax collections in 1975 will amount to about $20 billion. If such a vast sum were financed through the individual income tax, for example, it would necessitate approximately a 50-percent across-the-board increase in that already burdensome tax. These figures show clearly the magnitude of the problem we are so casually creating.

CASH DISABILITY BENEFITS

There are several aspects of the disability benefit provisions which received little or no serious study by our committee and which we believe deserve the most careful consideration. These are, among others—

First, what should the relationship be between a cash disability payment program and rehabilitation programs, including State plans? To what extent may disability payments interfere with the objective of rehabilitation?

Second, have we had sufficient experience under the disability "freeze" program to provide a sound basis for intelligent legislation in this area?

Third, what are the implications of charging the States with responsibility for administering Federal benefit payments?

Fourth, the cost of the disability program has not been fully analyzed by the committee.

A very serious question raised by the payment of cash disability benefits involves its relation to rehabilitation. We suggested that the committee seek the advice of rehabilitation experts but this recommendation was turned down. We believe that a primary goal of any disability program should be to encourage disabled individuals to regain their position as useful, self-supporting members of society. This goal is a reflection of our faith in the value of individual effort and initiative. We believe that every disabled worker is a potential for such rehabilitation. However, many sincere students of the problem feel that cash disability payments may discourage individual incentives for rehabilitation.

We do not believe that a cash disability program need necessarily operate to the disadvantage of rehabilitation. On the other hand, we do believe that our committee has failed completely to face up to the problem. Many other approaches to the question should have been explored. For example, a number of people believe that cash disability payments should take the form of maintenance payments during the period in which a disabled person is undergoing rehabilitation. Because of the committee's failure to go into this matter, we may have lost an opportunity to develop a really constructive program of great social value.

Only last year we enacted the so-called disability freeze. The provision protects the benefit rights of workers who become perma-

nently and totally disabled. This program has only just gotten underway, and there is a serious question of whether there has been sufficient experience upon which to base the payment of actual disability benefits. In this connection, we believe the following letter to the Assistant Secretary of the Department of Health, Education, and Welfare from J. Duffy Hancock, M. D., Chairman, Medical Advisory Committee, Social Security Administration, is of interest:

JULY 3, 1955.

Mr. ROSWELL B. PERKINS,
Assistant Secretary, Department of Health, Education, and Welfare,
Washington, D. C.

DEAR SIR: In reply to your inquiry regarding my feeling about legislation to begin pension payments immediately to those determined totally disabled under the so-called disability-freeze law, please be advised that I am very much opposed to it on three grounds:

The first deals with the concept regarding the purpose of the disability freeze. It was my impression that the philosophy behind the disability freeze was the rehabilitation of those disabled in order to enable them to become gainfully employed again. This is based upon the procedure that all of the applicants granted disability freeze are to be referred to rehabilitation for treatment, if possible. Should pensions be available immediately, they would serve as an inducement to deter the applicants from the often laborious process of becoming rehabilitated.

In the second place I feel legislation at this time to begin pension payments before the age of 65 is most untimely. There is a backlog of several hundred thousand cases which must be processed. We have no actuarial figures as to what the increased benefits beginning at age 65 will amount to and still less of an idea of the tremendous amount of money that would be needed to pay full pensions beginning at the date of disability. The present 2 percent rate for both employee and employer would undoubtedly have to be raised considerably to an amount undeterminable at present.

Thirdly, the standards which the committee has established for total disability have been necessarily liberal in view of the tremendous backlog and the necessity for some nonprofessional administration of the regulations. Should the payments be made immediately available, another stricter interpretation of what is meant by totally disabled would have to be recommended by the committee.

In closing I might add that it is my firm conviction from personal conversations, committee discussions, and actual voting by members of the committee, that the entire committee with 2 or possibly 3 exceptions concur in the opinions which I have expressed.

Very truly yours,

J. DUFFY HANCOCK, M. D.,
Chairman, Medical Advisory Committee,
Social Security Administration.

As was done with respect to the disability freeze, this bill provides that the determination of total and permanent disability shall be made by the States. However, there are substantial differences between the two programs. For purposes of the "freeze," the State determination simply protects benefit rights to which individuals may become entitled at sometime in the future. Under the disability-benefit program, however, the State determination will provide the basis for the payment of immediate cash benefits out of the OASI trust fund. In many cases, such a determination will make it possible for the State to reduce or eliminate its own benefit payments, entirely at the expense of the Federal program. This fact raises a serious question of whether the administration of this program may not be subject to abuse. We believe, at the very least, that our committee should have considered the problem carefully and received testimony from State officials on the matter. This the majority refused to do.

The cost of the disability program is at best conjectural. The actuary of the Social Security Administration, in whom our com-

mittee has always had great confidence, admitted that his actuarial estimate of the cost could be subject to wide variation. Insurance actuaries have generally testified to their conviction that the cost would be substantially in excess of that estimated by the committee for this portion of the bill. We moved that an invitation be extended to such independent actuaries to testify on the matter, but our motion was rejected, again by a straight party vote. A similar motion with respect to members of the medical profession was also rejected by the same vote.

ELIGIBILITY AGE FOR WOMEN

The bill lowers the age of eligibility for all women beneficiaries (widows, wives, and women workers) from 65 to 62. There has been widespread demand over the years for lowering the eligibility age both for retirement and survivors' benefits, and the major interest in this question has been with respect to women beneficiaries. Such a proposal was rejected by this committee in 1949 as being too costly.

A number of the undersigned favor the principle of creating more liberal eligibility requirements for women. Here again, however, there are a number of questions which our committee either failed to explore completely or did so only in a cursory and inconclusive manner. We do not raise these questions as objections to the merits of the proposal contained in this bill. We do believe, however, that these matters should have been studied carefully in order to prevent the creation of new discriminations, in order to determine the areas of greatest need, and in order to avoid any possible detriment to other objectives of great social importance.

The longevity of the American people is increasing at a significant rate. The proportion of people over 65 is very large and becoming larger all the time. As a result of this situation, one of the most encouraging trends in the country has been the effort toward creating a favorable climate for the employment of older workers. Many businesses are actively engaged in promoting this program. The Federal Government itself has announced a policy of encouraging the employment of older workers. While 11 percent of the private plans established in the period 1948–50 provided for normal retirement of women before age 65, only 7 percent of the plans established in 1950–52 do so. The success of this program is important both to our overall economic strength and to maintaining the self-respect of our older citizens as useful members of the community. Certainly, those who wish to work beyond 65, or any other age for that matter, should be afforded an opportunity to do so and should not be forced arbitrarily out of employment.

There is a serious question in the minds of many as to whether the reduction of the statutory social-security eligibility age for women, desirable as such action is in many individual cases, may not run counter to this major social and economic objective of wider employment opportunity. Private industrial pension plans are generally geared to the social-security system. This fact has led most such plans to adopt age 65 as the compulsory retirement age for both men and women. If age 62 is established for social-security purposes, it must be expected that the same pattern will be adopted by private industry. Our committee made no effort to appraise the implications of its action in this regard.

Lowering the retirement age for women workers is supported on the ground that they typically retire at an earlier age than men. However, the statistics indicate that this is true only to a slight extent. In 1953, the average age was 68.0 for men and 67.6 years for women. We do believe that a serious hardship, however, exists under present law with respect to women who are widowed before age 65. We question whether making benefits available to this group at age 62 will make any significant improvement in the situation. A number of us supported an amendment to make benefits available to widows at age 60, but this was rejected by the majority.

CONCLUSION

We repeat again that a majority of the undersigned voted to report this bill favorably. We agree that several of its provisions have great merit. We recognize the undoubted political attractiveness of all of its proposals.

We do not, however, believe that our committee has discharged its obligation to either the Congress or to the American people by its brief and closed-door consideration of this vital legislation. We have sought to point out the grave social and economic implications of the bill. We have dwelt at some length upon the staggering ultimate costs of this developing program because we do not believe that either the Congress or the public has any conception of its magnitude.

It is our earnest hope that the questions we have raised will lead thoughtful citizens everywhere to search for the answers. The social-security system was created to give our people confidence and faith in their future. It should be above politics.

THOMAS A. JENKINS.
RICHARD M. SIMPSON.
ROBERT W. KEAN.
NOAH M. MASON.
JOHN W. BYRNES.
ANTONI N. SADLAK.
THOMAS B. CURTIS.

ADDITIONAL VIEWS OF HON. NOAH M. MASON

I have already subscribed to the supplemental views of my Republican colleagues on the Ways and Means Committee, although I wish to make it clear that I oppose enactment of this bill.

In addition, I wish to emphasize further the social-security legislation which was passed only last year by the then Republican Congress. Those amendments represent the most important development in the social-security program since 1939. These were the Republican accomplishments:

1. Coverage was extended to 10.2 million additional American workers and their families. Nine out of ten American workers are now covered.

2. Provision was made for inclusion of many groups which up until then had not been included, among them 5.5 million farmers and farmworkers; 3.5 million State and local government employees, subject to referendum; self-employed professional engineers, architects, accountants, and funeral directors; and clergymen on a voluntary basis.

3. Monthly benefits for retired workers were increased on a percentage basis ranging from $5 to $13.50 per month; proportional increases for dependents, including widows and orphans.

4. Average benefit payments were raised by permitting in the calculation of benefits for dropping out up to 5 years of lowest earnings.

5. Retired workers were allowed to earn as much as $1,200 annually without loss of social-security benefits.

6. Benefit rights of workers were protected during periods of total disability.

7. Provision was made for benefits for the families of workers who had credit for a year and a half in social security jobs, but who died uninsured prior to September 1950.

8. Maximum monthly retirement benefits for a single worker were raised to $108.50 per month; for a married worker to $162.50 per month.

I also wish to state my complete opposition to the program of cash disability payment for totally and permanently disabled workers which is provided in this bill.

Life insurance experience with disability income benefits has been very nearly disastrous

During the 1920's life insurance companies issued large amounts of insurance providing disability cash benefits. So long as times were good the companies had very little trouble. Serious difficulties developed, though, when unemployment began to assume major proportions. During the depression of the 1930's the private companies suffered losses amounting to hundreds of millions of dollars.

Experience of the companies showed clearly that disability insurance cannot be issued safely except under severe restrictions as to benefit provisions, rigid selection of risks, the most careful scrutiny of new claims, and adequate followup of those receiving disability benefits.

Safeguards of this sort are not provided for in this bill, nor is it possible to include such safeguards in a social insurance program. Some life insurance companies do today sell disability income insurance in connection with life insurance; they are able to do so, though, because they sell only to carefully selected male applicants on a very restricted basis and at high premium rates.

Disability insurance benefits are not recommended by persons who have had actual experience in the field

In the past when public hearings were held on the question of providing disability benefits under the social insurance system, members of the medical profession, insurance company representatives, and others who have had actual experience in administering disability insurance have strongly warned against the dangers inherent in this approach. These people are anxious to be heard before the Nation is committed to a program of disability insurance benefits, but they have not been given an opportunity. This is a further reason why final action should not be taken without public hearings.

Cash disability benefits would discourage rehabilitation

Persons over 50, it is true, are less susceptible to rehabilitation than younger persons. Even for persons in the older age groups, however, self-sufficiency and independence through rehabilitation are incomparably more important than cash payment. Any benefit which diminishes the incentives toward rehabilitation and self-support is socially undesirable. Many rehabilitation experts hold that cash disability benefits may operate as a deterrent to rehabilitation and return to gainful work.

Once on the benefit rolls, many workers would have little incentive to return to work. An individual's earnings after deduction of taxes, union dues, and other contributions, payment of transportation and meal costs, and purchases of work clothes would in many instances not be sufficiently attractive to induce him to return to work rather than to draw tax free disability payments. There would be a substantial number of people with impaired earning power whose net earnings if they returned to work would not be enough higher than their benefits to make work appear worthwhile. Many would prefer a small income with security to a larger income with what they considered insecurity.

Another way in which cash benefits would operate to keep workers from returning to gainful employment would be by encouraging employers to retire or lay off workers over age 50 who are only partially disabled. Such workers, once laid off, would have the least chance of finding reemployment, particularly at their previous wage levels. Hence disability benefits based on previous higher earnings would look very attractive.

There has not yet been an opportunity to assess the full potential of the expanding Federal-State vocational rehabilitation program or of the effect of referrals to State rehabilitation agencies under the disability "freeze" provisions enacted in 1954. Further experience under these programs may well demonstrate that greater social gain could be achieved by backing rehabilitation efforts with additional funds—perhaps by making more liberal maintenance payments during rehabilitation—rather than paying the same funds in cash benefits on the condition of continued disability.

Benefits for extended total disability would encourage malingering

Many persons who could meet the work requirements to qualify for disability benefits would be persons whose work history is intermittent and whose earnings are marginal. Two hundred dollars in wages in each of 5 out of the 10 years preceding the alleged disability might be enough. Included among those qualified would be domestics, seasonal farmworkers, homeworkers, and many other persons in marginal and seasonal occupations.

Many of these workers are periodically exposed to the risk of unemployment even in prosperous times. In less prosperous periods, their chances of becoming unemployed are multiplied. Under such conditions these workers would have every incentive to magnify their impairments in order to prove that they are sufficiently disabled to be eligible for disability benefits.

It would be almost impossible to prevent widespread abuse of the system. Many individuals with unquestionably severe impairments are earning their support by useful work. Others with less serious conditions are supported in idleness by others. The difference is in individual motivation and economic opportunity rather than the relative severity of the impairment.

Many marginal workers will prefer the security of disability benefits to the relative insecurity of the competitive world. Such people having once established the rights to periodic cash benefits would be loath to give up their benefit rights by returning to work or obtaining treatment for their impairments.

Physicians furnishing reports for covered workers would tend to give their patients the benefit of every doubt in appraising their impairment. Applicants would "shop around" until they obtained a medical report to their liking. It would be relatively easy for many individuals who are determined to qualify to obtain corroborating medical reports even though they might not be totally disabled.

Insufficient experience

The proposed system of cash benefits is predicated on the assumption that machinery for the determination of disability has been successfully set up in connection with the disability "freeze" and that it is a simple matter to superimpose thereon a program to pay benefits as a matter of right to any qualified individual meeting the test of disability. The administrative provisions for the disability freeze are still very tentative and some of the administrative mechanism experimental. Only a handful of determinations have been received to date under the machinery set up for State determinations of disability—these have been made by only three States. There has been practically no experience gained in reviewing the determinations of States; as a consequence there is little basis to assess the magnitude of the problem of achieving uniform determinations by the 53 separate States and Territories.

The standards and procedures designed for the limited purpose of freeze determinations will not be satisfactory for cash benefits. They are suitable for a program that involves only limited incentives for malingering.

The superimposition of a cash benefit program will necessitate the overhauling of the freeze organization. This would have to be done before substantial experience has been gained with respect to compli-

cated and difficult operating and technical problems new to the experience of the Bureau of Old-Age and Survivors Insurance.

To swamp a new and inexperienced organization with the inevitable flood of difficult and dubious claims which must ensue from a cash provision could conceivably bog down the entire administrative process and cause unsound shortcuts and inadequate methods to be adopted in order to meet the public clamor for payment of claims.

A State approach preferable

There are, of course, many needy cases arising from disablement, and constructive measures must be taken by the community and by the Nation to make sure that these needs are not neglected and that individuals are restored to productive capacity. The serious pitfalls that are inherent in payment of Federal disability benefits as a matter of right are avoided to some extent if the measures for the alleviation of disability are remedial measures at the State and local level. If primary emphasis is placed on medical and casework services and referral of the individual to proper facilities for rehabilitation, maintenance for the needy individual and his family while he is receiving these services can be provided under appropriate circumstances.

Most States have extensive provisions under the Federal-State programs of public assistance and vocational rehabilitation for disabled persons to receive aid according to their own individual and family needs and in the light of community resources. Access to local medical resources, a knowledge of community facilities, and of the availability of services and jobs in the individual's locality are among the advantages the State agencies possess. The sound development of a program for the disabled calls for the strengthening and improvement of these resources in a setting of State administration where incentive to effective fiscal policies can be exercised by the taxpayer.

Cost of Federal disability-insurance program is unpredictable and would get out of hand

To accurately estimate the cost of a Federal disability-insurance program it is necessary to start from a sound base. Such a sound base does not exist. There are no appropriate actuarial data derived from social-insurance systems in this country which can serve as the basis for the calculation of long-range benefit costs. Data which are available are limited to certain industrial groups. Actuarial experience during the 1930's in private group insurance (most nearly comparable to the risks covered by old-age and survivors' insurance) indicates that disability costs are unpredictable. Furthermore, accurate estimates of cost are dependent upon the cost impact of the various factors, such as malingering, disincentives to rehabilitation, etc., described above. The impact of these factors is not known.

The unfavorable experience of private insurance companies with disability-income contracts can only be expected to be compounded when a disability program is administered by the Federal Government. Government employees, not under the necessity to operate the program at a profit and overly sympathetic to the public they serve, will find it difficult at times to deny benefits to individuals who may not actually be entitled to them under the law. This will make for higher-than-estimated costs, which will tend to grow still higher with time. As political pressures to increase benefits and pressures from the States to get their "full" shares of the benefits

manifest themselves, costs will be increased still further. In periods of economic distress, when the trust fund will be drawn upon heavily to finance retirement and survivors' benefits, the Congress and the Social Security Administration will be under the heaviest pressure to further liberalize disability benefits.

A Federal disability-insurance program will include a large number of poor risks which private insurance companies would exclude. Women comprise 27 million of the 70 million insured workers. Private insurance companies consider women poor risks for disability. The program, further, provides a big incentive to other poor risks—persons suffering progressive disabilities, ill with degenerative diseases, etc.—to acquire eligibility while they still can do some work before they become fully disabled. The inclusion of large groups of poor risks will of course make for very high costs.

The very magnitude of the operation will militate against keeping costs in bounds. Bigness will make difficult if not impossible the kind of careful scrutiny of every area of cost which private insurance companies, operating programs much more limited as to the number of persons covered, exercise in their constant effort to keep costs down. The problem of sheer size is further aggravated by the reliance which must be placed upon the 53 States and Territories which will have the responsibility to make determinations of disability. Preoccupation with achieving uniformity and coordination will divert staff who otherwise might be working to keep costs down.

O

Union Calendar No. 367

84TH CONGRESS
1ST SESSION

H. R. 7225

[Report No. 1189]

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 1955

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

JULY 14, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1955".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out "or attains the age of eighteen" and inserting in lieu thereof "attains the age of eighteen and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of eighteen".

(b) The first sentence of section 203 (a) of such Act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224,".

(c) Section 203 (b) of such Act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following:

"For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance

benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no deduction shall be made under this subsection from any child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month."

(d) Section 203 (d) of such Act (relating to occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)".

(e) Section 203 (h) of such Act (relating to circumstances under which deductions not required) is amended to read as follows:

"CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

"(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

(f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e) of the Social Security Act) who attained the age of eighteen after 1953, and then only with respect to monthly benefits under section 202 of such Act for months after December 1955; except that—

(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of eighteen, such amendment shall apply—

(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this Act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section

221 of such Act) at the time he files such application, and

(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

(2) for purposes of title II of such Act (other than section 202 (d) (1)), a child referred to in paragraph (1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month determined as provided in paragraph (1) (B) of this subsection.

For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of eighteen after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such Act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age.

RETIREMENT AGE FOR WOMEN

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"Retirement Age

"(a) The term 'retirement age' means—

"(1) in the case of a man, age sixty-five, or

"(2) in the case of a woman, age sixty-two."

(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under ~~subsection (i) of such section~~ *section 202 (i) of such Act* with respect to deaths after December 1955.

(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this Act) ended with a month before January 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (e) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.

~~(3) For purposes of section 215 (b) (3) (B) of the Social Security Act—~~

~~(A) a woman who attained age sixty-two prior to~~

~~1956 shall be deemed to have attained age sixty-two in 1956; and~~

~~(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier.~~

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a woman who attained age sixty-two prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty-two in 1956 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

A woman shall, for purposes of this paragraph, be deemed

eligible for old-age insurance benefits under section 202 of such Act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1955.

DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"DISABILITY INSURANCE BENEFIT PAYMENTS

"Disability Insurance Benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

"(B) has attained the age of fifty and has not attained retirement age (as defined in section 216 (a)),

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsection (c) (2) and determined under section 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each

month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and cur-

rently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with

the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (e)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical

or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduce (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has

attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational re-

habilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh

month following the first month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,".

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such Act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as

provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to rounding of benefits) is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(6) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall

apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.

EXTENSION OF COVERAGE

Service In Connection With Gum Resin Products

SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

Employees of Federal Home Loan Banks and of the Tennessee Valley Authority

(b) (1) Section 210 (a) (6) (B) (ii) of such Act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 210 (a) (6) (C) (vi) of such Act is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority),".

Share-Farming Arrangements

(c) (1) Section 210 (a) of such Act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including

livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 211 (a) (1) of such Act is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land ~~(if)~~ *if* (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 211 (c) (2) of such Act is amended to read as follows:

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);".

Professional Self-Employed

(d) Paragraph (5) of section 211 (c) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a physician (determined without regard to section 1101 (a) (7)) or as a Christian Science practitioner; or the performance of such service by a partnership."

Effective Dates

(e) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by subsections (a) and (b) shall apply with respect to service performed after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. 105. (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such Act for months in any taxable year (of the individual entitled to such benefits) beginning after 1954.

(b) Section 205 (c) (1) (B) of such Act (relating to period of limitation for correcting records) is amended by striking out "two" and inserting in lieu thereof "three".

COMPUTATION OF AVERAGE MONTHLY WAGE

SEC. 106. (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of twenty-two if less than

two quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen."

(b) Section 215 (d) (5) of such Act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." and inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began

shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount."

(c) Section 215 (e) (4) of such Act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a) of such Act after the date of enactment of this Act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages and self-employment income an application for benefits

or a lump-sum death payment under section 202 of such Act is filed after the date of enactment of this Act, or (3) who becomes entitled to benefits under section 223 of such Act, or (4) who files, after the date of enactment of this Act, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. 107. (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program.

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public.

(c) (1) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other

pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

(e) Not earlier than three years and not later than two years prior to January 1 of the first year for which each ensuing scheduled increase (after 1960) in the tax rates is effective under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing

with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such scheduled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

DEFINITION OF SECRETARY

SEC. 108. As used in this Act and in the provisions of the Social Security Act set forth in this Act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 109. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof "1955".

(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

(1) by striking out "age sixty-five" each place it appears and inserting in lieu thereof "retirement age

(as defined in section 216 (a) of the Social Security Act)"; and

(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II".

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

DISTRICT OF COLUMBIA CREDIT UNIONS

SEC. 201. (a) Subchapter B of chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

"Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26-516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111."

STAND-BY PAY

(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"(A) in the case of a man, he attains the age of 65, or

"(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or".

SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

(c) Section 3121 (b) (1) of such Code is amended to read as follows:

"(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY

(d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement sys-

tem (other than the retirement system of the Tennessee Valley Authority);".

SHARE-FARMING ARRANGEMENTS

(e) (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that

the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

PROFESSIONAL SELF-EMPLOYED

(f) Section 1402 (c) (5) of such Code is amended to read as follows:

"(5) the performance of service by an individual

in the exercise of his profession as a physician or as a Christian Science practitioner; or the performance of such service by a partnership."

FILING OF SUPPLEMENTAL LISTS BY NONPROFIT ORGANIZATIONS

(g) The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, 1958, whichever is the later," after "the certificate is in effect,".

EFFECTIVE DATE FOR WAIVER CERTIFICATES FILED BY NONPROFIT ORGANIZATIONS

(h) The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,".

EFFECTIVE DATES

(i) (1) The amendments made by subsections (a) and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsections (c) and (d) shall apply with respect to service performed after 1955. The amendments made by paragraph (1) of subsection (e)

shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.

(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (e) of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (e) of this section for any period before the day after the date of the enactment of this Act.

CHANGES IN TAX SCHEDULES

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such Code is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent."

(c) Section 3111 of such Code is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having indi-

viduals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent."

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955.

Union Calendar No. 367

84TH CONGRESS
1ST SESSION

H. R. 7225

[Report No. 1189]

A BILL

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

By Mr. COOPER

JULY 11, 1955

Referred to the Committee on Ways and Means

JULY 14, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

GPO 861-630

SOCIAL SECURITY AMENDMENTS OF 1955

Mr. COOPER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, as amended.

The Clerk read the bill, as follows:

Be it enacted, That this act may be cited as the "Social Security Amendments of 1955."

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

Continuation of child's insurance benefits for children who are disabled before attaining age 18

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out "or attains the age of 18" and inserting in lieu thereof "attains the age of 18 and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of 18."

(b) The first sentence of section 203 (a) of such act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224,".

(c) Section 203 (b) of such act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following:

"For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. In the case of any child who has attained the age of 18 and is entitled to child's insurance benefits, no deduction shall be made under this subsection from any child's insurance benefit for the month in which he attained the age of 18 or any subsequent month."

(d) Section 203 (d) of such act (relating to occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)."

(e) Section 203 (h) of such act (relating to circumstances under which deductions not required) is amended to read as follows:

"Circumstances under which deductions and reductions not required

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

"(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

(f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e) of the Social Security Act) who attained the age of 18 after 1953, and then only with respect to monthly benefits under section 202 of such act for months after December 1955; except that—

(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of 18, such amendment shall apply—

(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section 221 of such act) at the time he files such application, and

(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

(2) for purposes of title II of such act (other than section 202 (d) (1)), a child referred to in paragraph (1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month determined as provided in paragraph (1) (B) of this subsection.

For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of 18 after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age.

Retirement age for women

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"Retirement Age

"(a) The term 'retirement age' means—

"(1) in the case of a man, age 65, or

"(2) in the case of a woman, age 62."

(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under section 202 (i) of such act with respect to deaths after December 1955.

(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this act) ended with a month before January 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (e) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a woman who attained age 62 prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such act (as in effect prior to the enactment of this act) for any month prior to 1956 shall be deemed to have attained age 62 in 1956 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(4) For purposes of section 209 (i) of such act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1955.

Disability insurance benefits for certain disabled individuals who have attained age 50

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"Disability insurance benefit payments

"Disability insurance benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsec. (c) (1)),

"(B) has attained the age of 50 and has not attained retirement age (as defined in sec. 216 (a)),

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsec. (a) (2) and determined under sec. 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsec. (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of application

"(b) No application for disability insurance benefits which is filed more than 9 months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the social-security amendments of 1955 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in sec. 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than 20 quarters of coverage during the 40-quarter period ending with the quarter in which such first day occurred, not counting as part of such 40-quarter period any quarter any part of which was included in a period of disability (as defined in sec. 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of 50.

"Reduction of benefits based on disability

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of 18 or any subsequent month, and

"(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (e)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"Suspension of benefits based on disability

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of 18 and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such act is amended to read as follows:

"Rehabilitation services

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Accounts of Refusal To Accept Rehabilitation Service

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of 18 and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the 11th month following the 1st month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,".

(2) Section 202 (k) (2) (B) of such act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such act (relating to rounding of benefits) is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(6) The first sentence of section 216 (i) (1) of such act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by

striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(7) The first sentence of section 221 (a) of such act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in sec. 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in sec. 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.

Extension of coverage

Service in Connection With Gum Resin Products

SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

Employees of Federal Home Loan Banks and of the Tennessee Valley Authority

(b) (1) Section 210 (a) (6) (B) (ii) of such act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve bank,".

(2) Section 210 (a) (6) (C) (vi) of such act is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

Share-Farming Arrangements

(c) (1) Section 210 (a) of such act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural of horticultural commodities produced."

(2) Section 211 (a) (1) of such act is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 211 (c) (2) of such act is amended to read as follows:

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of 18, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);".

Professional Self-Employed

(d) Paragraph (5) of section 211 (c) of such act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a physician (determined without regard to section 1101 (a) (7)) or as a Christian Science practitioner; or the performance of such service by a partnership."

Effective Dates

(e) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by subsections (a) and (b) shall apply with respect to service performed after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. 105. (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such act for months in any taxable year (of the individual entitled to such benefits) beginning after 1954.

(b) Section 205 (c) (1) (B) of such act (relating to period of limitation for correcting records) is amended by striking out "two" and inserting in lieu thereof "three".

COMPUTATION OF AVERAGE MONTHLY WAGE

SEC. 106. (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of 22 if less than 2 quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount. Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than 18, it shall be increased to 18."

(b) Section 215 (d) (5) of such act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." And inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount."

(c) Section 215 (e) (4) of such act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a) of such act after the date of enactment of this act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages and self-employment income an application for benefits or a lump-sum death payment under section 202 of such act is filed after the date of enactment of this act, or (3) who becomes entitled to benefits under section 223 of such act, or (4) who files, after the date of enactment of this act, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such act.

Advisory Council on Social Security Financing

SEC. 107. (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program.

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of 12 other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public.

(c) (1) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in secs. 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

(e) Not earlier than 3 years and not later than 2 years prior to January 1 of the first year for which each ensuing scheduled increase (after 1960) in the tax rates is effective under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such scheduled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

Definition of Secretary

SEC. 108. As used in this act and in the provisions of the Social Security Act set forth in this act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

Amendments preserving relationship between railroad retirement and old-age and survivors insurance

SEC. 109. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof "1955."

(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

(1) by striking out "age 65" each place it appears and inserting in lieu thereof "retirement age (as defined in sec. 216 (a) of the Social Security Act)"; and

(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II."

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

District of Columbia Credit Unions

SEC. 201. (a) Subchapter B of chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 3113. District of Columbia Credit Unions.

"Notwithstanding the provisions of section 16 of the act of June 23, 1932 (D. C. Code, sec. 26–516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111."

Stand-by pay

(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"(A) in the case of a man, he attains the age of 65, or

"(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or".

Service in connection with gum resin products

(c) Section 3121 (b) (1) of such Code is amended to read as follows:

"(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

Employees of Federal Home Loan Banks and of the Tennessee Valley Authority

(d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

Share-farming arrangements

(e) (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

Professional self-employed

(f) Section 1402 (c) (5) of such Code is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a physician or as a Christian Science practitioner; or the performance of such service by a partnership."

Filing of supplemental lists by nonprofit organizations

(g) The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, 1958, whichever is the later," after "the certificate is in effect,".

Effective date for waiver certificates filed by nonprofit organizations

(h) The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,".

Effective dates

(i) (1) The amendments made by subsections (a) and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsections (c) and (d) shall apply with respect to service performed after 1955. The amendments made by paragraph (1) of subsection (e) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.

(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (e) of this section, for any taxable year ending on or before the date of the enactment of this act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (e) of this section for any period before the day after the date of the enactment of this act.

Changes in tax schedules

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. Rate of tax.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such Code is amended to read as follows:

"SEC. 3101. Rate of tax.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of

the wages (as defined in section 3121 (a)) received by him with respect to reemployment (as defined in sec. 3121 (b))—

"(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent."

(c) Section 3111 of such code is amended to read as follows:

"SEC. 3111. Rate of tax.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in sec. 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent."

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955.

The SPEAKER. Is a second demanded?

Mr. JENKINS. Mr. Speaker, I demand a second.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SOCIAL SECURITY AMENDMENTS OF 1955

Mr. COOPER. Mr. Speaker, I yield myself 8 minutes.

Mr. Speaker, H. R. 7225, the Social Security Amendments of 1955, would make several major improvements in the social security insurance system. In addition to extending coverage, the bill would remove inequities and shortcomings of the present system.

For years I have felt that a major shortcoming in the present insurance system is the lack of disability insurance benefits. It will be recalled that in 1949, the House passed a bill which would have provided such benefits. However, that provision did not become law. The pending bill would again provide such benefits.

The bill makes six changes in the old-age and survivors insurance program, and in addition contains certain technical amendments. I will now summarize the major provisions of the bill.

RETIREMENT AGE FOR WOMEN

The bill reduces from 65 to 62 the age at which all women may become eligible for benefits. This change would be effective for the month of January, 1956. Altogether, about 1,200,000 women would become eligible for benefits in January 1956. However, due to the fact that about 400,000 of these eligible women are working or are the wives of working men, about 800,000 will begin to draw benefits immediately. Of course, the 400,000 working women and wives of working men can draw benefits if their earnings or the earnings of their husbands should cease.

At this point, Mr. Speaker, I would like to bring to the Members' attention the fact that in the CONGRESSIONAL RECORD for Wednesday, July 13, 1955, I inserted a summary of H. R. 7225, beginning at page 9009. This summary sets forth not only the number of persons who will be benefited immediately and for several years in the future by this bill, but also the dollar amounts of their benefits. At this time I will not again go into these details which are contained in that summary.

DISABILITY INSURANCE BENEFITS

The bill provides for the payment of disability insurance benefits to permanently and totally disabled workers. No benefits would be provided for dependents of such workers.

In order to be eligible for these benefits, a worker must have attained age 50, be fully and currently insured, and have 20 quarters of coverage in the last 40 quarters which end with the first quarter of disablement.

It will be recalled that the social security amendments of 1954 provided for a freeze of the wage record of permanently and totally disabled workers so as to preserve their insurance rights. The pending bill would go one step further and would provide for the payment of disability insurance benefits upon a worker's becoming permanently and totally disabled.

The definition of disability for the purpose of paying such benefits is the same as that in present law in the freeze provision, except that there would be no presumed disability for the blind. It will be recalled that under present law, disability is defined as inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which is expected to be of long continued and indefinite duration.

In the case where a worker is receiving State workmen's compensation or another Federal benefit based on disability, the disability benefit provided under the bill would be reduced by the amount of such benefit.

In order to promote the rehabilitation of a disabled worker, the bill provides that an individual who is performing services in the course of his rehabilitation under a rehabilitation program being carried out under an approved State plan would nevertheless be considered disabled for a year after the first rendered such services.

Disability insurance benefits would be payable for the month of January 1956.

CONTINUATION OF MONTHLY BENEFITS TO DISABLED CHILDREN AGE 18 AND OVER

Under present law, old-age and survivors insurance benefits for children cease upon their becoming age 18. The bill would provide for the continuation of benefits for permanently and totally disabled children after age 18 where they became so disabled before reaching age 18. The mothers of such children would also continue to be eligible for mother's benefits so long as they continue to have disabled children in their care.

In order to be eligible for benefits, a disabled child must have attained age 18 after December 1953, and must have been eligible for a child's benefit before reaching age 18.

These benefits would be payable for the first time for the month of January 1956.

About 1,000 disabled children would immediately become eligible for benefits, and each year in the future some 500 disabled children who attain age 18 would be continued on the rolls beyond age 18.

EXTENSION OF COVERAGE

The bill would extend coverage to all the presently excluded self-employed groups except physicians—in other words, lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists would be given coverage. About 200,000 persons are involved.

It will be recalled that the President in his message on social security to the last Congress recommended that all professional groups be included. The bill which passed the House last Congress did include these same professional groups, with the same exception in the case of physicians.

About 20,000 workers engaged in the production of turpentine and gum naval stores would be covered, as well as 200 employees of the Federal home loan banks and about 13,000 Tennessee Val-

ley Authority employees. These three groups were also included in the bill which passed the House last year.

The bill also, by enacting regulations under the present law, clarifies the status of persons who operate farms with the owners or tenants of those farms, under share-farming arrangements. This would be done by embodying present regulations which specify that these individuals are not employees but self-employed persons.

In addition, the bill provides that the present exclusion from self-employment earnings of rentals from real estate for social security purposes would not apply to income derived by an owner or tenant of farmland from the operation of a farm by another individual under an arrangement which provides for material participation by the owner or tenant in the farm production.

The new coverage provisions would be effective January 1, 1956.

Certain technical changes which affect coverage would be made in the Internal Revenue Code.

Employees of nonprofit organizations who were on the payroll of such organizations when the organizations elected social-security coverage but who did not themselves elect coverage at that time would be given a limited time in which to elect coverage. Nonprofit organizations would be permitted to acquire coverage for the quarter in which coverage is elected. Under present law, coverage becomes effective on the first day of the calendar quarter following the quarter in which coverage is elected.

District of Columbia credit unions would be made subject to the social-security tax. Their employees are already subject to the tax. This is a correction in present law.

CHANGES IN TAX RATES

As in the past, the Committee on Ways and Means in recommending the above-described improvements in the social-security insurance laws, has also recommended that the tax rates be increased so as to keep the Old-Age and Survivors Insurance Trust Fund actuarially sound. The bill provides for an increase in the tax rate of one-half of 1 percent on each, the employer and employee, effective January 1, 1956. The increase for self-employed persons would be three-fourths of 1 percent, since the self-employment tax is one and one half times the employee tax.

The scheduled increases in the tax rates on employers and employees would be increased by the same amount on each of the dates scheduled for increase under present law.

ADVISORY COUNCIL ON SOCIAL-SECURITY FINANCING

The bill provides for the periodic establishment of an Advisory Council on Social-Security Financing. The purpose of this council would be to review the status of the old-age and survivors insurance trust fund in relation to the long-term commitments of the social-security program each time before a scheduled increase in the social security tax rates.

This council would consist of the Commissioner of Social Security as Chairman, plus 12 other members to be appointed by the Secretary of the Department of Health, Education, and Welfare, representing, to the extent possible, employers and employees, in equal numbers, and self-employed persons and the public.

TECHNICAL AMENDMENTS

The bill would also make certain technical amendments. It would conform the Social Security Act with certain provisions of the Internal Revenue Code of 1954, which changed the deadline date for filing income-tax returns from March 15 to April 15. It would put computations involving disability periods on an annual basis. It would also preserve the relationship between Railroad Retirement and Old-Age and Survivors Insurance in the same manner as past amendments to the social-security laws have done.

CONCLUSION

Mr. Speaker, the proposed amendments contained in H. R. 7225 are not only sorely needed, but they are also sound. They remove inequities in the present system.

The most important improvement, in my opinion, is the provision of disability-insurance benefits for permanently and totally disabled workers. These workers are direly in need of protection.

The lowering of the eligibility age for women beneficiaries will help relieve the personal hardship encountered by older women who now have to wait until they are age 65 to receive benefits, since they will become entitled to them at age 62. It will also make it possible for working men to retire at an earlier age, since generally speaking, the wives of older working men are a few years younger than their husbands.

Providing for the continuation of monthly benefits to disabled children age 18 and over will recognize the fact that such children are just as dependent, and may indeed be more so, than children under age 18.

The extension of coverage provided in the bill will help close the gap in the protection of the system.

This is a very meritorious bill, and I urge that it be passed.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. HOFFMAN of Michigan. What about that relief for the growers of fruits and berries? Was it not possible to give them the same exemption they had previously?

Mr. COOPER. The gentleman probably refers to a provision that was in the bill as passed by the House last year.

Mr. HOFFMAN of Michigan. That is right.

Mr. COOPER. It was modified by the other body. The law as it now stands is being administered and we have secured certain assurances from the Department with respect to that. I think the gentleman will be pleased to know that the committee has directed the Department to keep this matter under consideration and to report back to the committee.

Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their remarks in the RECORD just prior to the vote on the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DINGELL. Mr. Speaker, I would like to call the attention of the membership of the House to the strange Republican observation expressed in the last two sentences of the minority views as set forth in the committee report which accompanies the Social Security Amendments of 1955, H. R. 7225. These sentences appear on page 67 of the committee report and are as follows:

> The social-security system was created to give our people confidence and faith in their future. It should be above politics.

This platitudinous expression comes from the representatives of the Republican Party that, in the past, has denounced the social-security system as being a "cruel hoax," "socialistic," "the road to Federal bankrtuptcy," and "a fraud on our aged citizens."

It was gratifying to me in 1954 to see many of my Republican colleagues, after more than 20 years, vote for the first time in favor of legislation which would strengthen our social-security system. I thought at that time that perhaps my friends on the other side of the aisle had seen the so-called light and that we could work together in the future to make further improvements in the old-age and survivors insurance program.

My hope for such bipartisan support of improvements in the social-security law was short lived. When the Committee on Ways and Means began work during this session of Congress on legislation to improve our social-security system, the Republican members of our committee reverted to the traditional Republican policy of obstructing in committee the favorable consideration of social-security legislation. These Republican members advocated delaying tactics which were designed to preclude the House from completing the consideration of legislation that would improve our social-security law during the present session of the 84th Congress. Fortunately, for the millions of people who will receive benefits and increased protection from the Social Security Amendments of 1955, these Republican obstructionist efforts were unsuccessful. However, it is significant to note that the Republican delaying tactics demonstrated that they were more interested in procedures than they were in humanitarianism.

One of the delaying tactics which the Republican members of the Committee on Ways and Means adopted was to join in writing a letter to the distinguished chairman of our committee the gentleman from Tennessee, the Honorable JERE COOPER, in which they proposed a

list of 15 improvements in the social-security law that should be considered in public hearings by the committee. It seems ironical to me that almost without exception each of these improvements which the Republican members set forth in their hypocritical and obstructionist letter was a proposal which was embodied in the so-called Dingell-Lehman social-security bill which I introduced in June 1953. During the Republican-controlled 83d Congress, the Republican majority did nothing to give favorable consideration to my legislation. Now, in order to delay the modest improvements that H. R. 7225 would make in our social security law, the Republicans apparently for political expediency have embraced the principles for improving our social security system which I have advocated since the founding of the system in 1935 and which I presented to my Republican colleagues for their consideration at the time they were in the majority.

On behalf of the American people who have been denied social security protection which they should have, I expose the tongue-in-check attitude which the Republican Party has devoted to improvements in our social security law. If the Republican Party had joined with the Democratic Party in working together in improving our social-security system, we would have achieved much more rapid progress in arriving at a comprehensive, mature system of social insurance in America. We would have succeeded in removing many of the inequities and inadequacies that I believe still exist in our old-age and survivors insurance program. If our Republican colleagues are sincere in their expression of concern over the welfare of that outstanding American citizen, the common man, I call upon them to abandon their efforts to emasculate the social security system and to work constructively for its improvement.

As a program for improving our social-security system, I call upon my Republican colleagues to work with the Democratic Party to provide:

First. Expanded old-age and survivors insurance coverage so that all Americans could view the future with a feeling of self-confidence and security with the knowledge that their old-age and possible adversity will be provided for through contributions which they have made into the OASI trust fund:

Second. An increase in the wage base to $6,000 so that our middle-income families may obtain a more realistic replacement of earned income by social-security benefits at the time of retirement or in the event of the death of the family provider;

Third. Revision of the benefit formula to take into account 55 percent of the first $110 of average monthly wage and 20 percent of the next $390 of annual monthly wage;

Fourth. The minimum primary insurance benefit should be increased. Similarly, the maximum family benefit should be realistically adjusted upward to assure an adequate benefit for widows with several minor children in her care;

Fifth. A delayed retirement credit should be provided so that an individual who postpones his retirement will receive an increase in benefit amount at the rate of 2 percent a year for each year after the age 65 that the individual does not go on the retirement rolls.

Sixth. The method of computing average monthly wage should be amended so that it would be based on the individual's best 10 consecutive years of covered earnings;

Seventh. Allowable earnings under the retirement test should be increased to permit earned income of $1,500 per year without loss of benefits;

Eighth. Temporarily disabled persons who are insured on the basis of recent employment before their disability should be eligible for cash benefits for upward to 26 weeks in a year. Provision should also be made for cushioning the cost of medical services during such period of temporary disability;

Ninth. The disability-benefit provisions of H. R. 7225 should be reviewed with a view to reducing or eliminating the requirement that a totally and permanently disabled worker must be age 50 before being eligible for benefits. Consideration should also be given to making benefits available to dependents of insured workers who become totally and permanently disabled; and

Tenth. Increasing the percentage of primary insurance benefit now received by wives of retired workers and survivors of insured individuals.

The above enumeration of matters for consideration in connection with improving our social-security law is cited to highlight some of the more obvious shortcomings in the present system. It would be helpful if the Republican Party would work with the Democratic Party to give effect to these and the many other improvements that are needed in the old-age and survivors insurance system. I also call upon the Republican Members of the House to work with the Democratic Members in making our public assistance program more adequately serve its intended purpose.

Mr. Speaker, I would like to express the modest prediction that the improvements which I have set forth above will be enacted into law. The timing of such enactment can be hastened if the Republican Party would give its support to these meritorious changes.

My confidence that these improvements will become a part of the social-security system is based on the record of the past which clearly points out the fact that the amendments that I have suggested have been eventually included as a part of our social-security system. I would modestly point out that the expanded coverage that presently exists in our social-security program was originally a Dingell proposal. Similarly, the liberalization of the retirement test for determining benefit eligibility was first proposed by myself. Benefit levels have been revised upward following my recommendation that the OASI system not only could but should provide a more realistic benefit level. I believe that benefits should be made more liberal, but the Democratic Party has done the best it could in the face of solid Republican opposition.

I was among the first to urge that the social-security program be amended to provide disability benefits for our totally and permanently disabled. The legislation which is before the House today will finally make such benefits available.

And so, Mr. Speaker, the record clearly indicates that I have been privileged to be one of the architects and principal advocates of improving our social-security program. It will not be my purpose to describe in detail the many improvements that H. R. 7225 will make in our old-age and survivors insurance system. Our distinguished chairman has already given a most lucid and understandable explanation of the legislation that is before us today.

The inclusion of the professionals such as lawyers and dentists, are classifications which I sought for years, under more liberal provisions and at an earlier date, to cover by the protective social-security umbrella. It seems that at long last we are going to pay some attention to the needs and the sentiments of the dentists and lawyers who were excluded either by the Senate or in conference through the bullyragging of the reactionaries within the American Medical Association. Those days are over. It seems that the Medical Association cannot bluff its own members let alone speak for the dentists and lawyers who feel they are quite capable of speaking for themselves.

The lowering of the benefit age for women to 62 years of age is a step in the right direction, but 10 years ago I advocated the lowering of this age requirement for women's benefit eligibility to 60 years. But it takes time to drag the reactionaries up the hill. It seems almost impossible to enlighten with intelligence and understanding the musty, dusty cranial cavities of some of the powerful forces which have always been opposed to social security as a matter of principle, and at least would hold back acting as a drag if they cannot prevent advancement.

This bill is sadly deficient in that it still fails to provide for total and permanent disability at the time when it occurs. We still place a limitation on when a beneficiary can actually receive total and permanent disability benefits and set the limit at 50 years. Well, that is a gain of 15 years in waiting but it does little good for a man or a woman who becomes so disabled 10 years earlier, say at the age of 40. If we are to have total and permanent disability, if it means what it says, if it is worth considering at all, total and permanent disability should be made effective for all those covered by social security at the time it occurs, be it age 50, 40, or 35 years. Then, and only then, we shall have real disability insurance. I have advocated this sort of provision in several of my prior bills and have even gone so far as to request the social security people during the 82d Congress to seek the aid of a Republican member of the Committee on Ways and Means in this and other respects.

Another and important amendment which I have been sponsoring over the years, and which will eventually become law, provides 60 days of free hospitalization annually for all recipients of social-security benefits. There is enough money

coming in to take care of that special, select, and ultraneedy group of deserving old folk who need this kind of coverage and could have it without additional taxes or premiums for anybody. But this, too, has met stubborn resistance, and while we had some halfhearted, halfway moves in the 83d Congress sponsored by a Republican at my request through the Social Security Commission, we did not get very far because of the coalition of reactionaries which opposed it. It is a painful, near-discouraging experience, as I have noted over the past 21 years, because of the slow progress we are making. But when you realize that in the 83d Congress the Republicans absorbed some of our Democratic ideas and through Democratic cooperation made them a part of the law, I have confidence that ultimately we will have a lowered eligibility age for men and women, together with limited hospitalization of 60 days per calendar year and full and automatic coverage on total and permanent disability simultaneously with its occurrrence.

I will predict that when the vote is taken today it will be the Democratic Members of the House who have assured the enactment of this legislation, just as it was the Democratic vote in the 83d Congress and all the previous Congresses that made improvements in the social-security law possible.

I admonish my colleagues on the Republican side of the aisle that the American people want the social-security program. The protection the system affords to our citizenry is essential. I call upon my Republican colleagues to atone for their past grievous errors in judgment and support the enactment of H. R. 7225.

Mr. EBERHARTER. Mr. Speaker, I would like to commend our distinguished chairman, the Honorable JERE COOPER, for the very clear explanation he has given of the meritorious provisions of H. R. 7225, the Social Security Act Amendments of 1955.

This legislation is designed to effect long-overdue improvements in our old-age and survivors insurance program and to remedy certain inadequacies in the present system. Because of the very able explanation of the bill presented by the gentleman from Tennessee [Mr. COOPER], I will not undertake to present any analysis of the proposed amendments. Instead, I would like to dwell on the humanitarian aspects of this important legislation.

With respect to the provision of the bill providing monthly insurance benefits at or after age 50 to workers who are totally and permanently disabled, it is estimated that in the first year, disability insurance benefits would be payable to about 250,000 workers amounting to $200 million in annual benefits. In about 25 years it is expected that 1 million workers will be receiving disability benefits amounting to about $850 million in benefits a year. People who will derive direct benefit from this provision are in large measure the individuals who have suffered the adversity of a crippling risability and who are without resources other than the income they could derive from employment prior to their disability.

Therefore, in the absence of these disability benefits, until now such individuals have been compelled to seek public assistance despite the fact many of such individuals have had a record of contributing toward old-age and survivors insurance protection since the inception of the program in 1935.

We are all aware that eligibility for public assistance requires that a person meet a needs test. It has, therefore, become necessary for an individual to be eligible for public assistance to first render himself destitute. With the enactment of an amendment to the social-security law providing for monthly disability insurance benefits, it will no longer be necessary for a disabled insured worker to sacrifice his self-respect and the well-being of his family in order to obtain some regular monthly income during the period of his disability.

It is also my view that by providing for disability insurance benefits we will have made a significant contribution to the greater success in the rehabilitation of disabled individuals. By establishing insurance protection for disabled workers, we have adopted an amendment to the social-security law which will provide an incentive to disabled workers to undergo rehabilitation. This will hasten the return to the labor market of workers who have sustained a crippling disability. It will reduce the cost of the public-assistance program and the addition of these individuals to the labor force will provide increased productivity to our national economy.

The bill also would amend the social-security law so as to continue monthly benefits to children who have passed their 18th birthday and who have become totally and permanently disabled before age 18. It will be recalled that under present law a child's benefit is payable to a child under age 18 if he is the survivor of an insured worker or the child of a retired worker. However, present law provides that when that child attains age 18 he loses his benefit entitlement. During the careful consideration of H. R. 7225 by our committee, I believe it is proper to state that every member of our committee was concerned over the hardship that was imposed on the parents and on the children by the abrupt termination of benefits because of age when such children through physical or mental disability were unable to contribute to their own care. A child who is past age 18 is as much in need of OASI protection if he is disabled as is a younger child who has not reached his 18th birthday. For that reason, our committee has included in this legislation a provision which would continue benefits in the case of disabled children.

The bill also lowers the retirement age for women from 65 to 62 years. I doubt that there is any group more urgently in need of OASI protection than the woman who reaches the middle years of life without any employable skill or without recent experience in the labor market and who is forced to provide for herself because of the death of the family provider.

I do not represent that we have completely met the problem of such women by reducing the eligibility age to 62. However, it is my opinion that we have made significant progress toward solving this problem with the amendments herein contained. It is my hope that further progress can be made in this area in the not too distant future.

It is estimated that about 1.2 million women will derive immediate protection from this provision of the bill; 800,000 of these women may become eligible to draw monthly benefits beginning in January 1956. It is further estimated that in about 25 years 1.8 million additional women will be receiving benefits amounting to $1.3 billion. The logic and statistics that relate to this liberalization of the Social Security Act are convincing testimony to the merit and need for this liberalization.

Mr. Speaker, another important provision of the bill includes the expanded coverage that would be accomplished through the enactment of this legislation. For the first time the protection for survivorship and retirement purposes that is contained in our old-age and survivors insurance program would be available to certain self-employed professional people who are presently excluded from participation in the program. The groups to whom coverage would be extended are lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists. Unfortunately, the families of professional people who will benefit from this expanded coverage are not any more immune from adversity than are other American families. For that reason it is my view that the discrimination against self-employed professional people contained in our present social-security law must be ended by the enactment of this measure.

Another important aspect of this meritorious legislation that is designed to benefit everyone who is under social security today and everyone who will be protected by social security in the future is the provision which would establish an advisory council on social-security financing. This advisory council will make periodic review of the status of the old-age and survivors insurance trust fund in relation to the long-term commitments of the program. This council study will be in addition to the continuing evaluation of the system that is made by the Board of Trustees of the old-age and survivors insurance trust fund and the studies periodically made by the interested committees of Congress.

While the changes to our social security law which would be made by this bill are modest in character they do, nevertheless, eliminate certain inadequacies contained in the present system. The increased protection that would be provided by this legislation is protection that would go to groups of Americans who are most urgently in need of old-age and survivor's insurance benefits. For that reason I view these amendments as constituting some of the most humanitarian changes in our social security law that it has been the privilege of the Committee on Ways and Means to present to the Congress.

Mr. Speaker, it will perhaps be recalled that during the debate on the social security amendments of 1954 I carefully documented the Republican record on social security. This will be found in the CONGRESSIONAL RECORD, volume 100, part 6, page 7448. I modestly call the attention of my colleagues to my remarks at that time in the event they are interested in a review of the Republican attitude on social-security legislation.

It is my hope that the Republican Members of the House will join with the Democratic Members in supporting the enactment of these meritorious improvements in the social security law.

The 2.8 million additional beneficiaries that will eventually become eligible for benefits under these liberalizing amendments warrant the support of the Republican Members of the House, as well as the Democratic Members. The Republican record of opposition to improvements in our social security system should be abandoned. I view the coming vote on this legislation as an opportunity for the Republican Party and particularly the Republican Members present today to cast aside their traditional opposition to social security legislation and to join with the Democratic Members in supporting the enactment of the social security amendments of 1955.

Mr. LANHAM. Mr. Speaker, I favor this legislation, H. R. 7225, and in this connection want to say President Eisenhower is to be commended for, and our country is to be congratulated upon the appointment of a native Georgian to succeed Mrs. Oveta Culp Hobby as Secretary of the Department of Health, Education, and Welfare. Marion Folsom and I were friends at the University of Georgia although he is a few years younger than I. While at the university, Marion made a wonderful record graduating with honors and won a membership in Phi Beta Kappa, America's greatest scholastic fraternity. Leaving the university, Mr. Folsom attended the school of business administration at Harvard where he likewise made a splendid record. After leaving Harvard, he associated himself with the Eastman Kodak Co. and rose to the important position of treasurer of that great corporation.

Mr. Folsom is steeped in the philosophy of private enterprise but at the same time realizes fully the social and civic responsibility that rests upon the great business organizations of our country. As the distinguished gentleman from Tennessee Mr. JERE COOPER, has said, Mr. Folsom knows more about social security than almost anyone else in America, having set up such a plan for the Eastman Kodak Co.

His self-effacing role as Under Secretary of the Treasury is well known and his accomplishments in that field speak for themselves.

In my opinion, the President could not have made a better appointment and I am sure that Mr. Folsom will, with his conservative but humanitarian viewpoint, lead us forward in the fields of health, education, and social welfare.

We Georgians are proud of Marion Folsom and I personally am delighted that I will again have the privilege of contacts with him since I am a member of the subcommittee headed by our distinguished colleague, JOHN FOGARTY, which makes appropriations for the Departments of Health, Education, and Welfare and Labor.

Mr. GUBSER. Mr. Speaker, I wholeheartedly subscribe to the philosophy of government expressed by our great President when he said:

> In all those things which deal with people be liberal, be human. In all those things which deal with the people's money or their economy or their form of government, be conservative.

I believe that these criteria admirably fit the purposes and aims of H. R. 4472, commonly referred to as the Townsend bill.

Can we be otherwise than liberal and human when it comes to dealing with our senior citizens, men and women who have contributed richly to the life and prosperity of our Nation during the best years of their lives, and who now are seeking no other reward than the right to live out their lives in peace while younger generations take over where they have left off? I believe that H. R. 4472 would accomplish this human aim.

This great and pressing task of providing for our senior citizens naturally involves substantial amounts of money, the people's money, and in matters affecting the people's money I am conservative. As a conservative I endorse the principle embodied in H. R. 4472, because it is a pay-as-you-go method of financing, the soundest and safest method of financing known.

H. R. 4472 is geared to the cost of living, and by today's standards this is conservative, because it allows for the decline of pensions if the cost of living drops, while it automatically provides for increased pensions if the cost of living should rise.

Finally, as a conservative I endorse the Townsend bill because it is a national plan which recognizes a national problem instead of looking the other way at State lines. Its benefits and liabilities will be participated in and borne by all States, thus easing the excess burden now falling on the taxpayers in some of our States. In my own State of California our people are paying heavy taxes to support a pension system which is enjoyed not only by retired Californians but by many who have contributed in other States during the most productive years of their lives, and who, attracted by the superb climate, have gone to California to retire. A national plan equalizes burdens and benefits and is fair. It is, therefore, conservative.

Mr. Speaker, as coauthor of the Townsend bill I am not contending that it cannot be improved. On the contrary, I believe that the Committee on Ways and Means, in its wisdom, may find many features which can be improved upon after thorough hearings have been held and the bill has been debated. I urge that the Townsend plan, after due consideration by the Committee on Ways and Means, be presented to this House so that the Members may debate it, and by voting may exercise their will in the American way.

Mr. JENKINS. Mr. Speaker, I yield myself 2 minutes and 30 seconds.

Mr. Speaker, I think it is very unfortunate that this, one of the most important bills that we have or will consider in this session, has to be considered under suspension of the rules. At least a half dozen of the most prominent Members of the House have come to me in the last few minutes and asked me to give them time in which to speak on this important measure. I cannot give you the time. I only have 20 minutes to allot and I am alloting only 2½ minutes for myself. This bill, I repeat, is one of the most important bills that we will consider because it touches nearly every family in the Nation. It touches millions of people and involves billions of dollars. It is a gigantic business. I remember, I was a member of the Committee on Ways and Means back 15 years ago when we started this social security system. In several of the States we had at that time old age pension systems, and the first social security law was nothing more or less than a national old age pension law. But it has expanded until the fund itself now amounts to $20 billion. If we keep it up for the next 20 years, as we have up to now, in 1975 the amount of money paid in yearly will be over $20 billion. I repeat it is a gigantic business. The thing was so small when we started. I remember I made a motion before the Ways and Means Committee to take in the poor, indigent blind, but the Committee on Ways and Means rejected my motion. I then came on the floor of the House when the bill was being considered and made a motion to include the indigent blind in the bill. I made a speech and said all the fine things I could about the poor, little blind woman holding out her tin cup for dimes but my eloquence was not convincing enough. But I persisted and the Senate showed some compassion and amended the bill to include the "poor little old blind woman" with all of the other indigent blind. I have always been glad for that.

Now, just look where the social security movement has progressed and we have to decide these important questions with only 20 minutes for each side. It is not right, it is a gross usurpation of legislative procedure, it is not even politically proper and I am opposed to that sort of procedure, but I cannot help it because the bill itself has many fine features, and as far as I am concerned, I am going to vote for it. But, I am sorry we do not have a chance to give you a chance to understand it because the committee itself declined to have public hearings before we started our executive sessions. Then the committee would not have anything like a fair and complete hearing when the committee was meeting in executive session. So here we are bringing you something that you have not had time to consider. There is no doubt that the principal motive for this procedure was that it would be a fine political move on the part of the leaders of the Democratic Party.

Now, Mr. Speaker, I wish under leave to extend my remarks to give you a few of many important facts concerning this legislation.

Mr. Speaker, a majority of the Republican members of the Committee on Ways and Means voted to report this bill favorably. Even among those who did not, there is recognition that some of the bill's provisions are desirable and many of its objectives are praiseworthy. Nevertheless, I am impelled to express my concern over certain aspects of this vital legislation.

The social security system is fast reaching maturity. Under Republican leadership, practically universal coverage was finally achieved last year. The system is no longer an experimental innovation but has become an integral part of our economy. Even minor changes in the program can have a profound and far-reaching effect on American life. To millions of our people, the system represents the basic foundation for their own retirement security as well as for the survivorship protection of their dependents. The old-age and survivors' insurance trust fund today approximates $20 billion, and almost every American has a stake in the soundness and stability of that fund. The Committee on Ways and Means is charged by law with responsibility for initiating all legislation affecting the social security system, and, in a very real sense, therefore, the members of our committee are trustees of the public interest in this program. This trusteeship imposes upon us an obligation not only to current social security beneficiaries but also to succeeding generations of beneficiaries.

The proposals contained in this bill will involve increased benefit payments from the trust fund of about $2 billion a year, on the average. Moreover, these proposals will have an unpredictable but far-reaching impact not only upon the old-age and survivors insurance system but also upon private pension plans to which millions of American workers look for their security, upon State and local retirement plans, upon private insurance, and upon the public-assistance program. The ultimate social and economic implications of these proposals are tremendous. In the face of these facts, it was unthinkable that public hearings not be held. However, the majority voted not to hold public hearings and to proceed entirely in executive session. The Republican members voted to open consideration of these vital issues to the public but were turned down by a strict party-line vote.

As a result, this bill, containing multi-billion dollar provisions which will affect the lives of millions of Americans for many years in the future, is entirely the product of a few closed-door sessions by this committee. Thus, the far-reaching implications of the proposals contained in this bill have been explored in what can only be described as a cursory and casual fashion.

Representatives of the Department of Health, Education, and Welfare cooperated fully with the members of our committee. To the best of their ability, they presented all available information which bear upon the complex problems involved. Yet they themselves were the first to suggest that such information as they could provide was in many instances second-hand information at best, that the committee should develop first-hand information by soliciting direct testimony from qualified sources, and that in several areas there was insufficient experience upon which to base intelligent legislation. Nevertheless, the administration conscientiously brought to the attention of our committee the many difficult problems which these proposals involve.

Mr. Speaker, in order to finance the multi-billion-dollar increase in benefits contained in this bill, a higher tax schedule is provided. An almost immediate increase to 2½ percent each on employees and employer, respectively, is provided effective January 1, 1956. Each of the subsequent periodic increases provided under existing law is also increased by one-half of 1 percent. As a result, the ultimate tax rate projected under the bill, effective in 1975, is 9 percent, shared equally by employees and their employers. The self-employment tax, applicable to professional individuals, proprietors, farmers, and other self-employed individuals, will become 6¾ percent at that time.

As high as these future rates are, the rates themselves do not convey a complete picture of the true burden which they involve. The tax on wages is a tax on gross wages, without any allowance for personal exemptions, dependents, or other deductions. The tax on self-employment income only permits certain business deductions, such as depreciation. It is, in effect, a tax on adjusted gross income. Therefore, unlike the income tax, the social-security tax is not limited to net income. As a result, that tax, as a percentage of net income, is substantially higher than the actual rates would indicate. In fact, the eventual 6¾-percent rate on the self-employed would be the equivalent of a net income tax in the neighborhood of 20 percent and higher in many cases.

Let us take the example of a farmer with a net income from self-employment of $4,200 in 1975. Assuming that he has a wife and two children and uses the standard deduction, his Federal income tax will be $276. His social-security tax, on the other hand, will be $283.50. In this example, which is a completely average case, the social-security tax, as a percentage of net income, would be in excess of 20 percent. If the same individual had three children, his income tax would be cut to $156, but his social-security tax would still amount to $283.50. In such a case the latter tax would be the equivalent of a net income tax of 36 percent. I again point out that this would be an ordinary case and not at all an unusual one.

It is estimated that in 1975 the total social security tax collections will approximate $20 billion annually, a colossal sum. Moreover, this estimate assumes continuation of existing wage levels and makes no allowance for the increase in those levels which past experience indicates will occur. The $20 billion estimate is, therefore, extremely conservative.

I point out these facts concerning future social-security tax rates and tax collections in order to show both the ultimate individual tax burdens and the total burden on the economy which are projected under this program. Mr. Speaker, I believe that realism requires us to face the cold fact that these projected tax burdens are so high as to effectively preclude any significant social security liberalizations in the future.

I am deeply concerned over this fact because our committee made no effort to determine what the true priorities for present action are. The Republican Members suggested that public hearings be held on other proposals, such as liberalization of the so-called "work clause," in order that we could decide intelligently exactly which liberalizations were most needed at this time. This recommendation was rejected, again by a straight party vote.

I am concerned over this fact, moreover, because by their very nature, the liberalizations contained in this bill will create demands for additional changes involving further costs. For example, the bill provides benefits for the disabled children of a deceased worker. This liberalization is, in itself, highly desirable. Once enacted, however, how long can the Congress deny equivalent benefits to a widow who is likewise permanently and totally disabled? The bill provides for the payment of cash disability payments to workers once they have reached the age of 50. How long can Congress deny equal treatment to permanently and totally disabled workers who are 49, 45, or younger? The bill provides retirement benefits to women on attaining age 62 even though the statistics show that women retire only slightly earlier than men. How long can Congress refuse to lower the retirement age for men?

I do not cite these problems as criticisms of the provisions of the bill. One cannot deny the serious need of many disabled people or elderly women. On the other hand, I have pointed out that the costs projected under the provisions of the bill are so great as to preclude serious additions to those costs in the future. At the same time we have created the basis for further liberalizations which it will be almost impossible to refuse. That is the dilemma which we are creating for ourselves.

I am further concerned over these ultimate costs because of the danger that they may eventually weaken or even destroy public acceptance of the social security system. A social insurance program cannot be expected to provide against all insurable risks. It must be designed to provide a basic protection at a cost within the reach of all, especially those in the lower income brackets who are most in need of that protection. Despite this fact, we are creating a scale of benefits which must be supported by a social security tax which, in the not too distant future, will be equal to and in many cases higher than the Federal income tax.

In the past few years we have brought into the system on a compulsory basis millions of self-employed individuals. We now propose in this bill to extend coverage on the same basis to many other self-employed, such as lawyers and dentists. Many of these people have felt

that the benefits of coverage are conjectural at best. I raise the question of whether future social security tax rates may not entirely undermine the attractiveness of the system to them.

Finally, insofar as the cost of this program is concerned, we should take sober warning that, in our zeal to provide ever greater benefits and to provide against an ever wider area of need, we do not destroy the very system which we have created. We have succeeded in avoiding the full impact of the cost by shifting most of the burden to the future. At that time, the high tax rates may make it very difficult to retain the contributory principle which we believe so essential to the program. However, we would be deluding ourselves should we believe that the general revenue could be depended upon to support the system. I have already pointed out that, under the present schedule, social security tax collections in 1975 will amount to about $20 billion. To finance such a vast sum out of general revenues would necessitate approximately a 50-percent across-the-board increase in our already burdensome individual income tax. These figures show clearly the magnitude of the problem we are so casually creating.

CASH DISABILITY BENEFITS

There are several aspects of the disability benefit provisions which received little or no serious study by our committee and which I believe deserve the most careful consideration. These are, among others—

First, what should the relationship be between a cash disability payment program and the rehabilitation program? To what extent may disability payments interfere with the objective of rehabilitation?

Second, have we had sufficient experience under the disability "freeze" program to provide a sound basis for intelligent legislation in this area?

Third, what are the implications of charging the States with responsibility for administering Federal benefit payments?

Fourth, the cost of the disability program has not been fully analyzed by the committee.

A very serious question raised by the payment of cash disability benefits involves its relation to rehabilitation. Committee Republicans suggested that the committee seek the advice of rehabilitation experts but this recommendation was turned down. I believe that a primary goal of any disability program should be to encourage disabled individuals to regain their position as useful, self-supporting members of society. This goal is a reflection of our faith in the value of individual effort and initiative. I believe that every disabled worker is a potential for such rehabilitation. However, many sincere students of the problem feel that cash disability payments may discourage individual incentives for rehabilitation.

I do not believe that a cash disability program need necessarily operate to the disadvantage of rehabilitation. On the other hand, I do believe that our committee has failed completely to face up to the problem. Many other approaches to the question should have been explored. For example, a number of people believe that cash disability payments should take the form of maintenance payments during the period in which a disabled person is undergoing rehabilitation. Because of the committee's failure to go into this matter, we may have lost an opportunity to develop a really constructive program of great social value.

Only last year we enacted the so-called "disability freeze." The provision protects the benefit rights of workers who become permanently and totally disabled. This program has only just gotten under way, and there is a serious question of whether there has been sufficient experience upon which to base the payment of actual disability benefits.

As was done with respect to the disability freeze, this bill provides that the determination of total and permanent disability shall be made by the States. However, there are substantial differences between the two programs. For purposes of the freeze, the State determination simply protects benefit rights to which individuals may become entitled at some time in the future. Under the disability benefit program, however, the State determination will provide the basis for the payment of immediate cash benefits out of the OASI trust fund. In many cases, such a determination will make it possible for the State to reduce or eliminate its own benefit payments, entirely at the expense of the Federal program. This fact raises a serious question of whether the administration of this program may not be subject to abuse. I believe, at the very least, that our committee should have considered the problem carefully and received testimony from State officials on the matter. This the majority refused to do.

The cost of the disability program is at best conjectural. The actuary of the Social Security Administration, in whom our committee has always had great confidence, admitted that his actuarial estimate of the cost could be subject to wide variation. Insurance actuaries have generally testified to their conviction that the cost would be substantially in excess of that estimated by the committee for this portion of the bill. The Republican members of the committee suggested that it would be the part of wisdom to invite such independent actuaries to testify on the matter, but our motion was rejected.

The bill lowers the age of eligibility for all women beneficiaries—widows, wives, and women workers—from 65 to 62. There has been widespread demand over the years for lowering the eligibility age both for retirement and survivors' benefits. The major interest in this question has been with respect to women beneficiaries. Such a proposal was rejected by this committee in 1949 as being too costly.

Many favor the principle of creating more liberal eligibility requirements for women. Here again, however, there are a number of questions which our committee either failed to explore completely or did so only in a cursory and inconclusive manner. I do not, therefore, raise these questions as objections to the merits of the proposal contained in this bill. I do believe, however, that these matters should have been studied carefully in order to prevent the creation of new discriminations, to determine the areas of greatest need, and to avoid any possible detriment to other objections of great social importance.

The longevity of the American people is increasing at a significant rate. The proportion of people over 65 is very large and becoming larger all the time. As a result of this situation, one of the most encouraging trends in the country has been the effort toward creating a favorable climate for the employment of older workers. Many businesses are actively engaged in promoting this program. While 11 percent of the private plans established in the period 1948–50 provided for normal retirement of women before age 65, only 7 percent of the plans established in 1950–52 do so. The success of this program is important both to our overall economic strength and to maintaining the self-respect of our older citizens as useful members of the community. Certainly, those who wish to work beyond 65, or any other age for that matter, should be afforded an opportunity to do so and should not arbitrarily be forced out of employment.

There is a serious question in the minds of many as to whether the reduction of the statutory social security eligibility age for women, desirable as such action is in many individual cases, may not run counter to this major social and economic objective of wider employment opportunity.

Private industrial pension plans are generally geared to the social-security system. This fact has led most such plans to adopt age 65 as the compulsory retirement age for both men and women. It must be expected that, if age 62 is established for social-security purposes, the same pattern will be adopted by private industry. Our committee made no effort to appraise the implications of its action in this regard.

Lowering the retirement age for women workers is supported on the ground that they typically retire at an earlier age than men. However, the statistics indicate that this is true only to a slight extent. In 1953, the average age was 68 for men and 67.6 years for women. I do believe that a serious hardship exists under present law with respect to women who are widowed before age 65. I question whether making benefits available to this group at age 62 will make any significant improvement in the situation. A number of the Republican members of the committee supported an amendment offered by Representative SADLAK to make benefits available to women at age 60, but this was rejected by the majority.

I repeat again that a majority of the Republican members of the committee voted to report this bill favorably. I agree that several of its provisions have great merit. I certainly recognize the undoubted political attractiveness of all of its proposals.

I do not, however, believe that our committee has discharged its obligation to either the Congress or to the American people by its brief and closed-door consideration of this vital legislation. I

have sought to point out the grave social and economic implications of the bill. I have dwelt at some length upon the staggering ultimate costs of this developing program because I do not believe that either the Congress or the public has any conception of its magnitude.

It is my earnest hope that the questions I have raised will lead thoughtful citizens everywhere to search for the answers. The social-security system was created to give our people confidence and faith in their future. It should be above politics.

Mr. JENKINS. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. SIMPSON], not exceeding 2 minutes, however.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, when this subject was first brought before our committee in executive session, and as you have been told, there were no public hearings, no mention was made with respect to taxation and with respect to the money to pay for the costs which are extremely heavy on this bill. On the contrary, the initial stories went out to the press implying that there would be no taxes connected with the bill. I am very happy to say that the committee in executive session while liberalizing the provisions of the law have provided the money which is necessary to meet the costs. The committee recognizes its responsibility in that respect and has imposed new taxes. That the taxes are heavy and will become heavier is a very important matter for every individual Member of the Congress to remember because your constituents, the workers of the country, are the individuals from whom this money is being taken. There is a limit above which we dare not go. I think this bill and these taxes levied herein just about measure the limit to which we dare increase social security taxes upon the individual. Mr. Speaker, I shall support the bill and yield back the balance of my time.

Mr. JENKINS. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Speaker, as you all know, I have been a believer and strong proponent of our contributory social-security system. Though I am going to vote for this bill because in it are some improvements which I have long favored, it troubles me greatly. It seems that we are casually passing legislation which may in future wreck the whole contributory OASI system.

Many of the objectives in this bill are worthy. We all know of many individuals whose cases are appealing who will benefit by its provisions. But no individual can afford to insure himself against all the hazards of human existence; nor can the Federal Government do so either by taxing him for this protection.

Under this bill the tax rate 20 years from now will rise to 4½ percent on employer and 4½ percent on employee.

Under this bill the social-security tax rate on self-employed will then be 6¾ percent or $283.50 for the individual who is earning $4,200 a year. This will be more than he will pay in Federal income tax if he is the average citizen with a wife and 2 children.

Two items in this bill are the costly ones. These will take $2 billion on the average every year out of the pockets of workers and their employers over the next half century.

This tax will be so high that it may well result in precluding the possibility in future of making other needed improvements in the system.

We should have evaluated these proposals with all others in extensive public hearings and made a decision at to which had priority.

The most expensive proposal in this bill is that which reduces the retirement age of all women to 62. Is this the most important change that should be made in the system? Public hearings might have determined this.

Reducing the age at which widows receive benefits—yes. Those whose husbands died after their wives had reached a mature age. They cannot get a job at 60 and this is an improvement I have long advocated. But, with the growth of the life span and improvement in the health of our population, is it wise to discourage those who wish to work after the age of 62? If this age is established for social-security purposes, will not the same pattern be adopted by private industry?

The second expensive proposal—granting social-security benefits to those who become totally disabled—a worthy objective—also will cost at least a billion dollars a year on the average. Insurance actuaries say it will cost a great deal more. Should we not experiment with this radical departure very gradually—start say at 60 instead of 50 as provided in the bill—and see if the actuaries of the Social Security Administration or those from the insurance companies are right as to its cost?

Should we not also experiment, gain experience and try to develop satisfactory sound administrative procedures for deciding who is permanently disabled? Unfortunately there will be a few who would rather rely on these payments than work toward their own rehabilitation.

By their action in refusing to have public hearings, by their action in turning down my motion to invite insurance actuaries to estimate the cost, by their action in turning down my motion to invite doctors to testify as to possible means of determining disability, the Ways and Means Committee has abdicated its responsibility, and the Senate will write the bill.

We can only pray that the Senate Finance Committee will recognize its responsibilities to the 140 million Americans—the covered workers and their families who will be vitally affected by this legislation—and will handle the matter in a more responsible manner.

Mr. COOPER. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Speaker, any impression that this bill has not been thoroughly and adequately considered is simply not a statement of fact. This bill was considered in executive sessions of the Committee on Ways and Means, with the experts of the Social Security Board present every day in at least 15 to 20 meetings. It was considered by the members of this committee who time and time again have conducted public hearings on the issues involved in the legislation now before this body.

If what we have done was so bad, then it is difficult for me to understand why the committee voted 21 to 3 with only 1 member not voting—who is now ill, unfortunately, our distinguished former chairman—to report this bill favorably. The members who voted to report the bill favorably are now finding fault with the fact that we did not reinstitute hearings upon these very matters on which we have held hearings in the past. Take the disability section, take the other provisions: In 1949 for 6 months the Ways and Means Committee of the House of Representatives sat and listened to witnesses from all over the United States of America on those and other issues as well as spending a considerable amount of this time in executive sessions. Nothing new has developed. The Senate in 1947 appointed an advisory council and that council in the other body voted unanimously to reduce the age for women and also recommended the adoption of disability benefits, both of which would be accomplished by this bill.

We had some other recommendations later on. The former Secretary of the Department of Health, Education, and Welfare, Mrs. Hobby, appointed a committee, which found that the present system is sound, and last year we, by and large, carried out the recommendations of her committee that the social-security system should be maintained on its present basis with the greatest increase in coverage that could be given.

So we are not confronted with anything new, we are not confronted with any radical departure; we are confronted with a measure which was approved by 21 out of 24 members of the Ways and Means Committee who voted.

I was very much interested in the remarks of the gentleman from Ohio [Mr. JENKINS]. I am very glad to welcome him as a supporter of the social-security system; as a matter of fact, he only saw the light last year. My recollection is that prior to 1954 he voted against improvements every time, but now he is a convert, he believes in the system.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. Yes, I yield to the gentleman, having referred to him.

Mr. JENKINS. I want to say that the gentleman is wrong, as usual.

Mr. BOGGS. We will look at the record, and I think it will demonstrate that the gentleman from Louisiana is correct, as usual. Just take a look at the minority reports and the motions to recommit.

The gentleman from Ohio talks about this vast sum of money we are collecting. Do you not know what the gentleman from Ohio would be doing if we had not made this system actuarially sound? We voted to impose these increased taxes on a graduated basis so nobody would stand here in the well of the House of Representatives or anywhere else and say that we were voting something and not providing the money for it. That is what

we have done. As a matter of fact, we have done a little better than that. We had figures before the Ways and Means Committee from the Social Security Administration's actuary, Mr. Myers, to the effect that we could make this tax effective on January 1, 1957, and that it would still be actuarially sound and we would still have a surplus of about $200 million; but to be doubly sure—and the gentleman from New Jersey [Mr. KEAN], was very helpful in this respect—we provided that it should be effective on January 1, 1956, next January 1, so that there could be no question but what we were providing the funds to make this added protection possible on a sound basis.

Finally, let us look at what the benefits are: No. 1, if you have a child 18 years of age and that child is blind, crippled, or mentally retarded, or disabled, instead of being dropped from the rolls when he become 18, as he is today, this bill would keep him on.

No. 2: If you are 50 years of age and have cancer, heart disease, or whatever and cannot work, you are given some disability benefits.

No. 3: If you are a woman 62 years of age you can qualify for benefits. Why? Because in most instances men marry women who are 3 or 4 years younger than they, and that adjustment balances the system.

This is a sound bill; it has been thoroughly considered, and it should be passed.

Mr. ZABLOCKI. Mr. Speaker, I wish to urge prompt and favorable action on the proposed Social Security Amendments of 1955.

The bill before us contains five major provisions. In the first place, it provides disability benefits for insured workers. Secondly, it lowers the retirement age for women from age 65 to age 62. Thirdly, it continues monthly benefits to children who become totally and permanently disabled before age 18. Fourthly, it extends social-security coverage to certain self-employed, professional groups. Finally, it makes the necessary adjustment in the contribution schedule, so as to provide revenue for the additional benefits and to safeguard the integrity of the social-security fund.

I have advocated most of these changes for the past 3 years, and I support them now. They are sound and necessary. I would like to say a few words about each one of these proposals.

DISABILITY INSURANCE

During the last Congress, I sponsored H. R. 3554 which proposed a disability-insurance program for workers insured by the social-security system. I reintroduced this legislation in the present Congress, in the form of my bill H. R. 5057.

Now the bill before us contains the proposal outlined in H. R. 5057, at least in its essential features. It provides disability insurance for workers who have attained age 50. My bill would have gone a step further: It called for the payment of disability benefits to insured workers regardless of age, as well as for the payment of supplemental benefits to the wife and the minor children of the disabled worker. These, in my opinion, are very important provisions. They are not included in the bill which we are debating. Nevertheless, the bill before us represents a step in the right direction, and for that reason merits our support.

At this point, I would like to read a portion of a memorandum which I prepared some months ago, describing the need for disability insurance. While the memorandum applied specifically to my bill H. R. 5057, the arguments contained therein are equally applicable to the legislation under consideration.

MEMORANDUM ON H. R. 5057, A BILL TO PROVIDE DISABILITY INSURANCE

THE DIRE NEED FOR DISABILITY INSURANCE

The problem of total disability is a serious problem to the thousands of disabled persons all over the country who write to their Representatives in Congress for help that cannot be given to them under our present law.

Each year, many thousands of our workers meet with physical disasters which rob them of their earning capacity. The majority of those workers cannot depend on any income during the period of their disability. As a result, their families must suffer privation and hardship, and frequently look to local, State, and Federal agencies for relief dole.

For almost two decades, this problem has been noted in practically every serious study made of the problems of disability. These studies recognized the need for Government action to protect workers and their families against this risk—against the financial drain which is even more serious than that of unemployment, old age, and death.

As early as 1938, the Advisory Council on Social Security agreed unanimously on the desirability of providing social insurance for permanently and totally disabled persons, and for their dependents. By 1948, the Advisory Council on Social Security to the Senate Committee on Finance recommended immediate incorporation of disability protection into the social-security system. The Council said this:

"There can be no question concerning the need for such protection. On an average day the number of persons kept from gainful work by disabilities which have continued for more than 6 months is about 2 million. The economic hardship resulting from permanent and total disability is frequently even greater than that created by old age or death. The family must not only face the loss of the breadwinner's earnings, but must meet the cost of medical care. As a rule, savings and other personal resources are exhausted. The problem of the disabled younger worker is particularly difficult because he is likely to have young children and not to have had an opportunity to acquire any significant savings."

More recently, other groups and study commissions further stressed this need, recommending the enactment of legislation to provide social insurance against the hazard of permanent and total disability.

EXISTING PROVISIONS FOR THE DISABLED

At present, we have a multiplicity of programs which provide limited and selective insurance against the risk of disability.

The fact remains, however, that existing Government programs, industry, union, and private insurance plans protect only a minority of the working population. The majority of the people are still without protection—short of the ultimate resort to public relief—once prolonged disability has brought destitution and hardship to them and to their families.

This is due to the fact that the hodgepodge of programs in this field provides only partial and selective protection to given groups, and to the fact that our basic Social Security System does not as yet provide for disability insurance for the population at large.

PERMANENT TOTAL DISABILITY AND RETIREMENT

It has long been widely recognized that physical old age is not always closely related to chronological age. While many workers may be able and willing to work past age 65, others are compelled to stop working at a much earlier age because of incurable diseases such as inoperable cancer, advanced heart condition, tuberculosis, arthritis, and so on. For all practical purposes, these individuals are prematurely retired from the labor market.

Unless disability insurance is provided for persons in this category, this lack may create pressures which may have serious effect on the old-age and survivors insurance program. We may be gradually forced to adopt a considerable lowering of the retirement age. If this happens, it will not be because people in general wish to retire earlier, but due to the pressure of an increasing number of disabled persons—particularly those in the upper age group—who are in dire need of assistance.

If we try to meet this very real need by enabling all persons to retire at an early age, it will cost us much more than a direct approach of providing disability benefits only to those who are totally disabled and who can therefore qualify for them.

ECONOMIC IMPLICATIONS OF DISABILITY

Many income studies conducted during recent years point out that disability and low income go hand in hand in many instances. These studies point out that among the urban families in the low-income class one of the chief causes of poverty was traced to the disability of the head of the family.

Other studies also show that disability accounts for a very large portion of public relief expenditures. This also applies to private charity which helps an additional number of disabled persons.

By providing a systematic program of social insurance against disability, such as the program outlined in H. R. 5057, it would be possible in time to reduce the need for relief and public dole.

THE SOCIAL-INSURANCE APPROACH

The enactment of the proposals contained in H. R. 5057 will not eliminate the economic cost of disability. However, this proposal would provide a systematic contributory method for workers to help meet those costs before they occur. It would also sharply reduce the present financial burden of relief and public assistance.

The risks of disability can be made a budgetable expense for workers, just as the risks of old age and death have been made budgetable expense through the old-age and survivors insurance program. This social-insurance method is applicable to this problem, and should be adopted.

Social insurance, geared to the workers' earnings, would afford protection as a matter of right to those insured workers who become totally and perhaps permanently disabled. The benefits would make it possible for them to live on an income they had previously helped to purchase. It would prevent them from being forced into destitution and from turning to charity and public relief.

LOWERING THE RETIREMENT AGE FOR WOMEN

Mr. Speaker, the second major proposal contained in the bill before us would lower the retirement age for women to age 62. This proposal is similar to the suggestions contained in bills which I introduced in the last Congress, and in the present one.

Again, I should like to read from a memorandum which I drafted some time ago, listing the reasons why the retire-

ment age for women ought to be reduced without further delay:

MEMORANDUM PREPARED BY HON. CLEMENT J. ZABLOCKI ON H. R. 1635, A BILL TO LOWER THE RETIREMENT AGE FOR WOMEN TO AGE 60

In both the 83d and the 84th Congresses, I sponsored legislation to lower the retirement age for women under the social-security program to age 60. The number of my earlier bill was H. R. 3554, 83d Congress, and of the later one, H. R. 1635, 84th Congress. This proposal is important for the following reasons:

The average age at which workers are retiring at the present time is 69. This includes both married and single workers. The average age of a wife, in the case of older men, is 5 years less than that of their husbands. Under the present law, with the retirement age at 65, this means that supplemental wife's benefits are not payable until the husband reaches age 70.

Less than one-fifth of married men who attain age 65 have a wife of the same age or older, and more than one-half of such men have a wife who has reached age 60. Reducing the age for a wife to become eligible for benefits at age 60 will permit the wives of about three-fourths of the married men who claim retirement benefits to receive wife's benefits as soon as they retire.

The bill which I introduced would lower the retirement age for all women, including women workers who are entitled to benefits on their own wage record, to age 60.

In the case of women workers who are entitled to social-security insurance benefits in their own right, the present retirement age of 65 creates a hardship. Women are generally considered as retiring earlier than men. As proof of this, many companies have pension plans which provide a retirement age of 60 for women. It is necessary to lower the age of insured women workers also because it would be discriminatory and inconsistent to pay a wife's benefit at age 60 and not to lower the retirement age for insured women workers to 60, since the wife in such a case would get benefits at an earlier age and for a longer life expectancy than a woman worker who has contributed to the Social Security System.

Widows should also be eligible for benefits at age 60 because it would certainly be inconsistent to start paying benefits to a wife at age 60 and upon her husband's death—before she is age 65—to require her to go off the rolls and wait until she is 65 to begin drawing benefits again. In the case of widows of insured workers, a reduction to age 60 will make about two-fifths of them immediately eligible for benefits.

We all know that it is practically impossible for women aged 60 and over to secure employment. Reducing the retirement age for women would meet a pressing social need.

I have worked on behalf of this legislation in the past, and I shall continue in these efforts. It is my hope that this proposal will be considered favorably during this 1st session of the 84th Congress. It merits our support and ought to be enacted into law.

WASHINGTON, D. C., *January 1955.*

CHILDREN'S DISABILITY BENEFITS

The third major provision of the social security amendments of 1955 bill proposes to continue the payment of monthly benefits to children who become totally and permanently disabled before age 18.

This is a constructive and needed change in our social security law. A child who is either physically or mentally disabled is dependent upon his family whether he is 18 years of age or over. Yet under our present law, the payments which are made for his support cease when the child becomes 18. This inequity should have been corrected long ago.

The Committee on Ways and Means has reported that the proposed change will eventually benefit some 5,000 children and their mothers. While the number of beneficiaries is relatively small, this does not alter the need for amending the law. I am fully in favor of this provision.

EXTENSION OF COVERAGE

The fourth proposal calls for the extension of social security coverage to lawyers, dentists, and other self-employed professional groups now excluded—except physicians—and to certain other limited groups.

In conjunction with this subject, I would like to refer to a survey which I had recently conducted among physicians, dentists, and lawyers who reside or practice in the Fourth District of Wisconsin. I described the results of this survey on an earlier occasion. My remarks are included in the CONGESSIONAL RECORD of July 11, 1955.

It is not my purpose to repeat and review the results of that survey. I merely want to point out that 82 percent of the dentists who replied favored social security coverage for their group. Similarly, 80 percent of the lawyers sending in their replies went on record favoring coverage.

It appears, then, that the legislation before us meets with the approval—active and wholehearted approval—of the people concerned. The amendment ought to receive favorable consideration.

ADJUSTMENT OF CONTRIBUTION SCHEDULE

Finally, it has been proposed that the present schedule of contributions be revised so as to provide the revenue for the additional benefits and to safeguard the integrity of the social-security fund.

The proposed increase in contribution rates is moderate and sensible. We should not expect to authorize additional benefits without making some provision for meeting the additional costs involved. We ought not to shift that burden to future generations.

Because I feel very strongly on this point, I support the Ways and Means Committee's recommendation for an upward revision of the contribution schedule. This recommendation is far-sighted and equitable, and should receive wholehearted approval.

Mr. Speaker, it is my sincere hope that the legislation before us will receive prompt and overwhelming approval.

Mr. JENKINS. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker, last Thursday Dean Manion called me on the long distance phone and said: "Noah, I want you to prepare a brief specific telegram giving your opinion of these new amendments to the Social Security Act and send me that telegram so that I can use it in my radio address."

The following is the telegram I sent him:

JULY 15, 1955.

H. R. 7225, covering proposed amendments to our Federal social-security law, proposes to liberalize benefits, lower the age requirements, and extend coverage to all citizens with the exception of doctors. Our present social-security setup is already actuarily unsound. These proposed amendments will make it more unsound. Twenty years from now it will require taxes amounting to $20 billion per year to meet its obligations, a tax load superimposed upon our already back-breaking tax load.

In a speech on the House floor in 1950 I said, "our social-security setup is an unsound, dishonest, inequitable system which proposes to tax our children and grandchildren to meet the obligations that the present generation supposedly have already paid for. It is a dishonest and immoral program that has been sold to the American people as a plan to provide security in old age. It is a Ponzi-type shellgame that is bound to collapse when the load becomes too heavy to carry."

N. M. MASON.

That is what went out over the air as my opinion of this pending bill.

Mr. JENKINS. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Speaker, it is unfortunate that the American people were not given a better opportunity to express their views before the House Ways and Means Committee. It is also to be regretted that there is not more than 20 minutes on a side to debate this subject, which so vitally affects every single individual in the United States. If these opportunities as well as the right to offer amendments had been given we might have been better able to secure legislation that would more fully meet the needs of the aged people.

Denied these opportunities we have only two alternatives. We could vote against the suspension of the rules and that would leave legislation with a commendable purpose high and dry or we can vote for the legislation and send the measure along to the Senate, where I am sure it will be more carefully considered. I dislike to be forced to yield to the Senate but I see no other course.

The 83d Congress enlisted the services of a group of highly skilled, nonpartisan experts to make a thorough study of our social-security system. As a result of lengthy, intensive studies, they made recommendations as a result of which the 83d Congress adopted far-reaching improvements in the social security system. This included increased benefits all along the line and extended coverage to 10 million additional people. This is the proper, efficient way to legislate on such an important subject. Consideration of such a matter, affecting every individual in the Nation, should not be hasty or haphazard.

I believe in social security. I voted for it when it came into being in 1935 and I have observed the great contribution it has made to the country. It has brought stability to the country and no one could adequately express the comforts and happiness it has brought to millions of our countrymen.

Social security in the period when men and women because of age or disability are unable to earn a livelihood is a wonderful thing. It is a powerful check on communism.

This bill—imperfect as it is—means a step in the right direction. For that

reason I shall vote for it and hope the Senate will give it the more careful consideration it merits.

Mr. JENKINS. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Speaker, one is not in an enviable position in opposing enlarged benefits in the social-security system or any other governmental system; but, Mr. Speaker, this matter of amending the old-age and survivors' insurance system is to me a very serious matter.

I do not suppose there is any Federal program which directly affects the future of so many of our people. Millions of people are dependent, so far as their future security is concerned, upon our old-age and survivors insurance system. In a sense we are the trustees of that insurance system. We have an obligation to make sure that in future days this system is going to be able to provide the benefits that the people are relying on. It would be tragic if at some future date the system could not meet its obligations because of some injudicious action taken today.

Mr. Speaker, I think it is preposterous that a bill of this nature containing important amendments and dealing with such an important subject should be considered in such a cursory fashion as the manner in which the committee handled the bill and the manner in which it is being considered today with only 40 minutes of debate. It is impossible to even properly explain the provisions of the bill in that short a time. Mr. Speaker, we must all recognize, of course, that the objectives sought by the legislation are praiseworthy and appealing. If they were not, I am sure there would not be the determination on the part of certain Members of the Congress to force it through and get it passed by this House during this session of the Congress.

I say in all earnestness, Mr. Speaker, we must know where we are going and what we are doing with a system that has such a tremendous impact upon our people. Yet we had no hearings, no advance study, no experts before the committee; in fact, the only people that appeared to assist us were from the Department, and they contended they could not properly advise us in many areas because they had not had the opportunity to give sufficient study to these programs so as to advise us properly.

Under those circumstances, Mr. Speaker, I must, in keeping with the responsibility which is mine, oppose this bill at the present time.

Mr. JENKINS. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Speaker, I strongly favor the enactment of H. R. 7225, the Social Security Amendments of 1955. I served as a member of the Curtis subcommittee in the 83d Congress which was charged with the responsibility of conducting hearings on proposed improvements to the social-security system, including the actuarial soundness of the trust fund.

The 83d Congress widely extended coverage and enacted many liberalizing provisions and greatly improved the financing aspects of the system.

I am firmly convinced that upon enactment of the pending legislation, H. R. 7225, the social-security system will be actuarially sound. The tax increases proposed in this bill seem heavy to many people. They are substantial. Yet they are necessary to preserve the soundness of the trust fund, and where can anyone obtain so many benefits for so low a price?

The social-security tax is well below the railroad retirement payments.

The chairman and other members of the Ways and Means Committee have thoroughly explained this bill. The committee report is full and comprehensive. The bill provides disability benefits for covered workers who are aged 50, who have 1½ years of coverage in the 3-year period ending with disability plus 5 years of coverage in the 10-year period ending with such disability, and are fully insured.

Disability insurance benefits would be payable to 300,000 workers in the first year. Eventually 900,000 would receive disability benefits. The definition of "disability" under this bill is the same as that contained in the social security amendments enacted by the 83d Congress in respect to disability freeze; that is "inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration."

The age of eligibility for all women beneficiaries—widows, wives, and women workers—would be lowered from 65 to 62. It is estimated that in the first year benefits would be paid to 800,000 additional women.

Under existing law disabled children are taken from the social-security rolls when they attain the age of 18 years. This bill continues payments to disabled children regardless of age. This provision will extend benefits to about 8,000 children. This is certainly humane and liberal legislation of which I am very proud.

Last year the Republican 83d Congress greatly liberalized social security and extended benefits to about 10 million additional persons. H. R. 7225 extends the benefits to virtually every worker and professional person in the United States except the medical profession, and apparently the physicians and surgeons or a majority of them do not want the benefits.

I urge immediate enactment of this legislation.

Mr. JENKINS. Mr. Speaker, I yield the remainder of our time to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, of course, it is impossible to discuss the proposed liberalization of the social security program and the proposed financing of it in the time allotted under suspension of the rules. The Speaker knows this and upon his shoulders rests the responsibility of proceeding in such a fashion.

Here I am opposed to this bill. I am opposed to these procedures, and I have been given 3 minutes to try to explain to this House just how rotten—and I use that word advisedly—how rotten the procedures were that we have followed in considering this piece of proposed legislation. I could not possibly explain it to this body—the time allotted—I I trust the Members will give consideration to the procedures followed and determine for themselves whether they have the required soundness to produce good legislation.

Hereafter follows the speech I wanted to make so that this body would have some idea of the unsoundness of the proposed legislation as well as the procedures followed. The speech would have taken 10 minutes. As a matter of fact, less than 10 minutes was available to the 3 Members of the committee opposing the suspension of the rules.

The bill before us will cost around $2 billion a year for the next 20 years, after which it probably will cost $2.5 billion, assuming our present estimates are anywhere near correct. This is a gross assumption, I might add, because the very person making these assumptions warned the Ways and Means Committee in executive session that there was little to go on in making estimates concerning disability costs.

The matter before us today is just incidentally the subject of social security. The real matter before us is the reputation of the Ways and Means Committee and the reputation of the House of Representatives. Judging from the experience I have just gone through as a member of the Ways and Means Committee, where all tried and true methods of procedure required for properly and adequately considering legislation were shoved aside by the power of the majority caucus, I have just a slight hope that the House will be any more concerned than it was about proper procedures.

The issue facing the membership of this body is quite simple. Let me illustrate. A couple of days ago I was stopped outside the Chamber by two CIO leaders. One said: "Well, I see you voted against social security." I said, "No, I did not vote against social security and you know it." He said: "Well, you voted against passing the bill out of committee." I said: "I certainly did, and I will vote against the bill on the floor of the House. But I am not against social security." In fact, I believe I probably have done as much as any member of the committee to try to help the program and certainly have done considerably more than those Members of the majority—which was a majority of them—who attended no executive sessions, other than cursorily, to try to work out the problems as best we could under bad procedures.

Certainly, anyone voting against the suspension of the rules here today will be branded by a vicious group of politicians as being against social security. That is the whole plan of what has been going on. Everyone here in the House knows it. But the fact that will be done neither makes it the truth nor does it mean that the people of this country

or the people of any given congressional district will believe it, if the Congressman of that district will explain the true picture.

Last year, my colleagues, certain members of the Democratic Party, including the Speaker, took the floor to object to certain remarks which they interpreted to mean that the Democratic Party had been called a party of treason or a party that coddled communism. I added my small voice to this discussion, by condemning the actions of anyone who so stated or so intimated, because I felt that patriotism was a feature of a man's integrity and that there was no basis at all for attacking the integrity of the Democratic Party or any individual in it by such generalities.

I took that position feeling deeply that for years certain leaders of the Democratic Party had been guilty of a grievious sin, for which they still do not apologize or desist from pursuing, the sin of attacking the Republican Party and members of it by alleging a defect in integrity, which transcends even the virtue of patriotism. I refer to the virtue which is the essence of all Christian religion and of the Jewish faith—love of one's fellow man.

Now here today, if you please, supposedly I am jockeyed into the position of either voting for this improperly conceived and studied bill in its entirety or of being branded as one not interested in the welfare of my fellow man. Now does anyone here deny that that is the essence of the procedures followed by our leftwing political element who have so long and too long, in my judgment, dominated American political thinking. Either you agree with their brand of government or you are against the people, against the little man.

Now briefly to the bill itself that comes before us without any committee hearings to guide us, without the committee itself having called either in executive session or public hearings experts and others familiar with the various facets of this complicated proposal.

What are the dangers and inadequacies? You can read the minority views in the committee report and get a brief résumé. I will only point up a few.

First, reducing the age of women workers from 65 to 62 will create pressures to force women workers to retire earlier than at the present when the advancements of medicine have been such that our people can be gainfully employed longer, not shorter. And, in fact, for their very health they should be permitted the feeling of being economically valuable to their society.

Both parties have endorsed the proposed equal rights for women provision for the Constitution. I am probably one of the few Members of this body who has refused to sign a resolution following out this endorsement, because I feel that men and women are different—not one superior over the other—just different and yet in the area of retirement from work I see no difference. We are doing the women a disfavor, not a favor in this provision. Mind you, I am not talking about widows or wives of retired workers—the problems are different, and in these fields there are differences between men and women.

Second, the proposed disability benefits have not been carefully considered. Our States and private enterprise, and, indeed, the Federal Government, have made tremendous strides in the field of rehabilitation. Any disability program must be carefully geared into the rehabilitation programs or else the rehabilitation programs can be seriously damaged. No person in the rehabilitation field was even called before our committee to discuss the matter. In fact, in our committee were lengthy academic discussions of what the term "totally disabled" meant. I suggested we call some people from the Labor Department and from the rehabilitation field to go over this matter with us, because the term "totally disabled" is a term we are today beginning to feel applies to very few people. But our committee procedures were to hear no one, record nothing, pass all previously decided in the know-nothing caucus of my Democrat friends of the committee.

Third. The proposal to make sharecroppers self-employed instead of employees as is now in the law. How did that little gimmick slip into this liberalization bill? What discussion was had on it? What testimony? What is its effect? Well, I'll tell you what its effect is—thousands of southern sharecroppers will probably no longer be included in social security. The owner running the operation will be relieved of his 2½-percent tax. The sharecropper will be responsible for a 3¾-percent tax. The owner will no longer be responsible for seeing that a return is made. The responsibility will rest on the sharecropper.

Yes, indeed; it is important that this bill be brought out under a gag rule with no chance of amending. I wonder who in the CIO and A. F. of L. is responsible for this being in the bill or is this something that was needed to cement a deal?

There are many good features in this bill. One of the best is the new fiscal responsibility. If we are going to increase benefits we must provide payment for the increase. But, as I said in debate last year on the extension of social security, do not let us kid the people about this program being either actuarilly sound, fiscally responsible, or something that the people are paying for. The actuarial soundness, the fiscal responsibility, such as it is, is all based upon our children and our grandchildren—when we are the beneficiaries of the program—being willing to tax themselves 9 percent of gross wages, 4½ for employer and 4½ for employee, 6¾ for the self-employed, as we so considerately say they shall in our present legislation.

But they are the ones who pay the bill. Not the people of today. We pay in our $1 and get out $3, our children and their children make up the $2 difference; that is, if the Congresses they elect go along with this program. I wonder if the Congresses they elect will have the courage to let these tax increases come about? Certainly judging by the recent Congresses since social security has been in effect the answer is an emphatic "No." And yet these Congresses have been representing people who got $10 for every $1 put in and more.

And, finally, and fortunately for the country in one sense, and tragic in another, what we do today will not become the law of the land. All we are engaged in today is making a mockery of the House of Representatives and confirming the mockery already made of itself by the Ways and Means Committee. The Senate leaders have already announced that they intend to hold hearings on this bill. They have already stated that they are not going to abandon, just yet, at any rate, the time-tested procedures that produce good legislation and protect against bad legislation.

I am hopeful that there are in this body at least one-third who feel the integrity of the House of Representatives and its committees is of sufficient importance to a free society that they will lay aside partisanship, will take their courage in their hands and vote against this gag procedure, and then take up the burden, and it is a burden, of explaining to their people just what the issues were on the floor today.

Mr. COOPER. Mr. Speaker, I yield the remainder of the time on this side to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Speaker before proceeding, I want to yield to the gentleman from Ohio [Mr. JENKINS] to make a most welcome announcement.

Mr. JENKINS. Mr. Speaker, I want to make the happy announcement that our distinguished colleague from New York [Mr. REED] landed in New York yesterday and is expected to be in Washington in a couple of days.

Mr. MILLS. Mr. Speaker, I join the chairman of the committee and other Members who have spoken in urging the Members of the House today to suspend the rules and pass the bill H. R. 7225.

Mr. Speaker, this is not a new subject to most of the Members of the House who have been here for any length of time. All of us, whether we are new or old Members in terms of seniority, have been impressed with the requests, I am certain, that have come to us from our own districts that the Congress make some provision to take care of people who become permanently and totally disabled before they reach the age of 65. I am satisfied that the same Members have had requests from their own constituency that the Congress do something about the problem of the widow, the problem of the wife of the retired worker, the problem of the single woman worker who wants to retire and all workers who may meet, or have met, some disability before reaching the age of 65.

I am sure the same Members also recall the many letters they have received from their districts calling attention to the pitiful situation that develops with respect to the disabled child, either physically disabled or mentally retarded, when that child reaches 18 years of age and the benefits under present law cease.

Of all the various proposals that have been suggested to the Congress by bills offered by members either of the Committee on Ways and Means or Members

who are not on that committee, these three things have predominated in number. These three elements are the basis of this bill. The committee did extend some coverage to about 225,000 people, but do not lose track of the fact that this bill is before us today to do these three things primarily. I know of no more humane thing this Congress can do than make payments to those who are disabled at 50 years of age, to continue payments with respect to disabled children beyond their 18th birthday, and to make benefits available to women at age 62.

You have had some telegrams from certain people in opposition to this bill. Last year, as you have been told, we passed a bill which preserved the insurance rights of an individual when a determination is made by a State agency, usually the rehabilitation agency, that he is permanently and totally disabled within the definition of the law. That is existing law today. All we are saying in this bill in that connection is this: After the State rehabilitation agency has aided that individual and every effort has been made to rehabilitate him, and he reaches the age of 50 unrehabilitated and unemployed because of his disability, we are going to make a payment to him out of the social security trust fund into which he has paid. We are not going to make him wait until he attains age 65. He may not even be alive at that time. We are now proposing to pay him benefits at age 50 when he is disabled.

Mrs. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. To clarify a situation about which there is some doubt, will a woman of 62 have to retire when she reaches that age?

Mr. MILLS. A woman of 62 will not have to retire. The average retirement age for women as well as men at the present time is in excess of the retirement age prescribed in the social-security law. But they may retire if they want to at 62 years of age under the bill.

Now I want to discuss this question of the opposition to the disability benefit provision. There is no one who has greater regard or respect for our great medical profession than I have. Physicians deal with human misery to a greater extent than any of the rest of us. They should be and I am certain they are more cognizant of the problems of human suffering than any other group in the United States. Now they think that they find in these meritorious amendments to the social security law a ghost of socialized medicine or something else. We are not going to employ doctors at the Federal level to make this disability determination. Existing law provides for this determination to be made by the State rehabilitation or other State agencies. For the life of me, I think my good friends in the medical profession are seeing a ghost that is not there. It is imagination—a myth, perhaps. Knowing many of the members of the medical profession as I do, I am certain they would want this Congress to take care of these people who have contributed to the system and who are in the most dire economic circumstances. The only organized opposition to this amendment I know of comes from the physicians. Yet, they talked to us about hearings on this point. I call the attention of those who have spoken along that line that there has never been a study committee established for this purpose yet, that I know anything about, which has not made a report in favor of this provision. They want to go much further than we do. We are proposing disability benefits on a conservative basis.

The social-security system is a retirement system, and it is designed primarily to insure workers against the loss of earning power due to age and to protect their survivors in the event of the untimely death of the family provider.

Since the system in its retirement features is designed to protect workers against the loss of earning power due to age—which at present is age 65—this age to some extent gives recognition to the fact that there is a greater likelihood of disabilities later in a worker's life.

Our committee is proposing that disability insurance benefits be paid to workers aged 50 and who are demonstrably retired by reason of permanent and total disability, and who are otherwise qualified. This will close a serious gap in our social-security insurance system by providing benefits to these workers who are forced into premature retirement because of disability.

The subject of disability insurance benefits has been under active consideration for many years. The advisory council to the Senate Committee on Finance recommended a disability insurance program in 1948. In 1949, after extensive hearings and careful consideration, the Committee on Ways and Means reported to the House a bill providing such benefits. This bill passed the House; however, the Senate version prevailed as the bill became law, with the disability benefits deleted.

The 1950 law did contain provisions for the establishment of a Federal-State program of aid to the needy permanently and totally disabled. This program has been in operation for 4½ years, and considerable experience has been gained under it. Also, as we know, for many years general assistance programs in the States have provided for the disabled.

The primary question now before us is the method of providing for the disabled. We are again recommending that eligible workers should be provided for through the method of contributory social insurance and not solely through the needs-test public assistance. Our committee report stated in 1949:

> The contributory system of old-age and survivors insurance, with benefits related to earnings and paid as a matter of right, should continue to be the basic method for preventing dependency. Insurance against wage loss due to permanent and total disability will round out the protection of the insurance system. The assistance program, with payments related to need, should continue to serve the function of filling the gaps left by the social-insurance program.

Disability insurance benefits will be paid to eligible workers as a matter of right, and they will not have to be virtually destitute before receiving benefits as they are under the assistance programs. In my opinion, there is just as great a need to protect the resources, the self-reliance, the dignity, and the self-respect of disabled workers as of any other group. As the Advisory Council to the Senate Committee on Finance pointed out in 1948:

> The protection of the material and spiritual resources of the disabled worker is an important part of preserving his will to work and plays a positive role in his rehabilitation.

The disability insurance program proposed in the bill follows basically the disability "freeze" provision which was added to the law in the last Congress. The definition of disability is the same as under present law, except that there would be no presumed disability in the case of blindness. The administration of the program would be within the framework of the disability "freeze" provision—that is, the responsibility for determining who are the disabled would be made by State agencies. The disability insurance provision goes one step further than the "freeze" provision, and makes benefits payable to eligible workers upon their becoming permanently and totally disabled.

The disability insurance program is a conservative one. A worker must be aged 50, fully and currently insured, and must have 20 quarters of coverage in the 40-quarter period ending with his disablement in order to be eligible for benefits. The definition which is carried over from the "freeze" provision to the disability insurance provision is in itself very strict. A worker must be unable to engage in any substantial gainful activity, by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration. A waiting period of 6 consecutive months is required before a worker would be eligible for disability insurance benefits. This period is sufficiently long to permit temporary conditions to clear up or to show definite signs of recovery.

The requirement that the disability can be expected to result in death or to be of long-continued and indefinite duration is more exacting than the disability provisions of commercial insurance policies now being issued, since these policies permit a total disability that has persisted for 6 months to be compensated for on the presumption that it is permanent until shown to be otherwise.

Another conservative feature of the program we are recommending is the fact that the benefits do not represent too large a replacement of previous earnings. For example, we are not recommending dependents' benefits. If another Federal disability benefit, or a State workmen's compensation benefit, is also payable to the disabled individual, the disability insurance benefit would be suspended if it is smaller than the other disability benefit; or, if larger, it would be reduced by the amount of the other benefit.

Under the bill, persons who become disabled in the future will receive dis-

ability benefits which represent on the average about 35 to 40 percent of their average monthly earnings. The conservativeness of the disability-insurance program is designed to prevent abuses which a more liberal program might be subject to.

In order to insure that there will be no barriers to vocational rehabilitation, the bill specifically provides that a worker who performs work while under a State rehabilitation program will not, solely by reason of this work, lose his benefit during the first 12 months while he is testing out a new earning capacity. On the other hand, the legislation contains as a special safeguard a provision which will stop the benefits of anyone who, without good cause, refuses rehabilitation.

There are some who argue that disability-insurance benefits, even though modest in amount, will prove detrimental to vocational rehabilitation. In my judgment, insecurity and fear of want are not the only, or even the most effective, motivations for rehabilitation. Americans strive also out of hope. The program which we are recommending will give the disabled hope, and also a chance to build their rehabilitation on a foundation, not of fear, but of confidence and self-respect.

The safeguards which I have referred to not only in and of themselves, in my opinion, will prevent abuses of the program, but also it is the intent of our committee, as set forth in our report, that "an individual who is able to engage in any substantial gainful activity will not be entitled to disability-insurance benefits even though he is, in fact, severely disabled." This means that we intend that the program be strictly and conservatively administered. To those who argue that all we need to do for the disabled is to rehabilitate them, I say that although I recognize that rehabilitation is to be desired in all cases, it cannot be a substitute for disability benefits.

Many persons, and particularly those aged 50 and over, cannot be vocationally rehabilitated, and even those persons who can be should receive benefits during rehabilitation. When it comes to rehabilitation there are certain practical problems involved. The question is not one solely of whether a job can be designed to fit the limitations of a person with a particular handicap of very serious proportions, but it is also one of whether such a job is in economic demand under the conditions and in the particular location so as to make it feasible to employ the disabled person involved. Another factor is that many disabilities are not sufficiently stabilized so that the individual can adjust to them and so that employment can be provided for him. Very common are the degenerative diseases that get progressively worse and may make people who have them poor employment prospects from the standpoint of investment in training. Other disabilities involve intermittent periods of intensified severity—such as greatly increased pain—so that they are, for all practical purposes, totally incapacitating. It is frequently impossible to locate economic demand for a job which has to be engineered for an individual whose condition permits him to do certain work, say, only 1 day out of a week.

Disability insurance benefits will provide protection for workers where there is now very little under any program, either public or private. A few employed groups have some protection through private pension plans. Employees disabled on the job may benefit from State workmen's compensation laws—but only about 5 percent of all permanent and total disability cases are work-connected. The coverage provided by private insurance is very limited in this area. Although a number of companies now sell monthly disability insurance they do so on a restricted basis, taking only people who are the least likely to become disabled. By and large, for the average worker, insurance protection against income loss due to disability is not, as a practical matter, available.

The gentleman from Illinois [Mr. MASON], in his additional views to the report on the pending bill, at pages 68 and 69, has pointed out the fact that, generally speaking, insurance companies do not provide protection of the kind which the bill proposes to provide. Of course, as I have pointed out, the insurance companies do not have the strict definition which this bill contains, and therefore there is a distinction.

With these facts in mind, our committee believes that it is particularly appropriate and indeed necessary, that the Congress should provide disability insurance protection under the social security insurance system.

PAYMENT OF MONTHLY BENEFITS TO WOMEN AT AGE 62

As the chairman stated, all women beneficiaries would be made eligible for benefits at age 62 rather than the present 65. In the case of wives of older workers, generally speaking, their age differential is 3 to 4 years younger than their husbands. The principle underlying wives benefits under the old-age and survivors insurance system is that a married couple should not be compelled to get along on the same amount of benefit that is payable to a single retired individual. However, because of the age differential of 3 to 4 years between husbands and wives, it frequently occurs that retired couples receive only the husband's benefit during the early years of retirement.

With the age of eligibility for wives' benefits reduced to 62 about 400,000 wives would become immediately eligible for monthly benefits.

A particularly persuasive argument in favor of reducing the retirement age for women to 62 years relates to the problem of women who become widowed late in life. It is the usual experience that a woman who has attained middle age and is the widow of a deceased insured worker has had no recent experience in employment. For that reason the death of her husband has forced her to seek employment at a relatively advanced age without any particular qualifications for performing such work. By reducing the age for women to age 62 we have partially closed the gap that exists under present law between the age at which a woman may become, in fact, dependent upon old-age and survivors insurance benefits and the age at which she may become eligible to receive such benefits.

It is also frequently the case that a man who has retired and has begun to receive old-age and survivors insurance benefits upon attaining age 65 will have a wife who has not reached retirement age. In that case, the wife in the event of the death of the primary beneficiary, would under present law be left without any benefits until she reached age 65. This inadequacy of the present old-age and survivors insurance system would be remedied by the adoption of H. R. 7225.

By making benefits available to widows and dependent mothers of insured workers at age 65, we will have made benefits immediately available beginning January 1956 for approximately 175,000 survivors of insured workers. The reduction in the qualifying age for widows from 65 to 62 means the immediate addition of about $15 billion in survivor protection under the program for workers who are insured under the system.

CONTINUATION OF MONTHLY BENEFITS TO DISABLED CHILDREN, AGE 18 AND OVER

When a child is permanently and totally disabled he is as dependent on his family after age 18 as he was before. Similarly, the need for his family to provide care for the disabled child continues regardless of his age. For that reason, the committee has adopted an amendment to the social-security law which would continue old-age and survivors insurance benefits after the 18th birthday of his totally and permanently disabled child. H. R. 7225 would also make monthly benefits payable to the mother of a disabled child who reaches age 18 as long as the child is in her care. The surviving families of many insured workers that have disabled minor children have adjusted their entire pattern of living to reflect a monthly income they receive from the old-age and survivors insurance program. The attainment of age 18 by a dependent child who is totally disabled cannot result in any reduction in dependency by that child on his family. Therefore, the need for the continued payment of old-age and survivors insurance benefits in such cases is essential to the welfare of the families affected. To remedy this defect in the present social-security law, the Committee on Ways and Means adopted an amendment which would continue old-age and survivors insurance benefits with respect to children who are permanently and totally disabled and who have passed their 18th birthday. It is expected that in addition to making benefits available in such cases this legislation will also greatly improve the rehabilitation procedures and opportunities available in such cases.

COVERAGE PROVISIONS

Mr. Speaker, I think it is appropriate for me to comment on the provisions of the bill that would extend old-age and survivors insurance coverage to self-employed lawyers. The Committee on Ways and Means gave careful consideration to this provision—as it did to all the provisions of the bill. The vast majority of the committee members had received convincing indications from the

lawyers in their respective districts that the members of the legal profession did desire the coverage and the protection of the social-security system. It is true that many lawyers expressed a preference for voluntary coverage but if it could not be voluntary, then they desired it on a compulsory basis.

The committee members were impressed with the conclusion reached in 1949 that it would not be possible to maintain an actuarially sound system if coverage were made voluntary. Therefore, the committee, in keeping with the desires of the lawyers in their districts, voted to include lawyers in the old-age and survivors insurance system on a compulsory basis.

I believe that I can speak for the membership of the Committee on Ways and Means in expressing appreciation to the many Members of the House who conducted polls among their lawyer groups and other professional groups and made the results of those polls available to the committee.

Mr. Speaker, I urge the House to suspend the rules and pass this bill.

Mr. JOHNSON of Wisconsin. Mr. Speaker, I want to thank my friend, WILBUR MILLS, of Arkansas, for recognizing the work that I and other Members of Congress have performed in polling the lawyers, doctors, dentists, and veterinarians of our districts to determine their wishes. I also want to commend the Chairman of the House Committee on Ways and Means, the gentleman from Tennessee [Mr. COOPER], for the attention he has given me and others on the results of the polls we have taken. The action of the committee in reporting out this legislation shows that the Committee on Ways and Means is interested in what the professional people in the district really want. I am sorry that again the doctors are not included, but I understand that the American Medical Association claims the doctors of the country do not wish to be included. That is not the case in my district, as I will show later in my remarks. I want to further commend the committee for making provisions to provide payments to those who are permanently or totally disabled, even though they have not reached the age of 65 years. I and others talked to members of the House Committee on Ways and Means early in the session on the need for such provisions.

Mr. Speaker, I am in favor of the bill reported out by the House Ways and Means Committee to liberalize the Social Security Act. I wish to compliment the committee for its action on the proposed amendments.

Before I comment further on my reasons for supporting the bill, I desire to point out that on June 14 I introduced two bills, H. R. 6811 and H. R. 6812. My bills—with a few exceptions—contain the same proposals as the recommendations contained in the committee bill to amend the Social Security Act.

My bill H. R. 6811 proposes to amend the Social Security Act to extend Federal old-age and survivors insurance to self-employed physicians, lawyers, dentists, and veterinarians. The committee bill differs from mine in that it excludes self-employed physicians and it does not mention veterinarians by name. I presume that veterinarians are to be included under other professional people.

My second bill, H. R. 6812, reduces the retirement age for women from 65 to 62 years. It also provides that any fully insured individual who becomes a totally and permanently disabled person shall be deemed to have reached the age of retirement. The committee bill is the same as mine on the retirement age of women. With respect to a fully insured person who becomes totally and permanently disabled the committee bill establishes the specific figure of 50 years at which the disabled person is eligible for retirement. At this time I have no quarrel with the committee's recommendation for I realize there must be a line of demarcation set up for eligibility.

I did not introduce my bills until after I had conducted a number of polls in my district. I have also received a substantial number of letters from my constituents interested in liberalizing the Social Security Act. The results of these polls have a direct bearing on my reasons for supporting the committee's bill. I should like to comment briefly on the results of my polls as evidence to support my reasons for voting for the committee's bill. I want to state at this time that my letters to all professions in no way gave any arguments for or against social security coverage for their professions, nor did we make any promises of voluntary coverage. Every ballot provided for either a vote against coverage, or for compulsory coverage.

The first group I polled in the Ninth Congressional District of Wisconsin was the attorneys. This poll was started on January 27, 1955. A total of 194 ballots were sent out to attorneys in my district. I received 114 ballots from attorneys, which represents 59 percent of the ballots sent out. Ninety-two attorneys voted in the affirmative to bring members of the profession under social security. Sixteen attorneys voted "no," and six expressed no opinion or preferred a voluntary program. Thus, of the attorneys who expressed an opinion, 81 percent voted to come under the social security program.

My second poll was sent to 164 dentists in the district. A total of 95 dentists returned their ballots, or 58 percent of the ballots sent out. Sixty-six dentists voted "yes" to be included under social security. Twenty-eight dentists voted "no" and one expressed no opinion or favored a voluntary plan. This means that 69 percent of the dentists expressing an opinion voted "yes."

Incidentally I have a copy of a letter from the president of the Wisconsin State Dental Society, dated March 31, 1955, which summarizes the views of the Wisconsin organization on this matter. The statement, which is very short, is as follows:

To Whom It May Concern:

This is to advise that in the spring of 1954 a mail poll was taken of the entire membership of the Wisconsin State Dental Society relative to whether or not the dental profession should be included under OASI. The results of that poll were as follows: A total of 1,468 replies was received, approximately 71 percent of the membership at the time of the mailing. Those favoring inclusion of the dental profession in the OASI program numbered 956 and those who did not favor inclusion numbered 505. Seven of the replies were disqualified because the senders indicated neither "Yes" or "No."

This statement was signed and authorized by Mr. Melville W. Smith, president of the Wisconsin State Dental Society.

The third group I polled was the doctors. I note that the committee bill excludes self-employed physicians. I presume the committee's reasons for leaving out self-employed physicians in the bill is based on testimony received from the American Medical Association. At this point I wish to observe that apparently a substantial number of physicians in the Ninth Congressional District of Wisconsin do not see eye to eye with their national organization on this question. At least that is what I gather from my poll. For this reason then I should like to announce the results of the physicians' poll for my district.

I sent out ballots to 176 doctors and received returns from 101 physicians, or 57 percent of the total polled. Sixty-four doctors voted "yes" and 31 voted "no." Six doctors expressed no opinion or preferred a voluntary system. As 63 percent of the doctors voting marked their ballots in the affirmative, I can only conclude that the majority of physicians in my district who have any views on the question are in favor of social-security coverage.

My fourth and last poll—which is incomplete—was taken among the veterinarians. A total of 72 ballots were sent out to this group. Twenty-six veterinarians voted in the affirmative and seven in the negative. On the basis of incomplete returns, I find that 76 percent of the veterinarians in my district are in favor of coming under social security.

It is on the results of these polls that I base my reasons for supporting the committee bill to include attorneys, dentists, and other professional people.

In closing I believe that the members of the committee have expressed very ably and very well the arguments for lowering the retirement age of women from 65 to 62 and for recommending the provision to deem as retired at the age of 50 years any fully insured individual who becomes totally and permanently disabled. All that I can say would be merely a repetition of what the members of the committee have said so much better.

Mr. KARSTEN. Mr. Speaker, the members of the Committee on Ways and Means who have preceded me today have presented very able explanations of the provisions of the bill, H. R. 7225, the Social Security Act Amendments of 1955. They have carefully described the manner in which these amendments would liberalize our old-age and survivors insurance system. For that reason, I will not undertake to discuss the effect of the amendments other than to express my support of their enactment and to congratulate my colleagues on the Committee on Ways and Means for the outstanding work they have accomplished in presenting this meritorious legislation to the House.

I would like to discuss briefly with my colleagues in the House one very important aspect of the social security system. I refer to the actuarial soundness of the old-age and survivors insurance program. I think it important that this matter be discussed in view of certain statements by the Secretary of the Treasury recently made before the Committee on Ways and Means to the effect that the old-age and survivors insurance trust fund may be able to meet its current obligations but that it is questionable that the fund is sufficient to meet its full obligations if they are incurred. The Secretary of the Treasury made this statement despite the fact that he is the managing trustee of the board of trustees of the old-age and survivors insurance trust fund. On July 5, 1955, in the House I discussed this statement by the Secretary of the Treasury more fully than time will now permit me to do. My observations at that time appear on pages 9884 and 9945 of the CONGRESSIONAL RECORD for that date.

In my remarks at that time I undertook to assure the American people that the old-age and survivors insurance trust fund was, in fact, sound. I will go one step further and now assure the American people that with the enactment of H. R. 7225 the old-age and survivors insurance trust fund will be sounder from an actuarial standpoint than it was previous to the enactment of these important amendments.

Because of my interest in maintaining an actuarially sound social security system, I was more than somewhat interested by a statement contained in the supplemental views of the Republican members of the Committee on Ways and Means which was printed on page 57 of the committee report accompanying this legislation. This expression of views is as follows:

> The Committee on Ways and Means is charged by law with responsibility for initiating all legislation affecting the social-security system, and, in a very real sense, therefore, the members of our committee are trustees of the public interest in this program. This trusteeship imposes upon us an obligation not only to current social-security beneficiaries but also to succeeding generations of beneficiaries.

That statement by the Republican Members of the Committee on Ways and Means prompted me to review the Republican record on social-security legislation. I would like to tell you a little bit about what I found on that Republican record. In the midthirties when a Democratic-controlled Congress was enacting for the first time social-security legislation, the Republican opposition predicted that such legislation would bring about the bankruptcy of our Federal Government. The Republican Party denounced the program as a cruel hoax on our aged citizens and predicted that it would enslave American labor. They also pronounced the system as actuarially unsound from its inception.

The Republican record also demonstrates that in the intervening years since the inception of the program that the Republican Members have repeatedly voted for retarding the prescribed increases in the tax contributions schedule. The Republican argument has always been that rates should be frozen so as to reduce pressures for liberalized and more realistic benefits.

This Republican effort to delay scheduled social-security tax increases has been the principal factor in preventing the Congress from providing a more equitable and more adequate old-age and survivors insurance program. The Republicans have consistently voted overwhelmingly in favor of freezing the social-security tax rate. In 1942 they voted 26–1 for a tax-rate freeze in the Senate. In the House in 1944 the Republican Members voted to adopt the freeze 165–6. Those statistics about the Republican position on the actuarial soundness of the old-age and survivors insurance trust fund are but a few instances of a Republican record that is replete with evidence of Republican fiscal irresponsibility in connection with the old-age and survivors insurance trust fund.

The President of the United States in his message to the Congress in May 1953 recommended that the social security tax rate be frozen at its then existing level—another instance of the Republican Party playing fast and loose with the interest of the American people in a soundly financed social-security program.

Mr. Speaker, I have taken this time to reassure the American people that the social-security system is a sound system in which they may place their confidence. It is regrettable that irresponsible utterances and political maneuverings by the Republican Party have made such assurances necessary. It goes without saying that the actions of the Republican Party to emasculate the social-security program reveal the true Republican attitude toward old-age and survivors insurance protection. The Republican words on the subject remain merely words.

As the people must rely on and look to the Democratic Party for responsibility in all aspects of our national Government, so Mr. Speaker, the people must rely on the Democratic Party for improvements in our social-security system. We have promised the people improved social-security protection and today we are acting to deliver on that promise.

Mr. VAN ZANDT. Mr. Speaker, during the past several weeks the Members of the House of Representatives have been called upon to consider very important legislation under a closed rule commonly referred to as a gag rule because amendments are prohibited.

The bills which have been rushed to the floor of the House, in some instances without adequate hearings, are presented on the basis of "either take it—or leave it."

Only last week I voted reluctantly for a veterans bill on this basis and I intend to support H. R. 7225 on the same basis.

Mr. Speaker, since I came to Congress in 1939 I have advocated liberalization of the Social Security Act and have introduced many amendments, some of which have become law while others have been pending for several years before the House Ways and Means Committee. I am pleased that some of my amendments have been incorporated in H. R. 7225 now under consideration.

Frankly, it is encouraging to see the support being given to amendments that many of us have sponsored over a period of years.

Mr. Speaker, I am in full accord with the provisions of H. R. 7225 and especially those that continue benefits for retarded children after age 18 and which allow social-security benefits to disabled workers when they are over age 50 instead of having to wait until they reach 65 years of age. For several years I have had legislation pending in Congress to assist disabled workers and it is heartening that action is being taken to make them eligible for benefits.

I am also in favor of those provisions which lower the age from 65 to 62 of widows, wives, and women workers so that they may become eligible for social-security benefits. My bill would have reduced the age to 60 but the compromise age of 62 in H. R. 7225 is a step in the right direction.

Another provision in the pending legislation extends coverage to lawyers, dentists, and members of other professional groups except doctors. This provision is in accord with my bills to extend coverage to dentists and lawyers.

Of course, Mr. Speaker, all of these provisions liberalizing the Social Security Act cost money and for that reason I am supporting the revised payroll tax schedule that will increase employer-employee contributions to 2½ percent each beginning in 1959 and which will be further increased until 1975 when it will be 4½ percent on both the employer and employee.

This increase in payroll tax is necessary to pay for liberalized benefits and to keep the retirement fund in a solvent condition.

Mr. Speaker, I regret as I said before that the House Ways and Means Committee did not hold open hearings and that H. R. 7225 came to the floor under a closed rule prohibiting amendments.

If we had hearings and an open rule on the bill, I should have liked to have had full consideration of one of my bills H. R. 862 which prohibits any State from taking a lien on a person's home as a means of seeking reimbursement for moneys paid him in public-assistance benefits. In other words, in my congressional district better than 13 percent of the employables are unemployed because of depressed conditions in the coal, railroad, and related industries.

These unemployed Americans have exhausted their rights to unemployment insurance, liquidated their savings accounts, borrowed on or have taken the cash value of their insurance policies and today are living on public assistance and surplus commodities.

Mr. Speaker, before these people can obtain public assistance from the State of Pennsylvania they must give the Commonwealth of Pennsylvania a lien on their homes. In my opinion this is too great a penalty to exact from American citizens who, through toil, taxes, and sacrifice, have helped build this Nation. For that reason, my bill H. R. 862 should have been incorporated in H. R. 7225 and thus prohibit any State from taking

a lien on a person's home when he is forced to live on public-assistance benefits.

Mr. Speaker, in conclusion I am a firm believer that the eligibility age under the Social Security Act should be reduced to age 60. For several years I have had a bill pending in successive Congresses to reduce the age to 60 and I regret that a reduction in age for all recipients of social-security benefits is not included in H. R. 7225 which only reduces the age for women beneficiaries from 65 to 62 years. I respectfully urge that further consideration be given to liberalization of the Social Security Act so that a determined effort can be made to give favorable consideration to my proposal to reduce the age to 60 years for all beneficiaries including men and women.

In addition, we should not forget that the level of benefits under the Social Security Act has not kept pace with the increased cost of living. Therefore, every possible effort should be made to provide for an across-the-board increase in social-security benefits.

Mr. Speaker, step by step we are amending the Social Security Act which makes possible the prediction that the adequate security all Americans are entitled to in their declining years will become a reality within a relatively short period of time.

When the 2d session of the 84th Congress convenes I hope that the House Ways and Means Committee will schedule open hearings on social-security legislation so that the existing law may be further perfected in the overall effort to provide adequate security for all Americans.

Mr. BYRNE of Pennsylvania. Mr. Speaker, I would like to say a few words regarding the legislation before us today. This bill, which amends title II of the Social Security Act, goes a long way toward correcting certain inequities in the law which is currently in effect.

Social welfare legislation has taken a long time to become established in our country. Gradually, however, there has come the realization of the Government's duty to care for its people, particularly for those who are sick, elderly, and unemployable. The need for an adequate social security program, embracing all classes and all types of occupations, has been felt for a long time. It was not until last year that positive action along these lines was taken, when the Social Security Act of 1936 was amended to include farmers, clergymen, and many State and municipal employees.

Again, we are considering legislative steps to extend and liberalize the coverage of this act. The bill currently before the House includes all professional people except doctors. This is a long stride forward and there has been much criticism of it, both favorable and unfavorable. It is my belief that the benefits to be gained by this legislation far outweigh the disadvantages.

One of the most important features of the bill is the provision for monthly benefits to disabled workers who have reached the age of 50. At the present time it is believed that approximately 250,000 people will be eligible to receive such payments. This action is long overdue and will be greeted with heartfelt thanks by many, many people throughout the Nation.

I am very pleased to note, also, that under this legislation the eligibility age for women to receive benefits has been lowered to 62. This includes not only employed women but also the wives, widows, and dependent mothers of insured workers. Furthermore, totally and permanently disabled children who become so disabled before the age of 18 will continue to receive benefits after that age.

Surely, the small increase in contributions, to be divided equally by the employer and the employee, will not be resented by the insured. The benefits to be gained under the more liberal program will more than make up for the slightly higher cost to the individual.

I am pleased to vote in favor of this legislation and look for its enactment into law in the very near future.

Mr. DIES. Mr. Speaker, we are asked to adopt this motion to suspend the rules of the House, with the result that debate on both sides will be limited to 40 minutes and no Member will be permitted to offer any amendment to the bill. It we suspend the rules, we will have to accept or reject the committee's idea of what amendments there should be to the social security law. We will be substituting the judgment and political views of a few Members of Congress for the 435 elected Representatives of the people. This is a great deal to ask of the House in view of the fact that the Ways and Means Committee did not hold any hearings on this bill and there are admittedly serious questions about some of its provisions and consequences.

Mr. Speaker, this is an extremely important bill. It will have a serious effect upon the social security system and the millions of people who depend upon that system for security in old age. If there was ever a bill to be considered care? fully and deliberately by a committee and by Congress, this is the bill. It should be presented to this House under an open rule, which would permit adequate discussion and full opportunity for amendments. The Congress has been in session since January. We have killed 50 percent of that time. In order to permit Members who live nearby to spend the weekends at home, we have actually worked only from Tuesday to Thursday. What possible excuse can there be to spend 40 minutes to consider a bill which will cost untold billions and affect so many Americans?

I realize that many Members hesitate to vote against this motion for fear it will be construed as a vote against some of the meritorious provisions of the bill.

I know that it would be easier to go along with the vast majority of Members and vote "Aye." This would be the course of least resistance. However, Mr. Speaker, I conceive it to be my duty as a Representative of the people of Texas to protest against this shocking travesty upon democratic processes. The only way I can register my opposition to the way in which this bill is being considered is to vote "no." If I vote "yes," it will be an endorsement and approval of the undemocratic procedure by which this important measure is considered in the House.

I realize, of course, that there are justifiable instances when bills can be considered under the suspension of the rules. In my opinion, this is not such a bill because of its far-reaching consequences to the American people.

Some of the Members justify their affirmative vote on the ground that when the bill goes to the Senate it will be adequately considered. It is true that the chairman of the Finance Committee of the Senate has promised extended hearings and an opportunity for all interested people to be heard. I am sure that this will happen, and that the bill will be improved or at least justified by hearings when it comes back to the House. We will then have an opportunity to consider this measure again, when there will be available to us competent testimony and reliable facts to enable us to pass upon the bill intelligently. A negative vote today does not mean that we oppose the meritorious provisions of this bill or that we will vote against it after it comes back from the Senate where we are assured it will be fully considered.

Mr. HENDERSON. Mr. Speaker, the benefits to be derived from this bill are unquestioned, insofar as they affect the disabled workers, disabled children, and as they reduce the age requirements for eligibility for women. And for the most part the extension of coverage to classifications of people not now covered is a good thing. For these beneficial reasons, I will support this measure as will most of my colleagues.

But, Mr. Speaker, I want to make it doubly clear that there is much in the background and history of this present bill that is so characteristic of legislation by means of political and irresponsible expediency. Why were no public hearings permitted by the Democratic leadership of the Ways and Means Committee? The greatest safeguard our American system of government has is the opportunity for public hearings and the careful study of the full consequence of legislative proposals.

When important legislation comes before the Congress where free and open debate might clarify issues, and if errors exist, opportunity might be had for corrective amendment, why has this bill been brought up under suspension of rules where no amendment can be offered and where the total debate was limited to 40 minutes?

This is not cost-free legislation. It is beneficial, to be sure, but it is not free. These benefits will cost about $2 billion a year. Not $2 billion for 1 year, but $2 billion or more per year each year to the end of time and the $2 billion will be paid, not by the wealthy and privileged, but by the working people at the rate of about $20 each per year.

So, we vote for the benefit. But at the same time the Democratic leadership has determined that we must vote a tax of $2 billion without having an opportunity to learn through public hearings if $2 billion is enough or too much. Having entered upon the new legislative venture and finding the revenue is not enough, we may later be compelled to vote for additional funds. If,

on the other hand, public hearings and debate had been permitted and disclosed that the cost would be greater, we might have determined, and those people who will pay the tax might have insisted, that the necessary tax is too great and the benefits not worth the cost.

I believe in the general philosophy and aims of the bill. But, Mr. Speaker, we are about to pass this legislation, ostrich fashion, with our heads in the sand. We are about to shirk our legislative responsibility of discovering the true facts and actual needs of our people through open and public hearings and free debate and opportunity for amendment. We will then send this bill to the Senate where hearings will be conducted and the measure studied and rewritten in conformity with facts about which the members of this House are unaware and, if we may judge from the attitude of the Democratic leadership here today, unconcerned. This is a shameful travesty on legislative processes. The manner in which this whole matter has been handled indicates to me a disinterest in the needs of our people and a cynical and clumsy attempt at political opportunism. We have indeed done a disservice to the principles of legislative accountability and responsibility to this country.

Mr. RHODES of Pennsylvania. Mr. Speaker, I will support H. R. 7225 because I believe these proposed amendments to the Social Security Act are steps in the right direction toward a greater degree of economic security for our senior citizens.

Later this afternoon I intend to discuss the financial problems of the aged at greater length, under a special order which I have obtained.

I would have preferred to have seen the committee report amendments which would have reduced the retirement age to 62 for men and to age 60 for women, as provided for in my bill, H. R. 45.

Reduction of the age at which disability benefits may be received from 65 to 50 is a decided improvement on existing law. Again, however, it seems to me that this provision does not go far enough. The need for assistance is greatest for an individual and his family when the disability occurs. My bill, H. R. 700, would provide immediate disability payments for covered workers cut off from their jobs and income.

The provision which continues benefits for disabled children after 18 years of age is a humanitarian and much-needed amendment which should provoke little opposition.

The broadening of the coverage to include most professional groups is also a big step forward.

I am therefore hopeful that this bill may be promptly passed in this body and that the Senate may see fit to act on it during the remaining days of this session, so that the significant improvements can take effect as soon as possible.

Mr. YOUNG. Mr. Speaker, H. R. 7225 is one of the most important bills to come before Congress this session. It contains many desirable provisions and many of its objectives are most deserving of support.

I regret that the Ways and Means Committee did not see fit to conduct public hearings on this legislation and give an opportunity for certain of those affected herein to present their testimony for deliberation by the committee.

As is the case with many bills that come before this body, it contains many good features and some which, in my opinion, are not desirable. I would like to direct the House's attention to that part of the bill which extends the coverage of old-age and survivors insurance by bringing in certain self-employed professional people. Included in this coverage are lawyers.

There has been strong opposition to this provision in my State, and I would like to include herein a telegram received by me from Mr. William K. Woodburn, who is president of the Nevada State Bar Association:

JULY 8, 1955.

The State bar of Nevada is opposed to compulsory coverage under social security but favors voluntary coverage. We urge you to oppose compulsory coverage bill coming before the House next week.

Kind personal regards.

Sincerely,

WM. K. WOODBURN,
President, State Bar of Nevada.

It is my intention to vote for this measure, but I hope that when it gets to the other body there will be an opportunity for a more thorough consideration of the various features contained than has been possible here.

Mr. BOLAND. Mr. Speaker, I urge the House to suspend the rules and pass this bill today. The provisions of the social-security law that H. R. 7225 seek to amend are not new problems. They are not matters which need further study to determine their merit. I am sure that most Members of this House have had considerable correspondence from their constituents asking for the relief that this bill grants. I am pleased to see that H. R. 7225 incorporates the provisions of H. R. 6783, a resolution filed by me. None can quarrel with these recommendations contained in this bill—at least none who believe in the system of social security that is now the law of the land. Of course, there are those who believe that the Government has no responsibility in this field and legislation of this kind is anathema to them. Fortunately, that kind of thinking is in the minority. Opposition to suspending the rules stems from the assertion that no public hearings have been held on this matter. Mr. Speaker, this matter has had considerable study by both branches of the Congress. Further delay in enacting these recommendations is not justified. Nothing new can be learned from long and protracted hearings. The effects that this legislation would produce are needed now.

Although I would desire to see the age eligibility reduced to 60 for women, I accept the committee recommendation of 62. I commend the committee for its recommendation calling for a continuation of monthly benefits for the retarded child—mentally or physically—after he reaches age 18. Relative to other recommendations, a spot check of the professional self-employed in my district clearly showed a desire on the part of the dentists and the lawyers to be included in the social-security program.

The other features of the bill as explained by the committee members deserve the support of this House. I trust that these recommendations amending the social-security law will be overwhelmingly adopted this afternoon.

Mrs. ST. GEORGE. Mr. Speaker, as the author of the equal-rights amendment, House Joint Resolution 82, I, of course, cannot understand or approve the provision in this bill making a 3-year differential in the retirement age between men and women.

There is absolutely no valid excuse for a woman to retire at age 62 and a man at 65. All figures, as a matter of fact—and they must have been available to the committee—show that the life expectancy of women is about 5 years longer than that of men and that their physical strength is probably considerably greater. Their mental attributes are the same.

It may be that 62 should be the retirement age for women; if so, it should be the retirement age for men.

It is to be hoped that the other body will strike out this unfair and absurd provision, which must have been put in for rather obvious, and not very meritorious, political reasons.

Mr. McCORMACK. Mr. Speaker, the entire credit for the fact that the social-security law was enacted some years ago is due to the vision, courage, and leadership of the late Franklin Delano Roosevelt, and of the Democratic Party. At that time, the great majority of the Republican Members of the Congress tried to defeat its effectiveness through damaging amendments. The bill, when originally considered in both branches of the Congress, received the bitter opposition of big business and was characterized by every sinister name possible, the least of which was socialism. The purpose of such attack was to try and turn the very people against the bill whom it would benefit. That is always the weapon of the blind opponent and the reactionary.

Some 20 years have passed and we now find the leader of the Republican Party, President Eisenhower, accepting and embracing this humanitarian law, as well as most of the New Deal and the Fair Deal. We even read and hear of Republicans stating that our country will never have another depression due to the cushions that exist in our laws, the most prominent of which is the social-security law, which includes unemployment compensation, earned annuities, and old-age assistance, as well as assistance to the sick and the blind. I might also say that the cushions that exist in the law that will stop another depression from occurring, were all put upon the statute books by the Democratic Party.

As the result of Democratic leadership, this great piece of legislation—known as the social-security law—exists on our statute books bringing benefits and a feeling of security to millions of our people. During the years it has been

law, it has brought many billions of dollars of benefits to those covered by and included in this law.

The bill today is another evidence of the progressive leadership of the Democratic Party, which always has the interest of the people as a whole in mind.

In supporting this bill, I am happy to note that among its provisions is the continuation of benefits to disabled children after reaching the age of 18 years, who are disabled before they reach that age.

Enactment of those provisions into law will enable such children to receive benefits after they are 18 years old.

My interest in such children is best evidenced by the fact that on March 28, 1955, I introduced H. R. 5254, which is a bill to amend title II of the Social Security Act to provide for the payment of child's insurance benefits to certain individuals who are over the age of 18 but who are incapable of self-support by reason of physical or mental disability.

The passage of the pending bill is another step of progress under the leadership of the Democratic Party.

UNWORKABLE PROVISIONS OF PRESENT LAW

Mr. SMITH of Mississippi. Mr. Speaker, I am pleased that we have been given an apportunity, in this session of the Congress, to make some of the much-needed changes in the Social Security Act that are included in H. R. 7225, but I cannot fail to express my intense disappointment in the failure of the committee to include amendments that would clarify the present unworkable provisions of the act relating to agricultural workers who are hired by the day during peak-work seasons.

The application of the Social Security Act to these transient workers has created an untenable situation for everyone. The workers themselves, who come and go, appearing one day and not appearing the next, are disinclined to have the tax taken from their wages at the end of each day. The record-keeping that is imposed upon the farmers is an intolerable burden in the face of the fluctuation in the numbers and identities of these transient workers who are hired for such brief periods. The very nature of the employment makes the law virtually unenforceable and thus imposes burdensome and useless administrative processes upon the Government agencies concerned.

If the benefits to be derived by the workers from this coverage were in even a small way comparable to what is involved in the application of the tax, it would perhaps be a desirable part of the law, but it has been shown that they are not.

No effort to correct this deplorable situation is made in H. R. 7225, despite the fact that substantial agricultural groups all over the country have expressed themselves forcefully on the matter. I hope that prompt action will be taken, either by the Senate in this session or by the committee and the House in the coming session, to correct this unwise and hastily enacted provision of the act which does infinitely more to hamper the social security program than to enhance it.

Mr. YOUNGER. Mr. Speaker, I think it is extremely unfortunate that consideration of the amendments to the Social Security Act should have been delayed until so late in the session.

These changes are so important and effect the lives of so many of our people that they should not be passed without public hearings and without adequate debate on the floor of the House.

There is, I am sure, little opposition to the inclusion of dentists and lawyers, nor the reduction of the retirement age for women to 62; but all of the new changes effecting disability benefits should have full and complete debate, and we should know whether the increased taxes are adequate to cover the additional benefits.

I have received the following telegram from my district, and I think the position taken by the doctors is more than justified:

> We deplore the action of the House Ways and Means Committee in voting on Democratic plans for new social-security cash disability benefits without public hearing. We want to register strong protest against this undemocratic procedure and ask that you express our disapproval to members of the committee. Action taken in closed and secret meeting leads us to believe that this subject cannot stand the light of public exposure. Would sincerely appreciate your help in correcting this situation.
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> Ernest H. Sultan, M. D.; Neil K. White, M. D.; Edward W. Doherty, M. D.; Frederic P. Shidler, M. D.; Stanford B. Rossiter, M. D.; Anthony J. Thompson, M. D.; William J. Brown, M. D.; Joseph E. Welsh, M. D.; Erling W. Fredell, M. D.; Edward Havard, M. D.; Sheldon C. Woodward, M. D.; Arvin T. Henderson, M. D.; Peter S. Talbot, M. D.; Frank J. Novak, M. D.

These amendments are presented under suspension of the rules, so that the only way we can get the amendments which seem to be desirable is to accept those features about which we have grave doubts.

I certainly want to go on record as opposed to this method of legislating.

Mrs. SULLIVAN. Mr. Speaker, I want to take this opportunity to congratulate the members of the Committee on Ways and Means, all of whom are exceptionally busy Members of Congress, for taking the time this year to consider and report out further improvements in the social-security law. This bespeaks a very humanitarian outlook, for the social-security law is becoming more important each day to an increasingly larger portion of our population.

I am most impressed by the provision of H. R. 7225 which establishes for the first time the principle of disability insurance benefits. As you will recall, that is one of the things we tried to write into the law last year when the comprehensive amendments to the social-security program were enacted. This new provision applies to covered workers who have reached 50 years of age. At present they have to wait until age 65 to collect social security benefits, even though they are completely and permanently disabled. By lowering that age to 50 we add a quarter of a million workers to the benefit lists, and I would say that they were among the most meritorious of all people on social security.

LOWERING RETIREMENT AGE FOR WOMEN

I am supporting the provision of the bill which would lower to 62 from 65 the age when women covered under the social-security law, including women workers, widows eligible for survivorship benefits, and wives of retired beneficiaries, could begin to collect benefits. I would like to see the age for widows reduced to 60, as we did under the Railroad Retirement Act. A woman who is widowed, say, at the age of 60 and has never earned her living finds it almost impossible to earn money at that age if she is entering the working force for the first time.

I will have to admit that I do have some misgivings about the provision which reduces to 62 the age at which women workers can retire and collect benefits. My misgivings are based entirely on this one fear: That 62 might become a new compulsory retirement age for women workers—compulsory in the sense that employers would require women workers to retire upon becoming eligible for social security. We know that is happening now to many women at age 65—they are forced out of their jobs and into retirement regardless of their wishes in the matter.

Social security is a wonderful wonderful thing for the retired worker, but we do not want to see our senior citizens forced prematurely into retirement when they are perfectly capable and very willing to keep on working at productive employment and earning a whole lot more than they would receive under social security. So I hope there will be no deterioration of that situation under this provision to lower the retirement age for women from 65 to 62. I think we should keep our eye on that problem if this amendment is enacted.

Mr. FINO. Mr. Speaker, I will support this bill, not because it goes far enough in humanizing our social-security system, but because it represents a step in the right direction.

Since 1945, as a member of the New York State Senate and now as a member of this Congress, I have fought for legislation which would not only improve but liberalize our social-security system in many details.

I have, for the past 3 years, urged the 83d and 84th Congresses to lower the retirement age for social security benefits to 60 years for men and 55 years for women, instead of the present limitation which uses age 65 for both.

Ever since my first term in Congress I have sponsored legislation to provide benefits to wage earners who become totally and permanently disabled before age 65.

I have also brought to the attention of the Members of this House the fact that the present law is not broad enough in that it does not include brothers and sisters and other dependents of the wage earner under the protection and benefits of this act.

I have urged this Congress and the past Congress to eliminate the work clause for persons aged 65 and over; I sponsored measures to extend coverage to professional people.

Why have I proposed these liberal changes? Only because I have been convinced that these improvements in

our social-security law are in line with the economic realities of our times.

While we did extend coverage to 10 million more persons, and while we did liberalize many features of the act, we have failed to go far enough so that the American worker can really enjoy the benefits of an old-age plan.

This bill proposes to cut the retirement age for women from 65 to 62. By the action of the Ways and Means Committee in lowering this age, we can safely say that the members of the committee were finally convinced that age 65 is an obsolete, outmoded eligibility age. But is age 62 a more realistic age? Of course not. And why lower the retirement age for women alone—why not men? Why cannot we bring our social-security system in line with the standards of other modern retirement plans. For example, the United Mine Workers, American Telephone & Telegraph Co., General Motors, and DuPont, all set their retirement age at 60. Eastman Kodak Co. has an optional retirement age of 55 for all employees. In my own State of New York, as in several other States, the retirement age for State employees is age 60.

Are we not convinced that the facts of our time, as well as the best interests of the people of our country, call for the same consideration for all wage earners?

I have always felt that the retirement age for women should be 55 because we know that the opportunities for women widowed at age 55 or over to find jobs are extremely limited. Census figures show that most women employed in the age group 55 to 65 are working in retail trade or personal services which are among the lowest paid. Bear in mind that, under our present system, we say to a woman who is widowed or unable to work at age 55 that she must wait—yes, even under this bill she must wait 7 more years before she can receive the benefits she so desperately needs immediately. Are we providing adequate retirement security for the millions of women who have been prematurely retired from the labor force because of illness, job-displacement or mechanization of our industrial plants?

The facts of our time and considerations of humanity call for a revision of that age downward, not to 62 years, but down to 55 for women and 60 for men. In lowering the retirement age to a more realistic age, we will be creating new job opportunities for younger workers, decreasing the hardship of unemployment for older workers and modernizing our social-security system in a very important way.

I shall vote for this bill, not because I am satisfied with the new age requirement, but because it recognizes the fact that the retirement age of 65 is old fashioned and our social-security system needs remodeling. I shall vote for this measure because it recognizes the problem that exists and we are making an effort to solve it.

I wish to commend the committee for embodying in this bill a provision to help those wage earners who become permanently and totally disabled. The only objection I have is the age limitation imposed. There should be no age requirement. The bill I have introduced for the past 3 years provides for payment of benefits at the time of disability. Is it fair to tell a wage earner, disabled from work, to wait until he is 65 or even 50 under this bill, before he becomes entitled to benefits? The workman who suffers a permanent and total disability at age 40 is just as anxious and willing to work, except for his disability, as an able-bodied man. What is he to do between ages 40 and 50? Go on relief? Remember a crippling illness or injury does not wait until a 65th birthday—or a 50th birthday. It can strike any one of us at any time. When a wage earner becomes disabled, he and his family face a bleak future because not only do his earnings stop, but the expenses of the family become greatly increased due to the costs of his medical care.

Let us remember that this proposed amendment of the Social Security Act is not anything new or untried. Most existing public retirement plans provide disability benefits at the time of disability. Such protection is provided in the civil-service retirement system, the railroad retirement system, and in plans for employees of State and local governments.

I am willing to accept a half a loaf of bread and support this amendment, but I say to you that the only way to correct the inequity in the system is to make payments payable at the time of disability—regardless of age. In doing so, we will substantially improve the protection provided by our social-security system and meet a great need at times of tragedy in millions of American homes.

On October 20, 1952, in a speech at Norwalk, Conn., President Eisenhower said:

> We are going to extend and improve our social-security laws.

Well, now is the time to do it. While this bill describes a new 1955 model of social security which is admirable in most respects, it still uses the old 1935 model starter. If we are to improve and extend our law, let us go all the way now.

CONTINUAL MODERNIZATION OF SOCIAL SECURITY

Mr. GARMATZ. Mr. Speaker, it is a tribute to the fundamental soundness of the social-security program that a bill carrying out such far-reaching changes in the program as this one does, could be scheduled for House debate under the parliamentary procedure in effect here today. Under the suspension-of-the-rules procedure we are following in order to assure speedy action on this measure, a two-thirds vote of the membership is required. Thus a minority of one-third of the House plus a single additional Member, could block the bill.

Obviously, it would not be brought up before us in this manner if it appeared to be controversial enough to arouse much opposition. So, obviously, this bill will have virtually unanimous support; otherwise, as I said, it would not be brought up subject to what amounts to a minority vote.

It is remarkable, I think, that we can have such complete accord on the proposals of the bill this year when we had such a bitter fight last year over some of the very same provisions. The addition of new groups in the professional categories, to coverage under the act—lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, and optometrists, for example—could just have well been done last year, I would think, except that we had had some rumblings to indicate that perhaps they did not want coverage. Since then we have received much mail from rank-and-file members of these professional groups asking to be brought in under the act.

NEW DISABILITY BENEFITS

Further indication of the strides we have experienced in public and congressional thinking in regard to social security is the proposal in this bill to begin paying benefits to the totally and permanently disabled worker prior to his actually reaching 65. This bill reduces the minimum age for benefits for the totally permanently disabled worker to 50, providing he has 1½ years of coverage in the 3-year period ending with the disability plus 5 years of coverage in the 10-year period ending with the disability. It is estimated this will bring in immediately about 250,000 beneficiaries during the first year—disabled workers between 50 and 65, who would collect about $200 million a year in benefits.

We tried last year, as the Members will recall, to enact an amendment to pay benefits to the disabled, rather than make them wait until 65, but that was voted down on virtually straight party lines in the Ways and Means Committee. It is a very great step forward to extend benefits to the disabled; it should serve, also, as a stimulant to better private insurance coverage on disability benefits, because with social security the cost of such additional private insurance would be within reach of more people.

NEW RETIREMENT AGE FOR WOMEN

This bill today takes another almost revolutionary step in reducing for the first time the age at which women can become eligible for social-security benefits. It is the first time since the enactment of the original social-security law that a feminine worker, or widow, or wife of a retired beneficiary could be qualified to collect benefits before reaching 65. Many groups have been calling for a reduction in the minimum age for women to 60. This bill carries a compromise figure of 62.

This provision, and others in the new bill we are considering today, are in line with a conviction I have held for many years that we must continually restudy the social-security law in the light of current developments, so as to keep it continually abreast of economic conditions and of the needs of the people generally.

A great social advance like social security must continually be revised and improved, or it loses its meaning and its effectiveness. The fact that many worthwhile improvements were made last year is no reason not to improve the law again this year. It is a case only of determining what is best for the social-security system's own soundness as well as what is best for the people covered by it.

TRAGIC SITUATIONS CAN BE RELIEVED

Personally, I think the disability improvement is one of the greatest steps forward since the original act was passed. For this deals with one of the most tragic situations in our society—when the breadwinner is disabled and cannot work. Retraining through vocational rehabilitation is a fine thing, and an excellent program, but many disabled persons are unable to participate because of the nature of their illness or disability, and for them there has been no place to turn except to public assistance until they reach 65. Now, under this bill, there will be a rebirth of hope for the disabled and self-respecting, self-earned, insurance-type source of income through social security for these people, beginning at age 50.

Since disability is no respecter of ages, I should like to see that age requirement steadily lowered, in the process of continually improving this great law.

Mr. CANFIELD. Mr. Speaker, the social-security bill which we are considering today is a step in the right direction. In lowering the retirement age for women to age 62 it recognizes the special problems created for so many Americans because of an arbitrarily shortened working life. As you know I believe we should take a longer step forward in this regard, as proposed in my bill, H. R. 6898, which would lower the retirement age for all women to age 60 and provide for disability benefits at any age. It is a striking fact of our times that we have shortened the workday and the workweek during a period of unparalleled productiveness, but we have made no change in the arbitrary retirement age of 65 which was set 20 years ago when the Social Security Act was first passed. And a worker forced to retire from his job prematurely because of crippling illness or accident must wait until he is 65 before he receives any benefits.

I wish that this bill included a provision which, as proposed in my bill, H. R. 27, would remove entirely the so-called retirement wage test. For I have never been able to understand the justification for this provision which penalizes people for working by cutting off their social-security benefits if those earnings exceed a given amount. And I have never understood what is right about allowing persons with unearned income to continue to receive benefits regardless of the amount of their income while cutting off benefits for those less fortunate people who must work to supplement their social security income.

But I am glad to support these amendments because they will add important protections to our social-security system. For in providing disability benefits for those older workers who are the victims of a crippling illness or injury prior to their 65th birthday we will be recognizing that such a disability is a form of enforced and premature retirement from the labor force which requires retirement benefits. In lowering the retirement age for women to age 62 we will be taking a first step toward bringing the system up to date with respect to the retirement age. In providing for the continuation of children's benefits beyond age 18 in the case of severely handicapped children—also contained in my bill H. R. 6898—we will be incorporating a humane measure now used in other Federal retirement systems and in veterans programs. And we will be rounding out the coverage of the social-security system so that, in the future, practically all Americans can look forward to its protection as a matter of right, on the basis of the contributions they have made to the system during their working years.

Mr. ROOSEVELT. Mr. Speaker, I rise to support H. R. 7225 and add a few remarks of my own regarding this bill which contains much-needed amendments to the Federal Social Security Act.

This measure will afford some relief to the workers disabled at age 50, disabled children over 18, and women too young to get a pension and too old to get a job. They could apply at age 62.

Those who oppose giving the people of this country further social-security benefits have protested that the Committee on Ways and Means should have held public hearings so that their protests could have been registered. It is my candid opinion that such a hearing would have been a farce.

Congress and the Senate, in the past 10 years, have spent several hundreds of thousands of dollars appointing advisory councils, conducting investigations, and holding public hearings regarding social security and the broadening of the Social Security Act.

Even the President, a few years ago, held a nationwide conference on the country's aging population, seeking a solution to this problem. Many governors and legislatures of the various States have made similar research.

I would venture to say that if you put these findings and documents together it would fill one wing of the Capitol, or at least a large, comfortable-sized room.

The supplemental views as expressed in a minority report by some Republican members of the Committee on Ways and Means, in the report on H. R. 7225, if followed, would require another 10 or 20 years of investigation alone on these few objectives sought by this most worthy bill, H. R. 7225.

The time has come when the American people are sick and tired of being stalled again and again where their social welfare and well-being are concerned—they want action and they want action now.

In the Committee on Ways and Means report, they point up very clearly that these amendments that they now recommend were not arrived at by a quick decision, but had been previously well-reviewed—deeply considered, and recommended by the Advisory Council appointed by the Senate in the 80th Congress.

The professional people that H. R. 7225 seeks to embrace under social-security coverage receive a small measure of security in their old age that they do not have, but need now.

What right-thinking person can argue against extending coverage to disabled children over 18 whose deceased parent has helped to pay for such coverage, or workers disabled at age 50?

Understanding the problem that women over 35 years of age have today, in seeking employment, how can anyone deny them old-age or survivors benefits at age 62? Any thought that women of this age would rather live on the benefits than seek employment is dispelled when you learn that the miserable average benefits paid today to those 65 years of age and over is only $59.14, and the spouse of a beneficiary receives only half of that amount.

It has been my hope and the prayer of millions of needy Americans that Congress would take some action this year in completely overhauling the public-assistance section of the Federal Social Security Act for the purpose of increasing the payments and easing the harsh mean steps that the aged and underprivileged who are applicants and recipients of aid under this act are subjected to.

I am sure that some 92 Members of the House, representing both parties, who have introduced social security and social welfare legislation at this session, feel as I do that some action should have been taken on their bills this year.

The Committee on Ways and Means in reporting H. R. 7225 has, I am happy to note, included many of the features of my bill, H. R. 5352. Therefore, I am not only happy to vote for H. R. 7225 in the House, but I hope it will be speedily considered and passed upon by the other body as well. I shall continue to work for a vastly improved social security system and especially its old-age assistance section.

ASSISTANCE FOR FAMILIES WITH DISABLED CHILDREN

Mr. SMITH of Mississippi. Mr. Speaker, I am happy to note that H. R. 7225 contains an amendment to continue social-security benefits for disabled children beyond age 18, an amendment which is very similar to H. R. 2205 which I introduced earlier in this session. It is a desirable measure, and one which merits the support of each of us.

This amendment will help to correct an inequity that has long existed in the social security program. We are all well aware of the importance of ensuring that widows with children are provided with the means for caring for those children. By strengthening the family, we strengthen the Nation. However, the social-security system, while providing for this much-needed assistance to widows with children below age 18, has not provided for those instances where the dependency of the child continues after the age when he would normally be expected to achieve economic self-sufficiency. Mentally or physically disabled children are cut off from social security benefits regardless of their condition, as are their mothers when the children reach age 18. For the great majority, this is as it should be, but where disabled children are involved it is often a tragedy. The widow must then rely on public assistance or upon whatever meager assistance friends and family may be able to provide. Too often this results in the child's being separated from the mother, and institutionalized at public expense. Whichever alternative occurs, the key-

stone of our social structure—the family—is weakened, and the Nation suffers.

WEAK SPOT ELIMINATED

With the enactment of this amendment, this weak spot in the Social Security Act will be repaired. It is estimated that eventually more than 5,000 families will be helped by this provision. It is not only those who directly receive the assistance who will benefit, however. Many thousands of additional families whose wage earners are living and able to provide for them will gain a sense of security in the knowledge that the social-security taxes they pay will provide for their disabled children in the event death takes them. Welfare and institutional costs will drop, compensating to a large extent for the small increased cost to the social-security fund.

I mention the cost of the amendment because this is one of those rare instances where much good can be accomplished at extremely low cost. According to the Department of Health, Education, and Welfare, the level premium cost of my bill, which is very similar to this amendment, would amount to much less than one-tenth of 1 percent of payroll. In terms of dollars and cents, the immediate cost would be about $2 million, and after many years of operation would rise to perhaps $5 million. If you compare this with the overall expenditures of the social security program, nearly $6 billion annually—a figure which will be doubled or tripled by the time the cost of this amendment reaches its $5 million maximum level—it is easily evident that the dollar cost of these benefits is negligible.

Similar provisions are contained in almost every other major retirement and insurance plan of the Federal Government. It is only just that the social security system should provide the same security for the families of wage earners covered by the Social Security Act. The ease with which the amendment can be administered is time-tested and proven.

UNDESIRABLE RESTRICTION

There is a stipulation in the amendment in H. R. 7225, however, that was not contained in the legislation I introduced, and that I believe is neither necessary nor desirable. I refer to the provision which restricts the benefits only to those children who attain age 18 after 1953. This restriction would exclude a large number of disabled children and their widowed mothers who are no less needy or deserving than those made eligible by the amendment as contained in the bill. In view of the ease of administration that can be expected, and the extremely low cost of the amendment, there is no reason for restricting it in such a manner, and I hope that this stipulation will be eliminated from the amendment enacted by the Congress.

Mr. BARRETT. Mr. Speaker, I am glad to support the bill before us today because it incorporates improvements in our social security system which I have advocated for many years. This legislation, if enacted into law, would solve the special hardship existing in millions of homes today in that it will assure security at an earlier age instead of postponing it until the 65th birthday. It will be most beneficial to those citizens who are forcibly retired from their jobs in their fifties because of a disabling illness or injury.

During the past 50 years we have changed from a predominantly agricultural country to a Nation of wage earners. Therefore, we must recognize the new problems which have been created for older workers and enact into law legislation that will provide for them and carry them through the twilight years.

Recognizing the responsibility of the Federal Government to its own employees for facing up to these modern conditions, I have introduced legislation that would lower the retirement age for women to 55, which would bring our Federal retirement system into line with the standards of other modern retirement plans being utilized by private industry.

Because of my concern with these problems, I am happy to support the proposed amendment to our Social Security Act which would lower the retirement age for women to age 62. This is a step in the right direction for it means that at least 800,000 women would be entitled to benefits immediately instead of being forced to subsist somehow until they attain their 65th birthday.

These elderly women, previously married and for the most part supported by their husbands, are now forced to find an independent source of income and to adjust not only to the problems of old age and inadequate income, but to the problems of widowhood as well. We know that the opportunities for women widowed at that age to find jobs are extremely limited. Usually they cannot find work, and even if they are able to find a job, they receive only marginal wages because their time and their skills have been devoted to the vital business of raising a family.

Moreover, an age differential for men and women is a recognition of family needs. For, under our present system, no wife's benefits are payable until the wife of a retired worker reaches age 65. Yet the figures tell us that more than half of such workers have a wife who is 5 or less years younger than her husband. And we know that the single retirement benefit the husband receives until his wife reaches age 65 is not enough, even with other family resources, to maintain the family. By reducing the age requirement for a wife's benefit to age 62 we will be helping to bring the retirement income of thousands of American families up to a reasonable amount.

The provision in the bill for paying benefits to those workers aged 50 and over who have the misfortune of losing their jobs because of a severe illness or injury which makes it impossible for them to work is another important adjustment to modern conditions. Here, again, the figures tell us the reason why this legislation is vital. For they show that the risk of such long-term or total disability increases with age. In the current population survey made in February 1949 by the Bureau of the Census, the percentage of people disabled for 7 months or more was 1 percent among those under age 35 and more than 6 percent among those aged 55 to 65. The percentage rate increased slowly up through the age group 35 to 44 and then began to rise sharply at age 45 and over. And, in the top age group—55 to 64—almost 98 percent were working when they became disabled. It is, then, with the plight of these older workers that the total and permanent disability program outlined in this bill is chiefly concerned. For, in essence, it views total and permanent disability as a form of enforced and premature retirement.

By providing disability benefits, we will meet some of the inequities produced when an arbitrary retirement age is used. We will be recognizing the fact that it is unreal to assume that every worker is able to work until he is aged 65. For under our present law if a worker aged 50 or over is forced to leave his job because he is unable to work, he is subject to a double-penalty:

First, he loses his job and the wages it brought in, at a time when medical expense is increased; and, second, he must wait 15 years—or until he is age 65—before he is entitled to any benefits. In effect, therefore, the system of total and permanent disability outlined in this bill may be said to reach down below the arbitrary retirement age of 65 to award benefits to those unfortunate workers who cannot continue in their jobs because of a crippling illness or injury which makes them unable to work.

The bill meets another special problem which deserves our support in recognizing that those handicapped children who will never be able to work should be entitled to continue to receive dependent's benefits beyond the age of 18. Under present law, a child's benefits are discontinued at age 18 regardless of the circumstances. The assumption here, of course, is that children have reached an age where they are no longer dependent and can support themselves. But in the case of those unfortunate children who, because of a physical or mental handicap, never work, this arbitrary age limit clearly should not apply. Again our social-security system will be more realistic—and more humane—when we recognize that dependency, in such circumstances, is not related to age and that the mother and her handicapped child should continue to receive the benefits they so desperately need.

Mr. Speaker, in the past 20 years our social-security system has demonstrated its effectiveness in bringing security to millions of American homes. With the increases in the coverage of the system which has been made since 1950, it will be possible, in the future, for practically all Americans to look forward to a reasonable minimum of security from these payments. They will have earned that right because, during their working life, they and their employers made regular contributions into the social-security fund.

The improvements contained in the bill presently before the House will add to the security of those millions of Americans who are now contributing to the system. For it recognizes the special and heartrending needs of older Americans

who are not fortunate enough to retain their health and strength and earning power until their 65th birthday. It recognizes the special problems of women in this age group in maintaining a source of income. All of us can take great pride in the fact that, by voting for these amendments, we will be voting for a stronger, a better, and a more equitable social-security system.

Mr. MARSHALL. Mr. Speaker, I do not want to let this opportunity pass without commending Dr. Earl H. McGonagle, of Royalton, Minn., for his tireless efforts over the years to obtain social-security coverage for dentists.

Dr. McGonagle is vice president of the Congress of American Dentists for OASI and I am personally familiar with the tremendous amount of work he has done to keep the Congress informed as to the wishes of dentists in this regard.

The polls he conducted in various States and the information he presented to the Committee on Ways and Means were largely responsible for the inclusion of dentists by the House last year. It will be recalled that our provision was eliminated in the other body.

According to a report from Dr. McGonagle, 85.9 percent of the dentists of Minnesota have voted in favor of old-age and survivors insurance coverage. The vote was 1,423 for and 232 against. Other studies by Dr. McGonagle indicate that this same sentiment prevails throughout the country among the majority of dentists.

The mail from my district and State has been overwhelmingly in support of the committee's action in including dentists in the bill before us today. Not a single letter of opposition has been received from the dentists of my district in contrast to the number of letters and telegrams supporting this provision.

The Committee on Ways and Means is to be congratulated for responding so promptly to the expressed wishes of the profession itself and I am glad the provision was included in this special bill. As Dr. McGonagle has pointed out, it will assist younger men in the profession to establish a balanced security program and obtain protection for their survivors.

Mr. HOSMER. Mr. Speaker, considerable discussion has occurred as to the merits of these 1955 changes to the social-security law, and as to the procedure under which it has been presented to the House. It is indeed unfortunate that full debate and discussion has not been permitted.

There should have been time given to discuss what kind of security we are voting on. What I mean is best illustrated by the fact that a man who put a dollar into social security in 1942 received back only 61 cents when he reached age 65 and retired in 1952. His dollar lost almost 4 cents per year during those 10 years.

Fortunately, for the past 2½ years under the Eisenhower administration, the dollar has varied less than ½ of 1 cent in value and during this time Americans have been getting full-value security rather than cut-rate security in their planning for the future.

We can guarantee full-value security to the 55 million and more Americans who have social security, the 90 million who have life insurance and the over 40 million who have Government savings bonds, only if the wise fiscal policies of the Republican Eisenhower administration are continued.

I hope we will all reflect on that fact when future votes come up that would imperil the continuation of such policies by involving us in unwise and inflationary spending or tax policies.

Mr. BOSCH. Mr. Speaker, earlier in this session I introduced a bill to lower the age limit for the payment of social-security benefits from 65 to 60 years of age. I am still of the opinion that this is what we should be doing today.

The latter part of May I was advised by the chief actuary, Social Security Administration, that to lower the age limit to 60 years would cost, first year, approximately $1½ to $2 billion. He stated further that the average cost over the next 40 or 50 years would be about $4½ billion per year. This, you must remember, includes men and women.

The bill we are discussing today will bring the yearly cost in 25 years to more than $2 billion. The increased benefits to our citizens who are covered by social security would far outweigh the cost, and contributions to the social security fund could easily take care of the increased cost without undue hardship upon the employees and employers.

House Report No. 1189 makes reference to the concern of the committee for widows who are not many years below age 65 and faced with earning a living until they reach the age of 65. I wonder if the members of the committee are aware of the problem of the man who must look for a job after he reaches even 45 years of age, not to mention 60 years.

Reluctant as I am to support this bill which, in my opinion, is not adequate, I must vote for it as I realize that it is better than nothing at all.

Mr. WOLVERTON. Mr. Speaker, the bill now under consideration is most commendable. It will strengthen the old-age and survivors insurance program by providing—

First. Disability benefits: Payment of monthly benefits at or after age 50 to workers who are totally and permanently disabled and who meet tests as to duration and recentness of old-age and survivors insurance coverage. It is estimated that in the first year disability insurance benefits would be payable to about 250,000 workers, amounting to $200 million in benefits.

Second. Lowering of retirement age for women: Payment of monthly benefits at age 62 for women who are insured workers, wives of insured workers, and widows and dependent mothers of deceased insured workers. It is estimated that in the first year benefits would be paid to almost 800,000 additional women, amounting to about $400 million in benefits.

Third. Children's disability benefits: Continuation of monthly benefits to children who become totally and permanently disabled before age 18. It is estimated that eventually 5,000 children and their mothers would be receiving benefits totaling $2 to $3 million per year.

Fourth. Expanded old-age and survivors insurance coverage: Extension of coverage to the self-employed professional groups now excluded—except physicians—to certain farm owners who receive income under share-farming agreements, and various other classes. It is expected that this extension of coverage will provide old-age and survivors insurance protection to an estimated additional 250,000 individuals and their families.

Fifth. Adjustment of contribution schedule: Increases in the present schedule of contributions of one-half percent each on employers and employees and three-fourths percent on the self-employed, effective simultaneously with the improvement in the benefit provisions on January 1, 1956. The amendments, including the revised contribution schedule, will place the system in a stronger actuarial position than it is under present law.

I believe that these changes are of fundamental importance to the welfare of our citizens and should have approval of the House.

Mr. MACK of Illinois. Mr. Speaker, I strongly support the social security amendments of 1955 as I feel these benefits are long overdue in our efforts to develop an adequate social-security program. Earlier this year, I introduced legislation to reduce from 65 to 60 the age at which old-age and other monthly insurance benefits may become payable under the Social Security Act to all participants, as I felt our citizens should be eligible to retire while they are still physically able to enjoy a few years of leisure life. While the entire provisions of my bill, H. R. 6799, could not be incorporated in the social-security amendments of 1955, it is encouraging to see a trend in the right direction by the inclusion in the amendments of a provision to reduce the benefit eligibility age for women from 65 to 62 years. Since in the average married couple, the wife is usually 2 or 3 years younger than the husband, the wife should be entitled to benefits at approximately the same time the husband becomes eligible.

The extension of coverage to certain self-employed professional groups, except physicians, is most encouraging, as I feel that the social-security program should be for all of our working people. Many attorneys and dentists in my district have contacted me during the past year, urging that they be brought under the provisions of the Social Security Act. In my home State of Illinois, the State Dental Society voted overwhelmingly for compulsory inclusion of the members of their association. I am pleased dentists have been included in the new amendments, inasmuch as earlier this year I introduced a bill (H. R. 5431) to extend coverage to dentists.

It is heartening to see that a disability-retirement provision has been included in these amendments so that disabled workers may qualify for a small payment after attaining the age of 50. It is also encouraging that a disabled-children's provision has been included so that disabled children can continue to receive

their monthly benefits after they have reached the age of 18.

I strongly favor the passage of these amendments, as I believe this is a big stride forward in offering our citizens a sound social-security system.

Mr. DORN of South Carolina. Mr. Speaker, I am happy that the House is considering this bill today. I have for 5 years introduced a bill to lower the age for social-security retirement to 60 years. I have worked long and hard to give our people social security that will be fair and equitable.

Mr. Speaker, as I have pointed out before to this House, most employees and employers in my district favor lowering the age to 60. The greatest industry in the Third District is the textile industry. Many employees have worked for 45 or 50 years in this industry and have not yet reached the age of 65. With unemployment and an ever-increasing population, we must in the near future consider lowering the age limit.

I personally contacted most of the members of the Ways and Means Committee and wish to commend them for their splendid work in bringing the bill out before adjournment. This bill is a step in the right direction. It does lower the age for those disabled from 65 to 50. It lowers the eligibility age for women from 65 to 62. It extends coverage to dentists and attorneys. I polled the dentists and attorneys in my district this year and found them overwhelmingly in favor of this coverage. It liberalizes coverage for dependent children to include those disabled even though they might be past the age of 18.

I say again, Mr. Speaker, this is a good bill, and I hope that it will be passed today by an overwhelming majority. I also hope that at the next session of this Congress extensive hearings can be held on the proposal to lower the retirement age from 65 to 60. It would be wise to hold these hearings early in the session, so that all can be heard and the whole question of social security fully discussed. I urge my colleagues to support this bill.

Mr. DONOHUE. Mr. Speaker, as one who has, ever since becoming a Member of Congress, consistently advocated and voted for improvements in and expansion of our social-security laws, the basic legislative program providing economic protection for American families against financial loss from retirement or death of the family head, I am very pleased to support and urge unanimous approval of the liberalizing amendments presented in this bill, H. R. 7225.

While the improving amendments contained herein, especially the proposals to grant disability benefits to disabled eligibles at the age of 50 and provide assistance eligibility to women at the age of 62, do not go far enough in my judgment, they are nevertheless another forward step in our continuing study and effort to progressively enact more equitable changes in the present social security and survivors insurance benefits system.

We must all admit that challenging questions yet remain to be justly solved. For instance, although we are here extending benefits to disabled workers at the age of 50, what is a younger man of 30 or thereabouts, particularly with dependents, supposed to do before he reaches the required age? Also, although we are lowering the eligibility age of women to 62, we all realize that the disparity of age between wife and husband in a multitude of cases is even now visiting most severe financial hardships upon a great number of widows with children, as well as couples where the husband has been forced to retire, and we must yet find just ways to render them reasonable help. I trust and hope that these problems, together with many other inequities, including the raising of minimum benefits in accord with ever-advancing living costs, will be given the conscientious attention of the Congress as early as possible in the next session.

As I stated before, the changes offered in this bill, while not by any means completely sufficient to the needs, represent a progressive measure of improvement in the current social-security structure. Briefly and substantially, this bill provides (a) monthly benefit payments, under qualifying conditions, to workers who are totally and permanently disabled at or after the age of 50; (b) payment of monthly benefits at the age of 62 to women who are insured workers, wives of insured workers, and widows and dependent mothers of deceased insured workers; (c) continuation of monthly benefits to children who become totally and permanently disabled before the age of 18; (d) coverage extension to the self-employed professional groups now excluded—except physicians—to certain farm owners, and others; and (e) increases in the present schedule of contributions of one-half percent each on employers and employees and three-fourths percent on the self-employed.

No one can reasonably doubt that these liberalizing advancements in our present social-security pattern are in accord with the fundamental Christian principles and philosophy of American political and economic life, as opposed to the atheistic concept of a Communist slave state. I urge you all, therefore, to approve the amendments embodied in this bill without further delay, while we look forward to the enactment of even more equitable and liberalizing provisions of our social-security system in the near future.

Mr. ELLIOTT. Mr. Speaker, I favor H. R. 7225, the bill before us to amend the Social Security Act. Each time that we have amended the Social Security Act, we have made it more valuable to the people of this Nation.

The first year after this bill becomes law, disability insurance benefits will be payable to 250,000 workers drawing some $200 million annually. Within 25 years, or by 1980, one million workers will be receiving disability benefits, and the payments will run in the neighborhood of $1 billion annually.

The proposition of lowering the retirement age from 65 to 62 for women will, within 1 year, enable 800,000 to start drawing benefits totaling $400 million annually.

Wives are generally a few years younger than their husbands, thus when the husband has to retire many couples only have the husband's benefits until the wife reaches 65.

With the age of eligibility for the wife's benefits reduced to 62, about 400,000 would become immediately eligible for monthly benefits. The bill would also make some 650,000 women workers now between the age of 62 and 65 years immediately eligible for benefits.

Then, too, it will extend coverage to about 200,000 in the professions, excluding doctors, but including lawyers, dentists, osteopaths, chiropractors, veterinarians, optometrists and naturopaths.

The bill also covers sharecroppers, and the bill extends coverage to some 13,000 employees of the Tennessee Valley Authority, some of whom live in the Seventh Congressional District of Alabama, particularly in Franklin and Cullman Counties.

I have just recently had the opportunity to look into the value of the social-security program to the counties of the Seventh Congressional District of Alabama.

As of December 31, 1954, in Blount County, 441 persons drew benefit checks totaling $15,655.

In Cullman County, 958 persons drew benefit checks totaling $34,461.

In Fayette County, 460 persons drew benefit checks totaling $16,511.

In Franklin County, 701 persons drew benefit checks totaling $23,814.

In Lamar County, 299 persons drew benefit checks totaling $9,321.

In Marion County, 591 persons drew benefit checks totaling $20,681.

In Pickens County, 419 persons drew benefit checks totaling $14,148.

In Walker County, 3,333 persons drew benefit checks totaling $127,079.

In Winston County, 470 persons drew benefit checks totaling $16,251.

For the entire Seventh Congressional District of Alabama, the monthly payments for the month of December 1954 amounted to $277,921. This was paid to 7,672 persons.

The program is growing. A year previous, December 1953, the total benefit payments in the Seventh Congressional District amounted to $204,781, while in June 1948, the total benefit payments were only $31,636.

It has been my privilege to support the expansion of the social-security program since I have been in the Congress, and I am particularly happy that so many of the people in the Seventh Congressional District are able to participate in the program. I hope that eventually social security will insure a retirement income for all our people.

Mr. BYRD. Mr. Speaker, I wish to urge the enactment of H. R. 7225. This bill will amend the Social Security Act to provide monthly benefits for disabled insured individuals who have attained age 50, it will reduce the benefit eligibility age for women to 62 years, and it will continue monthly benefits to disabled children after they have attained the age of 18.

When I first came to Congress in 1953, I introduced bills which would have lowered the eligibility age from 65 to 60 years for recipients of benefits under the old-age and survivors insurance system and which would have provided

benefits for individuals who become totally and permanently disabled before attaining the normal retirement age. Action was not taken upon these bills by the 83d Congress, and I, therefore, reintroduced bills early this year to provide benefits to disabled individuals, to lower the age from 65 to 60 years for recipients of benefits, generally speaking, and to lower the age of eligibility to 55 years in the case of widows. Other Members have introduced similar measures, and the bill before us today embodies, in varying degrees, many of the proposals offered in the bills introduced by me and my colleagues and referred to the Committee on Ways and Means.

I wish to compliment the distinguished Committee on Ways and Means and its able chairman for making it possible for the House to consider this bill which, in my opinion, is a great step forward on the path of humanitarian progress. In providing benefits for disabled workers, we are correcting one of the major deficiencies in the present social security system. Total disability is a triple threat to family income. First of all—and unlike retirement—it is unpredictable and may strike at any age without warning. Secondly, the wages upon which the family was living and planning for the future stop almost immediately. And finally, at the time those wages stop, a large medical bill is probably added to the family budget.

Not until we have provided for these exigencies will we have achieved a truly protective system of social security in the United States.

I am glad that the committee has given careful attention to lowering the eligibility age for women who are insured workers, wives of insured workers, and widows and disabled mothers of deceased insured workers. It is imperative that we take cognizance of the personal hardship encountered by older women who are forced to wait until age 65 to receive monthly benefits. Many of these are widows who have not had recent work experience and who find that production processes or sales methods have changed so much that it is practically impossible to locate employment. We must think, too, of elderly couples who, under the present law, may be confronted with the problem of having to get along on the same amount that is provided for a single person. Wives are generally from 2 to 4 years younger than their husbands, and, when the husband has to retire, many couples have only the husband's benefits until the wife also reaches age 65. The bill would correct this to make it possible for about 400,000 wives to become immediately eligible for monthly benefits.

This bill is a great step forward in another respect. Under the present law, children's benefits cease when the child attains the age of 18. The bill before us would continue the payment of benefits to such children after the age of 18, and the mother of such a child would also be eligible for such benefits as long as the disabled child must remain in her care. Where a child is permanently and totally disabled, he is as dependent on his family after the age of 18 as before, and this legislation recognizes this fact, and it also foresees the eventuality that the mother may be unable to go to work to support her family when she has this kind of responsibility. Mr. Speaker, in view of the fact that the foregoing changes are of such fundamental importance to the welfare of our citizens, I sincerely hope that this House will act quickly and favorably upon the bill before us. I am proud that I have actively supported this kind of legislation since I first came to Congress, and I am happy to cast my vote in behalf of this bill today.

TWENTY YEARS OF SOCIAL SECURITY

Mr. GAVIN. Mr. Speaker, 20 years ago in 1935 the social-security bill had passed the House on April 19; the Senate on June 19; and became a law on August 14. Since that time we have seen it expanded and its coverage widely extended until at the present time we find some 15 million American citizens included within its scope.

Social security as we know it today has met a need in our American way of life. The element of security which it provides is in keeping with the wish and desire of the average citizen to be independent and self-supporting when faced with old age and unable to continue in productive activity.

While I am not in accord with all of the provisions of the Social Security Act, as amended, and as in operation today, I feel we have a basic program on which we can improve the economic plight of our senior citizens. After 20 years of trial and error, experiments and tests, I am convinced that any and all changes within the foreseeable future will come within the framework of our present social-security system.

For the past two decades we have accepted the 65-year age requirement for retirement. While that may have been proper and justified 20 years ago, I feel that changed economic and social conditions, together with the impact of our ever-increasing population, make it necessary to reduce the retirement age limit particularly in certain groups.

I have from time to time on the floor of this House urged that the age limit for widows' participation be reduced to 62 years. Perhaps other groups should be so reduced. The reasons for this social improvement are so obvious that I do not deem it necessary to make an explanation.

In the amendments to the Social Security Act before us today I note that all the proposed changes come within title II of the act. I regret that the committee—Ways and Means—did not in its wisdom give consideration to our destitute and needy old folks coming under the old-age assistance provision. There are about 2½ million of them, and they are getting an average throughout the country of approximately $52 a month. This is under the Federal-State matching system. This is slightly more than $10 a week. Certainly it is only with great difficulty that anyone can exist on such a pitiful allowance. We have been most liberal in our appropriations for every other conceivable program that has come before this House, especially in our aid to foreign countries. Why is it not possible to provide a decent standard of living for our own needy, destitute, old people, who need our assistance in the declining years of their lives?

I foresee in the not-too-far-distant future changes in our social security which will recognize permanent total disability, retirement age for wives of retired workers, for widows and for working women at 62 years. Pressure is great for these changes and public opinion will demand these modern revisions.

Mr. LAIRD. Mr. Speaker, the vote which we will be required to make this afternoon is whether the rules of this House will be suspended and H. R. 7225, amending title 2 of the Social Security Act, will be approved by the House without amendment and without full debate.

One of the most important committees of this Congress, the House Ways and Means Committee, is charged by law with the responsibility for initiating all legislation affecting the social-security system. This committee acts as trustee of the public interest over this program. To millions of our people the social-security system represents the basic foundation for their own retirement security and for the survivorship protection of their dependents.

I have carefully read over the report of the House Ways and Means Committee and I find that in the rush to get this bill to the floor of the House for action, no public hearings were held and actuaries were denied an opportunity to appear even before the committee in executive session to discuss the merits of the many and varied amendments to the basic Social Security Act which are included in H. R. 7225. Nowhere can a Member of Congress receive definite information as to the net effect of these amendments upon the social security trust fund. It seems to me that the House Ways and Means Committee has not properly discharged its duties and responsibilities by reporting this bill without proper consideration. If we suspend the rules of the House of Representatives in considering this bill today, it will be the entire House of Representatives which must share the responsibility for not properly safeguarding the public interest.

Under the procedure which is being used this afternoon this bill can be debated only 40 minutes. The leadership explains this procedure by stating that it is late in the session and time is of great importance. Certainly this is not a legitimate reason as every Member of this House realizes that the House of Representatives did not even have a session last Friday and could have spent the entire day fully considering this legislation. The proposals contained in this bill involve an expense in excess of $2 billion per year. We will be spending the taxpayers dollars at a rate in excess of $50 million a minute this afternoon. During this session of Congress we have considered other legislation and have been allowed to discuss the pros and cons of the legislation involving sums of less than $300,000 for 3 and 4 hours. These bills were brought to the floor only after thorough and exhaustive legislative hearings. The public interest cannot be properly protected by acting upon H. R.

7225, which I consider the most important piece of legislation to be acted upon in this session of Congress, by not following the rules of this House and allowing for full, fair, and complete consideration and debate.

I have long been an advocate of many of the provisions contained in this bill and on past occasions have voted for many of these provisions, such as extending coverage to self-employed professional groups. I have always favored universal coverage. I have also favored reducing the age limit to qualify for monthly payments for women as insured workers, wives of insured workers and widows and dependent mothers of deceased insured workers. This bill, however, is much broader than any social-security amendments ever considered by the House of Representatives since the social-security program was first enacted. I believe that the membership of this House is entitled to a full and complete discussion of all of these proposed amendments.

This legislation will have a far-reaching effect upon the future lives of all our people. I do not quarrel with improving the progam as I will always support improvements but I do quarrel with tampering with the program when we do not know exactly what we are doing and what the net effect will be not only upon the social-security fund but upon the whole economy of our Nation.

In my congressional district there are a great many people who are engaged in agricultural pursuits. As I have studied this bill I have tried to determine what the net effect of the tax program included in this bill will be upon my constituents. Today we are levying social-security taxes for many years into the future and the tax rates are specifically written into this bill with the effective dates of each increase. Let us take the example of a very successful farmer in my congressional district, with a net income from self-employment of $4,200 in 1975. Assuming this farmer has a wife and two children and uses the standard deductions, his Federal income tax under present income-tax rates would be $276. Under the bill which we are acting upon here today, his social-security tax will be $283.50. The social-security tax as a percentage of net taxable income would be in excess of 20 percent. If the same individual had 3 children, his income tax would be cut to $156, but his social-security tax would still amount to $283.50. In the latter case the social-security tax would be the equivalent of a net income tax of 36 percent. I point out the effect of this tax structure merely to call to the attention of the House the importance of the decision which we are making here today without adequate advice, knowledge, debate, or consideration.

It has been said here on the floor this afternoon that we should go ahead and vote for this bill as it is the politically wise vote to make, because the Senate will have to rewrite this legislation anyway. It has been stated that the Senate Finance Committee has already announced that it will conduct exhaustive public hearings, take testimony from expert witnesses and for that reason, it is not necessary for the House to give full consideration to these amendments. Certainly this argument is not sound. The House of Representatives by our Federal Constitution is charged with the responsibility for intiating tax measures. If one follows the suggestions made today that the political thing to do is to vote for the bill and let the Senate rewrite the bill, one merely becomes an advocate of a unicameral legislature. I believe in the need and necessity for a bicameral legislative system with each House working its will after thorough and deliberate consideration. I shall vote against suspending the rules of the House on this bill because of the absence of thorough and deliberate consideration by the House, which I shall always maintain has an important function in the bicameral legislative branch of our Federal Government. I may be accused of standing on principle by some political demagogues, but I sincerely hope that I will not stand alone.

Mr. VANIK. Mr. Speaker, I would like to associate myself with the splendid remarks that have been made by Chairman JERE COOPER and the other distinguished members of the Committee on Ways and Means who urged the passage of H. R. 7225. No other legislation before this Congress is of greater importance.

In my Congressional District, there are thousands of senior citizens who are enjoying the benefits of social security. While these social-security payments are inadequate to keep up with the ever-rising cost of living, they have provided a means of at least partial support for a large segment of our population. The proposal to reduce the retirement age for women to age 62 brings the retirement age for women in a more realistic relationship to the retirement age for men. This wise amendment will in innumerable cases provide the opportunity for our senior citizens to retire together.

Although this is only a moderate adjustment of our social-security laws, it will have a far-reaching effect upon our entire economy. Retirement is generally a voluntary act. The conditions of retirement must be such as to provide an incentive for decent retirement. The lowered age for women who are insured workers, wives or widows of deceased workers will undoubtedly become a tremendous incentive for the retirement of women as well as for men who have continued their employment simply because the lady of the household was not able to enjoy her social-security benefits. The increase in the numbers of our retired and their consequent displacement from employment or from the lists of those seeking employment will create innumerable job opportunities for those below retirement age. As a matter of fact, this may create job opportunities for a large segment of our unemployed working forces of middle age who will be the most eligible candidates for the positions in industry which will be vacated by the increasing number of our retiring citizens.

Retirement is not only a reward for gainful employment throughout the years—it is a recognized condition in our economy in which the retired citizen creates a job opportunity or promotion for the next person in line. The improvement of our social-security laws which encourage retirement will help meet the problem created by the displacement of workers through mechanization.

Nothing is of greater importance in our American way of life than to permit our senior citizens to retire in dignity. The retirement income should be sufficient to permit them to live at a level which is in some measure commensurate with the level they enjoyed throughout the employable years. Retirement should not force them to move from a home to a hovel. Nor should it force them to substitute no medical care for the inadequate medical care which they received during their employment years. Our retirement program should permit our retired families to live in comfort, to buy the medical and hospital care which they need and to enjoy benefits and the conveniences of our times in good measure.

The need for providing for the disabled worker, particularly the disabled worker over 50 years of age, should need no further explanation. Such a worker, whose employble years are cut short by accident, should not be faced with a lifetime of destitution and despair. The misfortune which afflicted his life is one which by chance we may have missed. Certainly the workers of America who will all be entitled to the privilege of this benefit, if a disability should strike them, should have no objection to assume in some way the cost of providing for the less fortunate members of our working society.

The self-employed professional groups, including dentists and lawyers, have through their representative organization indicated a desire for social security coverage which this bill will provide. The doctors are practically the only holdouts against this vital American legislation. Their objection is based more on stubborn pride than to principle. It simply cannot be that everyone else is out of step.

Several weeks ago the U. S. News & World Report commented on the strength and stability of our society, pointing out the things we now have which we did not have in the years which preceded the depression to cushion the Nation against adversity if unpleasant conditions should again develop. The cornerstone of American stability is its system of free enterprise amplified by its laws to bring about social justice and minimum standards of security for periods of unemployment and for later periods of retirement age.

The entire American economy will rejoice and appreciate this moderate effort to make a good body of law better—to serve increasing numbers of our people.

Mr. JENNINGS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. JENNINGS. Mr. Speaker, I wish today to commend the members of the the House Ways and Means Committee

for their action in reporting a bill containing much needed amendments to the social-security laws.

During the past 5 years substantial improvements have been made in the coverage of the social-security system and in upward adjustments of the benefits it pays. Prior to the 1950 amendments only about 3 out of 5 of the people earning their living were covered by the system and the average benefit payment was around $27 per month. Today practically all of the working population has social-security protection and the amount of its benefits has more than doubled.

But there are several respects in which no change at all has been made in the original law, passed back in 1935. We still have, for instance, the same eligibility age of 65 years for both men and women. And we have not yet provided benefits for those unfortunate persons who are forcibly retired from their jobs at any age because of a crippling disability.

Because I believe these fields represent the next essential steps forward in the improvement of our social-security system, I introduced amendments designed to accomplish the necessary changes.

My bill, H. R. 6919, would reduce the eligiblity age for women from 65 to 60 years, thus recognizing the special needs of wives, widows, and workingwomen in their later years.

My companion bill, H. R. 6920, would provide benefits for fully insured workers who have, through no fault of their own, become permanently and totally disabled prior to age 65, thus facing the reality of the fact that such a disability is, in effect, a form of involuntary retirement.

One other change which should certainly be made at this time, in my mind, is outlined in my bill, H. R. 6943, which would continue the payments made to surviving children beyond the age of 18 for those children who are incapable of self-support by reason of physical or mental disability.

Mr. Speaker, some 2½ million people in this country are directly concerned with the enactment of this legislation, and they are people who are most in need of social-security protection.

All of us know of the serious problem faced by older women in today's world. We know of women widowed in their early sixties who are told that they will not be entitled to any social-security benefits until they have reached their 65th birthday. We know of other women who have been retired from their jobs at age 60—and then must wait for the long and harrowing 5-year period for their social-security benefits to begin.

Moreover, the fact that existing law sets the same eligibility age for women as for men seems to me an arbitrary and unrealistic practice in view of the fact that the average wife is several years younger than her husband. Statistics show that only one-fifth of the married men who reach age 65 have a wife who is the same age or older—and therefore entitled to the wife's benefit. By lowering the eligibility age to 60 for women, therefore, we will be providing very vital protection for the many women widowed in their early 60's, and those working women who have been forced to retire prior to age 65. We will also increase the retirement income of many retired couples by adding the wife's benefit at age 60, instead of age 65.

In providing benefits for those fully-insured workers who are forced to retire from their work by a crippling illness or injury, at the time they are disabled, we will be making another very vital improvement in the protection offered by our social-security system. In this country today there are thousands of working men and women who have been contributing to the social-security fund for many years. They have looked forward to the day when they could retire from their job with a reasonably comfortable income. And then, often at the height of their earning power, a crippling illness strikes.

In addition to the loss of wage income upon which the family depends for its needs there is, almost inevitably, heavy medical expenses. Under our present social-security system, the family must be told that no benefits can be paid until the father reaches age 65.

Mr. Speaker, I am convinced that families in such circumstances are entitled to the kind of protection now furnished to retired individuals. In providing disability benefits for fully-insured workers we will be recognizing human need at a time of tragedy in the family and we will be relieving the tax load of States and local communities who now are bearing the burden of support for thousands of families so victimized. Our concern in the past has been to provide social security to adjust to the wage loss caused by retirement or death of the wage-earner. Certainly the wage-loss caused by a totally disabled condition should equally entitle the family to the protection of a social-security benefit.

The need for continuing to pay benefits beyond the age of 18 for those children who will never be able to support themselves because of a physical or mental disability seems to me to be equally clear. In such instances the age 18 limitation cannot justifiably be applied because it is clear that the mother will continue to have the care of the unfortunate child. This special problem has been recognized in our Civil Service System, the Railroad Retirement System, and in most veterans' programs. I am convinced, therefore, that it is essential that we make this important change in our social security system at this time.

Mr. Speaker, the amendments reported by the Ways and Means Committee should be approved by the House. The committee has not reduced the eligibility age for women to 60 as one of my bills recommended, nor have the disability benefits for insured workers been made available immediately upon the occurrence of a disability. However, I am gratified over the bill as reported from committee; this is a step in the right direction.

I also wish to state my approval of the amendment to extend coverage to dentists, lawyers, and other professions. I have contacted the dentists and lawyers of my district and find the majority favor being included in the program. I am certain the other professions to be included will appreciate the action of the committee and the Congress in approving these amendments.

I believe the amendments which I proposed and those which have been approved by our Ways and Means Committee are in line with the basic purposes of the social-security program. I urge the support for these measures which will add so substantially to the basic protection which our social-security system provides.

Mr. GUBSER. Mr. Speaker, I protest the practice of voting out a bill which calls for an expenditure of $2 billion per year, under conditions which allow just 40 minutes of general debate and admit no possibility of amendment. This, Mr. Speaker, after the Committee on Ways and Means has held no public hearings on the measure.

I am convinced that nowhere near enough time was spent in working out or anticipating the great administrative problems which are bound to arise incident to establishing the eligibility of disabled persons 50 years of age or over to disability funds. I am also convinced that little or no testimony has been considered regarding the effects this would have on State disability programs.

Nevertheless, the extension of benefits to totally and permanently disabled persons beyond the age of 18, and also the extension of benefits to new widows at the age of 62, are of such merit that I feel I must support the bill. I only regret that an adequate opportunity is not available to this House to correct what might be serious defects. I intend to support and vote for the bill in the hope that the Senate committee which has expressed the admirable intention to hold full and complete hearings on the subject, will follow through on that expressed intention and will correct any defects which appear in the course of such hearings.

In the interest of expediting this legislation and getting it before the House and Senate conference, I urge an aye vote on the bill.

The SPEAKER. The question is on suspending the rules and passing the bill, as amended.

The question was taken; and on a division (demanded by Mr. SMITH of Virginia) there were—ayes 232, noes 18.

Mr. PERKINS. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 372, nays 31, answered "present" 2, not voting 29, as follows:

[Roll No. 119]

YEAS—372

Abbitt	Bailey	Bolton, Frances P.
Abernethy	Baker	Bolton, Oliver P.
Adair	Baldwin	Bonner
Addonizio	Barden	Bosch
Albert	Barrett	Bow
Alexander	Bass, N. H.	Bowler
Allen, Calif.	Bass, Tenn.	Boykin
Allen, Ill.	Bates	Boyle
Andersen, H. Carl	Baumhart	Bray
Andresen, August H.	Beamer	Brooks, La.
Andrews	Belcher	Brooks, Tex.
Arends	Bennett, Fla.	Brown, Ga.
Ashley	Bennett, Mich.	Brown, Ohio
Ashmore	Bentley	Broyhill
Aspinall	Berry	Budge
Auchincloss	Betts	Burdick
Avery	Blitch	Burnside
Ayres	Boggs	Bush
	Boland	
	Bolling	

Byrd	Holifield	Philbin
Byrne, Pa.	Holmes	Pilcher
Canfield	Holt	Pillion
Cannon	Holtzman	Poage
Carlyle	Hope	Poff
Carnahan	Horan	Polk
Carrigg	Hosmer	Powell
Cederberg	Huddleston	Preston
Celler	Hull	Price
Chatham	Hyde	Priest
Chelf	Ikard	Prouty
Chenoweth	James	Quigley
Christopher	Jarman	Rabaut
Chudoff	Jenkins	Radwan
Church	Jennings	Rains
Clark	Jensen	Ray
Clevenger	Johnson, Wis.	Reece, Tenn.
Colmer	Jonas	Reed, Ill.
Cooley	Jones, Ala.	Rees, Kans.
Coon	Jones, Mo.	Reuss
Cooper	Jones, N. C.	Rhodes, Ariz.
Corbett	Judd	Rhodes, Pa.
Coudert	Karsten	Richards
Cramer	Kean	Riehlman
Cretella	Kearney	Riley
Cunningham	Kearns	Rivers
Curtis, Mass.	Keating	Roberts
Dague	Kelley, Pa.	Robsion, Ky.
Davidson	Kelly, N. Y.	Rodino
Davis, Ga.	Keogh	Rogers, Colo.
Dawson, Utah	Kilday	Rogers, Fla.
Delaney	King, Calif.	Rogers, Mass.
Dempsey	Kirwan	Rooney
Denton	Klein	Roosevelt
Derounian	Kluczynski	Rutherford
Devereux	Knox	Sadlak
Diggs	Knutson	St. George
Dixon	Krueger	Saylor
Dodd	Landrum	Schenck
Dollinger	Lane	Schwengel
Dolliver	Lanham	Scott
Dondero	Lankford	Scrivner
Donohue	Latham	Scudder
Donovan	LeCompte	Seely-Brown
Dorn, N. Y.	Lesinski	Selden
Dorn, S. C.	Lipscomb	Sheehan
Dowdy	Long	Shelley
Doyle	Lovre	Sheppard
Edmondson	McCarthy	Shuford
Elliott	McConnell	Sieminski
Ellsworth	McCormack	Sikes
Engle	McCulloch	Siler
Evins	McDonough	Simpson, Ill.
Fallon	McDowell	Simpson, Pa.
Fascell	McGregor	Sisk
Feighan	McIntire	Smith, Miss.
Fenton	McMillan	Spence
Fine	McVey	Springer
Fino	Macdonald	Staggers
Fisher	Machrowicz	Steed
Flood	Mack, Ill.	Sullivan
Fogarty	Mack, Wash.	Talle
Forand	Madden	Taylor
Ford	Magnuson	Teague, Calif.
Forrester	Mahon	Teague, Tex.
Fountain	Mailliard	Thomas
Frazier	Marshall	Thompson, N. J.
Frelinghuysen	Martin	Thompson, Tex.
Friedel	Matthews	Thomson, Wyo.
Fulton	Meader	Thornberry
Gamble	Merrow	Tollefson
Garmatz	Metcalf	Trimble
Gary	Miller, Calif.	Tumulty
Gathings	Miller, Md.	Vanik
Gavin	Miller, Nebr.	Van Pelt
George	Miller, N. Y.	Van Zandt
Gordon	Mills	Velde
Granahan	Minshall	Vinson
Grant	Mollohan	Vorys
Gray	Morano	Vursell
Green, Oreg.	Morgan	Walter
Green, Pa.	Morrison	Watts
Griffiths	Moss	Weaver
Gross	Moulder	Westland
Gubser	Multer	Whitten
Hagen	Murray, Ill.	Wickersham
Hale	Murray, Tenn.	Widnall
Haley	Natcher	Wier
Halleck	Nelson	Wigglesworth
Hand	Nicholson	Williams, Miss.
Harden	Norblad	Williams, N. J.
Harris	Norrell	Williams, N. Y.
Harrison, Nebr.	O'Brien, Ill.	Wilson, Calif.
Harrison, Va.	O'Brien, N. Y.	Wilson, Ind.
Harvey	O'Hara, Ill.	Winstead
Hays, Ark.	O'Hara, Minn.	Withrow
Hayworth	O'Konski	Wolcott
Hébert	O'Neill	Wolverton
Henderson	Osmers	Wright
Herlong	Ostertag	Yates
Heselton	Passman	Young
Hess	Patman	Younger
Hill	Patterson	Zablocki
Hillings	Pelly	Zelenko
Hinshaw	Perkins	
Hoeven	Pfost	

CI——679

NAYS—31

Alger	Hoffman, Mich.	Smith, Kans.
Bell	Jackson	Smith, Va.
Burleson	Johansen	Smith, Wis.
Byrnes, Wis.	Kilburn	Taber
Chase	Kilgore	Thompson, Mich.
Curtis, Mo.	Laird	Tuck
Davis, Wis.	Mason	Utt
Dies	Phillips	Wainwright
Fjare	Robeson, Va.	Wharton
Gwinn	Rogers, Tex.	
Hiestand	Scherer	

ANSWERED "PRESENT"—2

Gentry King, Pa.

NOT VOTING—29

Anfuso	Dawson, Ill.	Hoffman, Ill.
Becker	Deane	Johnson, Calif.
Blatnik	Dingell	Kee
Brownson	Durham	Mumma
Buchanan	Eberharter	Reed, N. Y.
Buckley	Fernandez	Short
Chiperfield	Flynt	Thompson, La.
Cole	Gregory	Udall
Crumpacker	Hardy	Willis
Davis, Tenn.	Hays, Ohio	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Hays of Ohio with Mr. Johnson of California.

Mr. Anfuso with Mr. Becker.

Mr. Udall with Mr. Crumpacker.

Mr. Eberharter with Mr. Reed of New York.

Mr. Dingell with Mr. Short.

Mr. Thompson of Louisiana with Mr. Chiperfield.

Mr. Blatnik with Mr. Mumma.

Mr. Willis with Mr. Cole.

Mr. Deane with Mr. Brownson.

Mr. Fernandez with Mr. Hoffman of Illinois.

Mr. BELL, Mr. JACKSON, and Mr. HIESTAND changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

STANDARD FORM NO. 64

SSA - OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A:K

O : Administrative, Supervisory, and Technical Employees

DATE: July 18, 1955

ROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

UBJECT: Director's Bulletin No. 220
Bill to Amend the Social Security Act (H.R. 7225) Passed by House of Representatives on July 18, 1955

The House of Representatives today passed by a 372 to 31 vote H.R. 7225, a bill amending the Social Security Act. The bill now goes to the Senate of course, but consideration is unlikely before next session. The bill provides:

1. Payment of monthly benefits at or after age 50 to workers who are totally and permanently disabled and who meet strict tests as to length and recency of covered work;

2. Payment of monthly benefits at age 62 for women: insured workers and wives, widows and dependent mothers of insured workers;

3. Continuation after age 18 of monthly benefits to children who become permanently and totally disabled before age 18;

4. Extension of coverage to the self-employed professional groups now excluded (except physicians), to certain farmers, to turpentine workers, and to two small groups of Federal employees;

5. Establishment of an Advisory Council to review the status of the Federal Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program; and

6. Increases in the present schedule of contributions amounting to 1/2 percent each on employers and employees and 3/4 percent on the self-employed, effective simultaneously with the improvement in the benefit provisions.

When the Committee on Ways and Means began its consideration of the bill in executive session the Secretary reiterated the Department's general support of improvements in the contributory, self-supporting system of old-age and survivors insurance but recommended

that the provisions of the proposed bill be given thorough review and study and that public hearings be held. The Department cooperated with the Committee during its deliberations in executive session by providing factual information, giving its views and opinions, and suggesting technical improvements in the legislation.

As indicated above, it seems unlikely that there will be time for consideration of the bill by the Senate before adjournment. We will keep you informed of any action that may be taken by the Senate. A summary of the bill is enclosed.

Victor Christgau

Victor Christgau

Enclosure

July 18, 1955

SUMMARY OF H.R. 7225

I. Disability Insurance Benefits

A. Benefits would be payable to qualified disabled workers age 50 and over after a six-months' waiting period.

B. Benefits would not be provided for dependents of a disabled worker.

C. To be insured for disability benefits the disabled worker would have to:

1. Be fully and currently insured and

2. Have 20 quarters of coverage out of the 40-quarter period ending with the first quarter of disablement.

D. The amount of the benefit would be the same as the primary insurance amount.

E. The definition of disability would be the same as in present law (except there would be no presumed disability for the blind).

F. The earnings test of the program would not apply, since earnings in the amount permitted by the work clause would be inconsistent with the definition of disability.

G. Where an individual was also receiving a workmen's compensation benefit or another Federal benefit based on disability, the disability benefit under the old-age and survivors insurance program would be reduced by the amount of such benefit.

H. Applicants would be referred for vocational rehabilitation as under present law. Deductions would be made from monthly benefits if the individual refused rehabilitation without good cause.

I. In order to promote rehabilitation, an individual engaging in substantial gainful activity under an approved State plan could nevertheless be considered disabled (not able to engage in any substantial gainful activity) for a year after he first engaged in such activity.

J. The first month for which disability benefits would be payable would be January 1956.

K. In the first year disability insurance benefits would be payable to about 250,000 workers; by 1970 about 900,000 workers would be receiving disability benefits.

II. Continuation Benefits for Disabled Children

A. Benefits would be continued after attainment of age 18 for a child whose disability began before 18 and who was receiving child's benefits for the month before attainment of 18.

B. Such continuation benefits would be first payable for January 1956. The bill restricts the backlog to disabled children who attained 18 after 1953 and before 1956. (In these backlog cases only, payments would be made to a disabled child if he was either actually receiving benefits in the month before attainment of 18 or would have been entitled to receive such benefits in that month if application had been filed on his behalf.) New applications would be required on behalf of a child whose entitlement had been terminated after 1953 and before 1956.

C. Disability would be defined in the same terms as used for disabled adults. The same vocational rehabilitation referral service provisions would apply, and deductions would be made from monthly benefits if the child refused rehabilitation without good cause.

D. Monthly benefits also would be paid to the mother of a disabled adult child beneficiary as long as she continued to care for him. In these situations, "in her care" would be strictly interpreted so as to preclude payment to the mother whose disabled adult child was being cared for on a continuing basis outside her home. Deductions would also be made from mother's benefits if the disabled child refused rehabilitation services without good cause and if the disabled child is the only child beneficiary in her care.

E. Where the disabled adult child was also receiving a workmen's compensation benefit or other Federal benefit based on disability, the child's benefit under the old-age and survivors insurance program would be reduced by the amount of that benefit. If the benefit payable under the other system exceeds the child's old-age and survivors insurance benefit, the mother's insurance benefit would be reduced by the excess, provided the mother's benefit was payable only because she had the disabled adult child in her care.

F. About 1,000 disabled adult children would become immediately eligible on January 1, 1956. It is anticipated that each year in the future between 250 and 500 disabled adult children currently attaining age 18 would be continued on the rolls.

III. Eligibility Age for Women

A. The age at which women beneficiaries (workers, wives, widows, and dependent mothers of deceased insured workers) could qualify for benefits would be reduced from 65 to 62.

B. Benefits would first be payable for January 1956.

C. An estimated 800,000 women between 62 and 65 years of age could begin to draw monthly benefits for January 1956. In addition, about 400,000 women would become eligible, although, because they are working or the wives of working men, they could not draw benefits immediately. The bill thus would make eligible about 1,200,000 women between 62 and 65 years of age.

IV. Extension of Coverage

A. Coverage would be extended to:

1. Self-employed professional groups now excluded except physicians—that is, lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists—for taxable years ending after 1955 (about 200,000);

2. Employees of Federal Home Loan Banks, and additional employees of the Tennessee Valley Authority, performing service after 1955 (about 13,000);

3. Agricultural workers engaged in the production of turpentine and gum naval stores after 1955 (about 20,000);

4. Certain owners or tenants of land who have a farming agreement under which another individual produces farm products on the land. Under present law the income that the owners or tenants in question derive from the production on the land is treated as rental income; for taxable years ending after 1954 the bill would treat such income as self-employment earnings if the owner or tenant, by the agreement, materially participates in the production. (The number of persons who would be newly covered by this provision cannot be estimated.)

B. Service performed by share farmers (including sharecroppers, croppers, renters, tenants, lessees, etc.) would be treated as agricultural self-employment, thus clarifying the coverage status of this group. Although this provision would be effective for taxable years ending after 1954, it is declaratory of present law.

C. The following technical changes relating to coverage would be made in the Internal Revenue Code:

1. Employees of nonprofit organizations who were on the payroll when the organization elected coverage but who did not elect coverage would be permitted to elect coverage prospectively at any time between the date of enactment of the bill and January 1, 1958;

2. Nonprofit organizations electing coverage after 1954 would be able to acquire coverage for the quarter in which coverage is elected;

3. District of Columbia credit unions, whose employees are covered under OASI, would be subject to the OASI employer tax with respect to remuneration paid after 1955. (These credit unions are not subject to the employer OASI tax under present law because of a general tax exemption provision which is included in the act authorizing the establishment of these organizations.)

V. Establishment of Advisory Council

A. Purpose--to review the status of the Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the program.

B. Membership--Commissioner of Social Security as Chairman, plus 12 other members to be appointed by Secretary of Health, Education, and Welfare and to represent to the extent possible employees and employers in equal numbers and self-employed persons and the public.

C. Duties--to submit report and recommendations, including recommendations for changes in old-age and survivors insurance tax rates, not later than January 1, 1959, for inclusion in the Trustees' Report to Congress by March 1, 1959.

D. Duration--the Council would go out of existence after submittal of report. A new Council, similarly constituted and with same functions and duties, would be appointed not later than two years before each ensuing scheduled increase in the tax rate. Each such Council would report its findings and recommendations not later than January 1 of the year preceding the year in which the scheduled increase is to occur for publication in the next ensuing Trustees' Report.

VI. Technical Amendments Other Than Coverage Changes

A. To align the annual beneficiary earnings report requirement with the change to an April 15 deadline for income-tax reporting;

B. To conform OASI statute of limitations governing the correction of earnings records to the time limit on filing claim for credit or refund of taxes under the Internal Revenue Code;

C. To place computations involving disability periods on an annual basis;

D. To preserve the relationship between the old-age and survivors insurance and railroad retirement programs.

VII. Tax Rate Changes

The schedule of tax rate increases was accelerated and the ultimate rate raised above that in present law as follows:

Years	Employers and Employees		Self-Employed	
	Present %	Proposed %	Present %	Proposed %
1956 - 1959	2	2 1/2	3	3 3/4
1960 - 1964	2 1/2	3	3 3/4	4 1/2
1965 - 1969	3	3 1/2	4 1/2	5 1/4
1970 - 1974	3 1/2	4	5 1/4	6
1975 and after	4	4 1/2	6	6 3/4

The level-premium cost of the benefit changes included in the bill (0.92% of covered payrolls under intermediate-cost estimate) is more than met by the increased contributions scheduled.

COMMITTEE ON FINANCE
UNITED STATES SENATE

Harry Flood Byrd, *Chairman*

JANUARY 11, 1956

MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW AND H. R. 7225 AS PASSED BY THE HOUSE OF REPRESENTATIVES

(Compiled by Helen Livingston, Government Division, Fred Arner, American Law Division, Legislative Reference Service, Library of Congress, at the Direction of the Chairman and Printed for the Use of the Committee on Finance)

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ELIZABETH B. SPRINGER, *Chief Clerk*

CONTENTS

Major Differences in the Present Social Security Law and H. R. 7225 as Passed by the House of Representatives, Relating to Old-Age and Survivors Insurance

(References are to pages in the bill as referred to the Senate, and House Report No. 1189, 84th Congress, 1st Session.)

OLD-AGE AND SURVIVORS INSURANCE

I. COVERAGE

Item	Present law	H. R. 7225
A. Self-employed	*Covers* all self-employed if they have net earnings from self-employment of $100 a quarter ($400 a year), except that certain types of income including dividends, interest, sale of capital assets, and rentals from real estate (including rental paid in crop shares) are not covered unless received by dealers in real estate and securities in the course of business dealings.	No change other than to make an exception so as to include rentals paid in crop shares as self-employment income in certain situations. See A 3, Farm operators and share farmers.
1. Professional groups	*Excludes* specific professional groups: physicians, lawyers, dentists, osteopaths, veterinarians, naturopaths, chiropractors, and optometrists.	Covers all professional groups now excluded except physicians. Effective date: Taxable years after 1955. Bill: Sec. 104 (d), p. 21. House report, pp. 9, 33–34.
2. Ministers	*Covers* ministers (including Christian Science practitioners) and members of religious orders, other than those who have taken a vow of poverty, and those serving outside the United States who are American citizens performing ministerial service *on a voluntary self-employed basis* regardless of whether they are an employee or self-employed. Allows a period of 2 taxable years after coverage became available (Jan. 1, 1955), or after becoming a minister or a member of a religious order in which to elect coverage. An election of coverage once made is irrevocable.	No change.
3. Farm operators and share farmers.	*Covers* farm operators on the same basis as other self-employed persons except for a special provision for low-income farmers whose annual gross earnings are $1,800 or less, who may report either their actual net earnings or 50 percent of their gross earnings. Farmers who report on a cash basis and whose annual gross earnings are over $1,800 may report either their actual net earnings or, if these net earnings are less than $900, may report $900. Rentals paid in crop shares cannot be included as self-employment income.	No change, except some owners or tenants of land will be covered as farm operators since the rentals paid in crop shares will be credited as self-employment income in the situation in which the owner or tenant of the land participates materially with the individual working the land in the production of the agricultural or horticultural commodity. Effective date: Applicable to taxable years ending after 1954. Bill: Sec. 104 (c) (2), p. 20. House report, pp. 10, 33.

I. COVERAGE—Continued

Item	Present law	H. R. 7225
A. Self-employed—Continued 3. Farm operators and share farmers—Con.	*Covers* share farmers as employees if they meet the common law definition of employees and are not paid in a medium other than cash.	Covers certain share farmers as self-employed farm operators by specifically excluding from the definition of employment (and including as self-employment) the services of an individual working the land who has arranged with the owner or tenant to produce agricultural or horticultural commodities. The arrangement must specify that the commodity or the proceeds from the commodity are to be divided between the share farmer and the owner or tenant and that the share farmer's share depends on the amount of the commodity produced. Effective date: Applicable to services performed after 1954. Bill: Sec. 104 (c) (1), 104 (c) (3), pp. 19–21. House report, pp. 9–10, 33.
4. Public officials	*Excludes* individuals performing functions of public officials.	No change.
5. Newspaper vendors	*Covers* individuals over 18 who buy newspapers and magazines at one price and sell them at another regardless of whether they are guaranteed minimum compensation or may return unsold papers and magazines.	No change.
B. Employees	*Covers* all employees earning $50 a quarter ($200 a year), including certain agent or commission drivers, life-insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common-law definition of employee, but *Excludes* persons in the employ of a son, daughter, or spouse; or child under 21, if in the employ of a parent.	No change.
1. Agricultural workers.	*Covers* agricultural workers (including domestics in farm homes) if paid $100 or more in cash wages by 1 employer in a calendar year. Remuneration for work in any medium other than cash is excluded. But *Excludes:*	No change.
	a. Mexican contract workers	a. No change.
	b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other British West Indies on a temporary basis to perform agricultural labor.	b. No change.
	c. Persons producing or harvesting gum resin products (turpentine and gum naval stores).	c. Covered by omitting specific exclusion. Effective date: Applicable to services performed after 1955. Bill: Sec. 104 (a), p. 18. House report, pp. 10, 32.
2. Domestic workers	*Covers* persons performing domestic service in private nonfarm homes if they receive $50 or more during a calendar quarter from 1 employer. Remuneration for work in any medium other than cash is excluded. Also specifically	No change.

I. COVERAGE—Continued

Item	Present law	H. R. 7225
B. Employees—Continued 2. Domestic workers—Continued	*Excludes* students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college, or university.	No change.
3. Casual labor	*Covers* cash remuneration for service not in the course of the employer's trade or business if the remuneration is $50 or more from 1 employer during a calendar quarter.	No change.
4. State and local government employees.	*Covers* employees of State and local governments *provided* the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions:	No change.
	a. Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen) may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. Employees of any institution of higher learning (including a junior college or a teachers' college) under a retirement system can, if the State so desires, be covered as a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system.	a. No change.
	b. *States have the option* of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.	b. No change.
	c. *Excludes* the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered: (1) employees on work relief projects; (2) patients and inmates of institutions who are employed by such institutions; (3) policemen and firemen having their own retirement system; and (4) services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, *except* that agricultural and student services in this category may be covered at the option of the State.	c. No change.
5. Employees of nonprofit organizations.	*Covers* employees of religious, charitable, educational, and other nonprofit organizations which are exempt from income tax and are described in sec. 501 (c) (3) of the Internal Revenue Code *on a voluntary basis* if—	No change.

I. COVERAGE—Continued

Item	Present law	H. R. 7225
B. Employees—Continued 5. Employees of nonprofit organizations—Con.	a. the employer organization certifies that it desires to extend coverage to its employees, and, b. at least ⅔ of the organization's employees concur in the filing of the certificate. Employees who do not concur in the filing of the certificate are not covered *except* that all employees hired after a certificate becomes effective are covered. Voluntary coverage is not available for employees earning less than $50 per quarter from an employer. *Covers* employees of nonprofit organizations exempt from income tax under the other subsections of 501 (c) on a *compulsory basis* if the employees earn $50 a quarter from such an employer and they are not specifically excluded by another provision of the law.	
6. Federal employees	*Excludes* employees of the United States or its instrumentalities if— a. they are covered by a retirement system established by Federal law; or b. they perform services— (1) as the President, Vice President, or a Member of Congress; (2) in the legislative branch; (3) in a penal institution as an inmate; (4) as certain internes, student nurses, and other student employees of Federal hospitals; (5) as employees on a temporary basis in disaster situations; (6) as employees not covered by the Civil Service Retirement Act because they are subject to another retirement system; or	b. No change, except— (6) Covers employees subject to the retirement system of the Tennessee Valley Authority by excepting them from this provision. Effective date: Applicable to service performed after 1955. Bill: Sec. 104 (b) (2), p. 19. House report, pp. 10, 33.
	c. the instrumentality has been specifically exempted by statute from the OASI employer tax; or	c. No change.
	d. the instrumentality was exempt from the employer tax on Dec. 31, 1950, and its employees are covered by its retirement system. *Covers* the following Federal employees excepted from the exclusion in 6–d unless they are excluded on the basis of one of the other provisions:	d. No change.
	a. employees of a corporation which is wholly owned by the United States:	a. No change.
	b. employees of a national farm loan association, a production credit association, a Federal Reserve bank, or a Federal credit union;	b. Covers employees of Federal Home Loan Banks under a retirement system by adding them to these specific exceptions. Effective date: Applicable to service after 1955.

I. COVERAGE—Continued

Item	Present law	H. R. 7225
B. Employees—Continued		Bill: Sec. 104 (b) (1), p. 19.
6. Federal employees—Continued		House report, pp. 10, 32.
	c. employees (not compensated by funds appropriated by Congress) of the post exchanges of the various armed services (including the Coast Guard) and other similar organizations at military installations;	c. No change.
	d. employees of a State, county, or community committee under the Production and Marketing Administration.	d. No change.
7. Students, internes, and nurses in schools and hospitals.	*Excludes:*	
	a. students in the employ of a school, college, or university if enrolled and regularly attending classes.	a. No change
	b. student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes.	b. No change.
	c. Internes in the employ of a hospital if they have completed a 4-year course in an approved medical school. (Students may be covered as employees of State or local governments at option of the State under State agreements. See 4 c (4)—p. 3.)	c. No change.
8. Newsboys	*Covers* individuals *18 and over* who deliver and distribute newspapers or shopping news, but covers individuals *under 18* only if they deliver or distribute such publications to points for subsequent delivery or distribution.	No change.
9. Members of the Armed Forces.	Not covered under the regular contributory provisions of the program but granted social security wage credits of $160 per month for active service in the Armed Forces during the World War II period (Sept. 16, 1940–July 24, 1947) and for the postwar emergency period (July 25, 1947–Mar. 31, 1956). These wage credits are not given if benefits on the basis of the same service are payable to a veteran under a Federal program other than those administered by the Veterans' Administration.	No change.
10. Railroad employees	Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the retirement benefits based on such employment are payable under the act; and (3) provision is made for mutual reimbursement between the 2 systems in order to place the old-age and survivors insurance trust fund in the same position in which it would have been if railroad service after 1936 had been counted as social security employment.	Amendments made to the Railroad Retirement Act to preserve the present relationship between the 2 programs; otherwise no change. Bill: pp. 27–28. House report, pp. 11, 36–37.

I. COVERAGE—Continued

Item	Present law	H. R. 7225
C. Geographical scope	*Excludes* the following from coverage within the United States: a. Nonresident aliens engaged in self-employment. b. Employees of foreign governments and their instrumentalities. c. Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act. d. Employees on foreign registered aircraft or ships who also perform services while the plane or ship is outside of the United States, if neither they nor their employer is a citizen of the United States. *Coverage* outside of the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands is limited to— a. American citizens either self-employed or employed by an American employer. b. Citizens of the United States employed by foreign subsidiaries of American corporations are covered by *voluntary agreements* between the Federal Government and the parent American company. The domestic corporation can include some or all of its foreign subsidiaries in the agreement and must agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included. c. Individuals, regardless of citizenship, who are employed on American registered ships and aircraft if either the contract of service was entered into in the United States or the plane or vessel touches a port in the United States.	No change.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY

Item	Present law	H. R. 7225
A. Covered workers:		
1. Disability "freeze"	Provides that when an individual for whom a period of disability has been established dies or retires his period of disability will be disregarded in determining his average monthly wage for benefit purposes.	No change. (The disability "freeze" will be in effect during the period when a disability insurance benefit is being paid. Thus, it will apply to retirement and dependents' benefits or, in the case of death, to survivors' benefits.)
2. Benefits	No provision	Provides an insurance benefit prior to retirement (computed in the same way as retirement benefits) for disabled workers meetin eligibility requirements. No benefits for dependents.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Present law	H. R. 7225
A. Covered workers—Con. 2. Benefits—Con.		Effective date: Disability insurance payments for months after December 1955. Bill: Sec. 103, pp. 8–18. House report, pp. 3–6, 27–31.
3. Eligibility requirements.	a. For disability "freeze" an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death. An individual is disabled, within the meaning of the law, if he is blind, as that term is defined.	Same for benefits as for disability "freeze" except blindness is neither specified nor defined and is, therefore, not necessarily a disability. Bill: Sec. 103 (a), p. 10. House report, pp. 5–6, 28.
	b. For disability "freeze" a "period of disability cannot be established unless it has lasted at least 6 full calendar months."	b. A 6 months' "waiting period" is required before disability insurance benefits can begin. Effective date: No "waiting period" can begin before July 1, 1955, nor more than 6 months before age 50. Bill: Sec. 103 (a), pp. 8, 10–11. House report, pp. 5–6, 28–29.
	c. To be eligible for the disability "freeze," an individual must—	c. To eligible for disability insurance benefits an individual must:
	(1) Have acquired at least 20 quarters of coverage out of the last 40 quarters ending with the quarter in which the period of disability begins;	(1) Same as disability "freeze" in present law.
	(2) Have acquired 6 quarters of coverage out of the last 13 calendar quarters ending with the quarter in which the period of disability begins; and	(2) Same as disability "freeze" in present law.
	(3) must be alive and still disabled at the time application is filed.	(3) Same as disability "freeze" in present law. (4) *And must also be:* (a) fully insured, and (b) aged 50 or over. Bill: Sec. 103 (a), pp. 8–11. House report, pp. 3–6, 27–29.
4. Disability determinations.	In administering the disability "freeze"— (1) the Secretary enters into contractual agreements under which State vocational rehabilitation agencies, or other appropriate State agencies, make determinations of disability. (2) the Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements. (3) the Secretary may, on his own motion, review a State agency determination that a disability exists and may, as a result of such review, find that no disability exists or that the disability began later than determined by the State agency. (4) Any individual who is dissatisfied with a determination, whether made by a State agency or by the Secretary, has the right to a hearing and to judicial review as provided in the law.	In administration of disability benefits uses the same administrative structure for disability determinations as that established for disability "freeze." Bill: Sec. 103 (a), p. 8; sec. 103 (c) (7), p. 17. House report, pp. 2, 6.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Present law	H. R. 7225
A. Covered workers—Con.		
5. Administrative expenses.	Appropriations are authorized from the trust fund to reimburse State agencies for necessary costs incurred in making disability determinations.	No change.
6. Adjustment of duplicate benefits.	No provision	Reduces the disability insurance benefit by the amount of any benefit payable— (a) under another Federal law or by an agency of the United States (including wholly owned instrumentalities) where the payment is based in whole or in part on a physical or mental impairment; or (b) under a workmen's compensation law or plan of a State on account of physical or mental impairment. Bill: Sec. 103 (a), pp. 11–12. House report, pp. 6, 29.
7. Rehabilitation	The policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to vocational rehabilitation agencies for necessary rehabilitation services.	Extends existing provision to a disabled person and a person entitled as a disabled child and provides for deduction of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act in such amounts as the Secretary shall determine. The individual accepting rehabilitation shall not be regarded as able to engage in substantial gainful activity solely by reason of such services for at least 1 year after the services were first started. Bill: Sec. 103 (b), pp. 14–16. House report, pp. 5, 30.
8. Suspension of benefits based on disability.	No provision	If the Secretary believes that the disability no longer exists, he may suspend benefits pending his disability determination or that of the appropriate State agency. Bill: Sec. 103 (a), pp. 13–14. House report, pp. 5, 30.
B. Continuation of child's benefit because of disability:		
1. Benefits	No provision	Continues child's benefits beyond age 18 for children disabled before attaining 18. Effective date: Benefits will only be payable for children reaching age 18 after 1953. Payable after December 1955. Bill: Sec. 101, pp. 2–5. House report, pp. 8, 24–26.
2. Disability determination.	No provision	Uses same structure for disability determinations and for definition of disability as is used for covered workers (A 4).
3. Adjustment of duplicate benefits.	No provision	Reduces disabled child's benefit by the amount of any benefit payable— a. under another Federal law or by an agency of the United States (including wholly owned instrumentalities) where the payment is based in whole or in part on a physical or mental impairment; or

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Present law	H. R. 7225
B. Continuation of child's benefit because of disability—Continued 3. Adjustment of duplicate benefits—Con.		b. under a workmen's compensation law or plan of a State on account of physical or mental impairment. Also reduces mother's or wife's benefit deriving from such child's benefit where the other Federal or State disability payment exceeds the child's OASI benefit. However, if such a wife or mother is entitled to her benefit because of another child in her care, the reduction will not take place. Bill: Sec. 103 (a), pp. 11–12. House report, pp. 6, 29.
4. Rehabilitation.	No provision	Same as for covered worker (A 7).
5. Suspension of benefits based on disability.	No provision	Same as for covered worker (A 8).

III. BENEFIT CATEGORIES

Item	Present law	H. R. 7225
A. Old age	Payable at age 65 and over to all fully insured individuals.	Payable at age 62 for fully insured women but no change for men. Effective date: Payable for months following December 1955. Bill: Sec. 102, pp. 5–7. House report, pp. 5–7, 26–27.
B. Wife	Payable to wife of old-age beneficiary if at least age 65 or regardless of her age if she has in her care a child entitled to benefits on her husband's record.	Payable to wife at age 62, otherwise no change. Effective date: Payable for months following December 1955. Bill: Sec. 102, pp. 5–7. House report, pp. 5–7, 26–27.
C. Husband	Payable to dependent husband of old-age beneficiary at age 65 or over if wife was currently insured at the time of her entitlement and she was furnishing at least half of his support.	No change.
D. Child	Payable to unmarried child under age 18 of old-age beneficiary or of individual who died either currently or fully insured if child deemed dependent on such person.	No change except benefit will continue after age 18 if child is disabled. For definition and determination of disability in accordance with disability provision see sec. II B. Effective date: Payable for months following December 1955. Bill: Sec. 101, pp. 2–5. House report, pp. 8, 24–26.
E. Widow	Payable at age 65 and over to widow of fully insured worker.	Payable at age 62. Otherwise no change. Effective date: Payable for months following December 1955. Bill: Sec. 102, pp. 5–7. House report, pp. 5–7, 26–27.

III. BENEFIT CATEGORIES—Continued

Item	Present law	H. R. 7225
F. Widower	Payable at age 65 or over to dependent widower of woman who died both fully and currently insured, if she was furnishing at least half of his support.	No change.
G. Mother	Payable to widow or former wife divorced of worker who died either fully or currently insured, if she has in her care an entitled child of the worker. Former wife divorced must have been receiving half of her support from the deceased pursuant to court order or agreement, and the child must be her child entitled to benefits on the former husband's wage record.	No change.
H. Parent	Payable at age 65 or over to parent of deceased fully insured worker, if worker had furnished half or more of parent's support, and was not survived by widow, widower, or child eligible for benefits on his record.	Payable to dependent mothers at age 62, otherwise no change.
I. Lump sum	Payable at death of fully or currently insured worker to widow or widower living with the worker at the time of his death, or if no such spouse survives, as reimbursement for funeral expenses, irrespective of the payment of monthly benefits.	No change.
J. Totally and permanently disabled.	No provision.	See Sec. II: Provisions Relating to Permanent and Total Disability.

IV. BENEFIT AMOUNTS

Item	Present law	H. R. 7225
A. Average monthly wage	In general, an individual's average monthly wage for computing his monthly old-age insurance benefit amount is determined by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved, excluding any month in any quarter any part of which was included in a period of disability under the disability "freeze." Starting dates may be 1936, 1950, or if later, the quarter of attainment of age 22. The closing date may be either (1) the 1st day of the year the individual died or became entitled to benefits or (2) the 1st day of the year in which he was fully insured and attained retirement age, whichever results in a higher benefit. Applicable starting and closing dates are those which yield the highest benefit amount. The minimum divisor is 18 months. Generally, persons who first qualify for benefits after August 1954, can "drop out" up to 4 years of lowest or no earnings; and those with at least 20 quarters of coverage (ac-	No change, except: Excludes *all months* in any year which are included in a period of disability under the disability "freeze" from the elapsed time in computing the average monthly wage, with the exception of the months in the year when the disability began if their inclusion (with the earnings for such months) would result in a larger benefit. Effective date: Applicable to persons becoming entitled to OASI benefits or applying for disability determinations after date of enactment. Bill: Sec. 106, pp. 22–25. House report, p. 35. Provides that a woman attaining 62 before 1956 who is not eligible for any benefit for any month prior to 1956 under existing law shall be deemed neither to have reached retirement age, nor to have become fully insured before 1956 (or the date of death, if earlier). This provision would not be applicable to any women eligible for benefits prior to 1956. Bill: Sec. 102 (b) (3), pp. 6–7.

IV. BENEFIT AMOUNTS—Continued

Item	Present law	H. R. 7225
	quired at any time) can use an additional year for a total "drop out" of 5 years of lowest or no earnings.	House report, pp. 26–27.
B. Benefit formula	An individual may have his benefit computed under 1 of the 3 following methods provided he meets the conditions therein prescribed. If more than 1 method is applicable, the one yielding the highest benefit amount will be used: (1) 55 percent of the first $110 of average monthly wage plus 20 percent of the next $240, based on average monthly wage after 1950, or after age 22, if later. *Conditions:* (a) 6 quarters of coverage after June 1953, or (b) First eligible for old-age insurance benefits after August 1954, or dies after August 1954 and before eligible for old-age insurance benefits, provided he has 6 quarters of coverage after 1950. (2) 1952 benefit formula with benefit amount increased through conversion table in the law. Conditions: 6 quarters of coverage after 1950. (3) 1939 benefit formula with benefit amount increased through conversion table in the law.	No change.
C. Minimum primary insurance amount.	$30.	No change.
D. Maximum family benefits	The maximum amount payable on a single wage record is the lesser of $200 or 80 percent of the insured person's average monthly wage. The 80-percent limitation, however, cannot reduce total family benefits below the larger of $50 or 1½ times the primary amount.	No change.
E. Dependents' and survivors' benefits.	(Subject to maximum limitations on total family benefits.)	
1. Wife or husband of old-age beneficiary.	½ of primary insurance amount.	No change.
2. Child of living old-age beneficiary.	½ of primary insurance amount.	No change.
3. Widow, widower, former wife divorced, or parent of deceased insured person.	¾ of primary insurance amount except minimum benefit is $30 if individual is sole beneficiary entitled.	No change.
4. Child of deceased insured person.	If only 1 child is entitled, ¾ of primary insurance amount, except minimum is $30 if the child is the sole beneficiary entitled. If more than 1 child entitled, each child gets ½ of primary insurance amount plus an equal share in an additional ¼ of primary insurance amount.	No change.
5. Lump-sum death payment.	3 times the primary insurance amount with a statutory maximum of $255.	No change.

IV. BENEFIT AMOUNTS—Continued

Item	
F. Illustrative monthly benefits based on earnings after 1950.	H. R. 7225 makes no change in the existing benefit structure, other than to add disability benefits. The benefits listed for disabled workers are, therefore, the same as for retired workers, except that no benefits are paid to dependents, as noted below. Similarly, benefits paid through the continuation beyond age 18 of benefits for permanently and totally disabled children are the same as those paid under present law for children under 18. The illustrative column shows the amount which would be paid to a mother and 1 disabled child beyond the age of 18 under H. R. 7225. If there is more than 1 child in the family the amount would increase in line with the increases indicated under "survivors benefits" in present law. Benefit amounts are computed after drop-out of up to 5 years of lowest (or no) earnings.

Present law						Additional benefit categories under H. R. 7225.			
	Old-age benefits		Survivors benefits				Disability insurance		Survivors benefits, widow and 1 disabled child over 18
Average monthly earnings	Worker's monthly benefit	Worker and wife	Widow, widower, child, or parent	Widow and 1 child under 18	Widow and 2 children under 18	Average monthly earnings	Worker's monthly benefit	Worker and wife	
$45	$30.00	$45.00	$30.00	$45.00	$50.20	$45	$30.00	Same as worker's monthly benefit since dependents are not entitled to benefits	$45.00
$100	55.00	82.50	41.30	82.60	82.60	$100	55.00		82.60
$110	60.50	90.80	45.40	90.80	90.90	$110	60.50		90.80
$120	62.50	93.80	46.90	93.80	96.00	$120	62.50		93.80
$130	64.50	96.80	48.40	96.80	104.00	$130	64.50		96.80
$140	66.50	99.80	49.90	99.80	112.00	$140	66.50		99.80
$150	68.50	102.80	51.40	102.80	120.00	$150	68.50		102.80
$160	70.50	105.80	52.90	105.80	128.00	$160	70.50		105.80
$170	72.50	108.80	54.40	108.80	136.00	$170	72.50		108.80
$180	74.50	111.80	55.90	111.80	144.00	$180	74.50		111.80
$190	76.50	114.80	57.40	114.80	152.00	$190	76.50		114.80
$200	78.50	117.80	58.90	117.80	157.10	$200	78.50		117.80
$210	80.50	120.80	60.40	120.80	161.20	$210	80.50		120.80
$220	82.50	123.80	61.90	123.80	165.10	$220	82.50		123.80
$230	84.50	126.80	63.40	126.80	169.20	$230	84.50		126.80
$240	86.50	129.80	64.90	129.80	173.10	$240	86.50		129.80
$250	88.50	132.80	66.40	132.80	177.20	$250	88.50		132.80
$260	90.50	135.80	67.90	135.80	181.10	$260	90.50		135.80
$270	92.50	138.80	69.40	138.80	185.20	$270	92.50		138.80
$280	94.50	141.80	70.90	141.80	189.10	$280	94.50		141.80
$290	96.50	144.80	72.40	144.80	193.20	$290	96.50		144.80
$300	98.50	147.80	73.90	147.80	197.10	$300	98.50		147.80
$310	100.50	150.80	75.40	150.80	200.00	$310	100.50		150.80
$320	102.50	153.80	76.90	153.80	200.00	$320	102.50		153.80
$330	104.50	156.80	78.40	156.80	200.00	$330	104.50		156.80
$340	106.50	159.80	79.90	159.80	200.00	$340	106.50		159.80
$350	108.50	162.80	81.40	162.80	200.00	$350	108.50		162.80

V. CREDITABLE EARNINGS

Item	Present law	H. R. 7225
	All remuneration for services in covered work is covered except—	
	1. Earnings in excess of $4,200 (after Jan. 1, 1955).	1. No change.
	2. Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness or accident disability, etc.	2. No change.
	3. Sick pay under certain circumstances.	3. No change.
	4. Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law.	4. No change.

VI. INSURED STATUS

Item	Present law	H. R. 7225
A. Fully insured	1 quarter of coverage (acquired at any time after 1936) for every 2 calendar quarters elapsing after 1950 (or after quarter in which age 21 was attained, if later) and before quarter of death or attainment of age 65, whichever first occurs, or All quarters after 1954 and before July 1956 or, if later (*a*) the quarter of death or (*b*) the attainment of age 65, whichever occurs first. Persons who died before Sept. 1, 1950, and after 1939 with at least 6 quarters of coverage are considered fully insured for purposes of survivors' benefits (other than for widower or former wife divorced). Fully insured status qualifies for old-age, dependents, and survivors' benefits; both fully and currently insured status required for dependent husband's and dependent widowers' benefits.	No change. See sec. II for insured status requirements for preservation of benefit rights of permanently and totally disabled.
B. Currently insured	6 quarters of coverage within 13 quarters ending with quarter of death or entitlement to old-age insurance benefits. Currently insured status qualifies for child's, widowed mother's, and lump-sum benefits.	No change.
C. Quarter of coverage defined	Quarter in which individual received at least $50 in wages or was credited with at least $100 in self-employment income.	No change.
	Each quarter in any calendar year in which wages are $4,200 or more, and each quarter in a taxable year in which combined wages and self-employment income equal at least $4,200.	No change.
	In the case of income computed on an annual basis (self-employed persons and agricultural workers) 4 quarters of coverage are credited for a minimum of $400; 3 quarters for income of $300 to $399.99; 2 quarters for income of $200 to $299.99 and 1 quarter for $100 to $199.99 for a year.	No change.

VII. RETIREMENT TEST

Item	Present law	H. R. 7225
	Applies to covered as well as noncovered work.	No change.
	Annual test of earnings under which 1 month's benefit is withheld from the beneficiary under age 72 (and from any dependent drawing on his record) for each unit of $80 (or fraction thereof) by which annual earnings from covered or noncovered employment and self-employment exceed $1,200. However, benefits not withheld for any month during which the individual neither rendered services for wages in excess of $80 nor rendered substantial services in a trade or business. Where the taxable year is less than 12 months, the basic exempt amount is reduced in proportion to the number of months in the taxable year. Beneficiaries required to file annual reports of earnings in excess of $1,200, or the proportionate amount for taxable years of less than 12 months. Penalties imposed for failure to file timely reports of earnings, unless the failure to file on time was for "good cause." Estimates of earnings (and other information) may be requested from the beneficiary during the course of the year. Temporary suspensions of benefits, may be made during the course of a year until it is determined whether deductions apply.	No change.
	Test for noncovered work outside the United States. Deductions made from the benefits for any month in which a beneficiary under age 72 engages in a noncovered remunerative activity (whether employment or self-employment) outside the United States on 7 or more calendar days. If deductions are made for any month for this reason, deductions also made from the benefits of any dependent drawing benefits on the basis of the individual's wage record.	No change.
	Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.	No change.

VIII. FINANCING

Item	Present law	H. R. 7225
A. Maximum taxable amount	$4,200 a year.	No change.
B. Tax rates	1954–59: Employee 2%, Employer 2%, Self-employed 3% 1960–64: 2½, 2½, 3¾ 1965–69: 3, 3, 4½ 1970–74: 3½, 3½, 5¼ 1975 and thereafter: 4, 4, 6	1956–59: Employee 2½%, Employer 2½%, Self-employed 3¾% 1960–64: 3, 3, 4½ 1965–69: 3½, 3½, 5¼ 1970–74: 4, 4, 6 1975 and thereafter: 4½, 4½, 6¾ Bill: Sec. 202, pp. 33–37. House report, pp. 3, 41.
C. Review of status of trust fund.	Among the duties of the Board of Trustees of the OASI trust fund (Secretary of the Treasury, managing trustee, and the Secretaries of Labor and Health, Education, and Welfare, all ex officio with the Commissioner of Social Security as secretary) is the requirement that it must report to Congress in March of each year on the operation and status of the fund during the preceding fiscal year, and its expected operation and status during the next 5 fiscal years. The Board must also report immediately to Congress whenever it is of the opinion that the trust fund will exceed 3 times the highest annual expenditures anticipated, or if the amount in the fund is unduly small. The annual report must include estimates of present and future expenditures and income and a statement of the actuarial status of the fund.	No change, but also: Provides for the periodic establishment of an Advisory Council on Social Security Financing whose function will be to review the status of the OASI trust fund in relation to the long-term commitments of the program. The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the OASI tax rate, to the Board of Trustees of the OASI trust fund before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1, 1959, in its annual report. Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary not earlier than 3 years nor later than 2 years prior to Jan. 1 of the years in which the OASI tax rates are scheduled to be increased. These advisory councils will report to the Board on Jan. 1 of the year before the tax increase will occur and the Board will report to Congress not later than Mar. 1 of the same year. Bill: Sec. 107, pp. 25–27. House report, pp. 10–11, 35–36.

VIII. FINANCING—Continued

Item	
D. Estimated increase in costs	Estimated increases in cost of bill over present law, by type of change,[1] intermediate-cost estimate, high-employment assumptions. (House Report, p. 22, table 5.)

Calendar year	Amount (in millions)		In percent of payroll [2]	
	Reducing retirement age for women to age 62	Monthly disability benefits after age 50	Reducing retirement age for women to age 62	Monthly disability benefits after age 50
1956	$389	$200	0.23	0.11
1957	455	278	.26	.16
1958	519	355	.30	.20
1959	584	433	.33	.25
1960	650	511	.36	.29
1970	1,006	742	.50	.37
1980	1,292	859	.59	.39
1990	1,399	888	.59	.37
2000	1,362	1,012	.53	.39
2020	1,840	1,044	.64	.36
Level premium [3]	----------	----------	.56	.37

[1] Not shown here are the relatively small increases in cost for continuation of child's benefits beyond age 18 when disabled (about $2 to $3 million a year, after the first few years of operation) or the additional benefit payments arising under present provisions in respect to the extended coverage under the bill.

[2] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

[3] Based on 2.4-percent interest. Level-premium contribution rate for benefit payments after 1955 and into perpetuity, not taking into account (*a*) existing trust fund, and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

GPO 861-630

Calendar No. 2156

84TH CONGRESS, 2d Session | SENATE | REPORT No. 2133

SOCIAL SECURITY AMENDMENTS OF 1956

JUNE 5 (legislative day, JUNE 4), 1956.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

together with

MINORITY AND INDIVIDUAL VIEWS

[To accompany H. R. 7225]

The Committee on Finance, to whom was referred the bill (H. R. 7225) to amend the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, having considered the bill, report favorably thereon with amendments and recommend that the bill as amended do pass.

I. PURPOSE AND SCOPE OF THE BILL

The old-age and survivors insurance program is designed to provide partial protection against loss of earned income upon the retirement or death of the worker. Nine out of ten American workers can look forward to old-age and survivors insurance benefits for themselves and their families in their old age. Nine out of ten of the mothers and children of the Nation are assured of receiving survivor benefits if the family earner should die. The financing of the system is on a sound basis. Your committee recognizes, however, the responsibility for making improvements, as the need arises.

The following changes would be made under the committee bill:

(1) Further extension of the coverage of the program

Your committee has consistently held the view that the coverage of the program should be as nearly universal as is practicable. Coverage would be extended by the committee's bill to additional groups,

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primarily certain professional self-employed persons. Modifications would be made in the coverage requirements for farmers and farm workers to take into account the practical problems that have arisen since they were brought into the program by the 1954 amendments. Changes would be made in the provisions on insured status and benefit computations to give the newly covered groups equitable treatment as compared with those brought in earlier.

(2) *Widows' benefits beginning at age 62 rather than 65*

Most women who are widowed in their 50's or early 60's have been homemakers or have not been members of the paid labor force in recent years. Because of their age and lack of work experience, they have very little chance of employment.

(3) *Benefits for disabled children*

The bill includes provision for payment of disabled child's benefits to the dependent disabled child of a deceased or retired insured worker if the child is permanently and totally disabled and has been so disabled since before he reached age 18. Such children are as dependent on their parents after attaining age 18 as before and therefore the committee believes it is important to fill this gap in the program by providing benefits for disabled children. Your committee does not believe that the serious difficulties involved in providing cash disability benefits for disabled workers, which are discussed below, apply to the provision of benefits for children disabled prior to page 18. Determination of disability generally would not be difficult because of the few cases involved. Most of the cases would be the result of congenital conditions or conditions existing since early childhood, including mental deficiency.

(4) *Provision related to the financing of old-age and survivors insurance*

The financial soundness of a program as important to the economic security of the families of the Nation as old-age and survivors insurance must be carefully guarded. Your committee is recommending the establishment before each scheduled tax increase of an Advisory Council consisting of the Commissioner of Social Security, as chairman, and 12 representatives of workers, employers and the public to review the status of the old-age and survivors insurance trust fund in relation to the long-term commitments of the program and to report its recommendations. We are recommending also a change in the provision regarding the interest rate paid on special obligations issued to the trust fund.

(5) *Provision for suspending benefit payments to aliens outside of the United States unless they are nationals of a country that would make payments to citizens of the United States after they had left the foreign country to reside elsewhere*

The committee is concerned by the fact that some aliens have come to this country, served in covered employment for a short period, and have then returned to their native countries to live off their old-age and survivors benefits for the rest of their lives.

The bill would suspend the payments to any person not a citizen or national of the United States who becomes entitled to benefits after June 1956 if such a person remains out of the county for 3 full and consecutive months. The payments would be resumed if such a persons returns and remains in this country. However, in the interest

of fairness and comity the committee thought it desirable to continue the payment of benefits to a citizen of a foreign country if that foreign country has a social insurance or pension system which permits payments to United States citizens in the event they leave such foreign country.

6. Minor improvements in the law designed to facilitate administration or remedy anomalous treatment in certain cases

The committee does not believe that the following proposals, which were included in the House-approved bill but are not in the committee bill, are necessary or desirable:

1. *Provision for lowering minimum eligibility age for wives and women workers.*—Lowering the eligibility age for women workers would have the undesirable effect of encouraging employers to lower their maximum hiring ages and compulsory retirement ages for women. Lowering the eligibility age for wives would be costly and there is not as great a need as in the case of widows, since the family has income from the husband's benefit.

2. *Provision of cash disability benefits for permanently and totally disabled persons at age 50.*—Your committee recognizes that prolonged and severe disability is a serious problem to the worker, his family, and the community. As the testimony before the committee has shown, however, there are important differences of opinion as to how the problem can best be met. Your committee has concluded, on the basis of the preponderance of the evidence submitted at the public hearings, that the adoption of a provision for paying cash disability benefits to insured workers under the old-age and survivors insurance program would not be desirable. Under the system now, cash payments are made only upon death or retirement. These conditions are easy to determine. Under the disability proposal, however, the primary condition for payment would be, in the terms of the bill, inability—

> to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration.

These conditions for payment are much more difficult to determine. Monthly disability benefits have a completely different nature as compared with the present provisions for old-age benefits and survivor benefits. Lack of objectivity in determination of disability makes it both easier for the claimant to maintain, and harder for the administration to deny, the presence of qualifying disability. In many instances, physical disability does not necessarily produce economic disability, although this would in many cases be the tendency if monthly benefits were available.

In reaching this conclusion your committee has taken into account the significant progress that has already been made in meeting the needs of disabled workers. In 1950, when the question of disability benefits came before this committee, the committee rejected the proposal for paying cash disability benefits under the old-age and survivors insurance system. This position was sustained by the Senate. In conference with the House, a fourth category of assistance grants to States was approved—aid to the permanently and totally disabled.

Since 1950, 42 States have begun operations under this program some of them only recently. About 244,000 needy disabled person are now receiving monthly assistance payments, which total abou $165 million annually. Further, many other disabled persons o their children who are in need—over a half million of them—are re ceiving assistance payments under other federally aided programs o aid to the blind and aid to dependent children. Disabled individual are also aided under State and local general assistance programs. I most of the States, therefore, provisions already have been made t meet the basic needs of those who cannot support themselves becaus of extended and serious disability.

Significant strides have been made, too, in the Federal-State pro gram of vocational rehabilitation under the impetus of the 195 amendments, which greatly expanded the program. Many witnesse who appeared before your committee expressed the belief that pay ment of cash disability benefits would in some cases, discourag rehabilitation.

The 1954 amendments to the Social Security Act included in th law the so-called disability "freeze," which protects the old-age an survivors insurance rights of workers during periods of total disability The freeze provisions will be helpful to many disabled persons i protecting rights to old-age and survivors insurance benefits, in pro viding higher retirement and survivor benefits, and in bringing mor individuals promptly to the attention of State rehabilitation agencies

More time is needed to develop more fully all of the existing pro grams for the disabled and to evaluate their results. In particular it would be desirable to have more experience with the disability freeze

Your committee has been impressed by the testimony of the man medical experts who have testified that many problems would b encountered in evaluating physical and mental impairments for pur poses of determining eligibility for disability benefits.

Difficulties in determining elibigility, and other factors, lead t uncertainty as to the future costs of a cash disability program. Cos estimates in the field of disability benefits, as pointed out by the Chie Actuary of the Social Security Administration, are subject to a wide range of variation than are estimates for other types of benefits The basic cost estimates which have been presented to the committe were based on high employment conditions; under low employmen conditions, the cost would be significantly higher. The old-age an survivors insurance system is on a sound financial basis; your com mittee strongly believes that it must be kept so and should not b altered by adding a benefit feature that could involve substantiall higher costs than can be estimated.

In view of all these considerations your committee has decide against including provisions for cash benefits to disabled workers

3. *Provision for increasing the contribution rates in the old-age an survivors insurance program.*—The improvements proposed in th committee-approved bill can be financed within the framework of th present tax schedule, under which contribution rates will be raise periodically until 1975, when they reach 4 percent on employee an employer and 6 percent on the self-employed.

Had the provisions of the House bill for payment of benefits t disabled workers at age 50 and to all insured women at age 62 bee added to the committee bill, the contribution rates would have ha

to be increased to 2½ percent on employee and employer and to 3¾ percent on the self-employed beginning in January 1957. Such an increase would have required the taxpayers under the system to pay an additional $1.7 billion in each of the next 3 years or a total of approximately $5.1 billion in excess of the taxes prescribed in present law. Moreover under the House bill the tax rates would be raised periodically until 1975 when rates of 4½ percent on employee and employer and 6¾ percent on self-employed would be imposed.

Your committee believes it would be unwise to burden the millions of covered workers with increased social security taxes at this time, as would be required under the House-approved bill. Substantial tax increases were made as recently as January 1, 1954, when the rate was increased, and January 1, 1955, when the taxable wage base was raised to $4,200. It seems much wiser to confine improvements in the program to those that can be absorbed within the present tax schedule.

II. Child's Insurance Benefits For Children Who Are Disabled Before Attaining Age 18

Under present law child's benefits are not paid to a child who has attained age 18. Your committee's bill would provide for the payment of benefits after age 18 to the dependent child of a retired or deceased worker if the child has been permanently and totally disabled since before age 18. The mother of the child would also be eligible for benefits under this provision so long as she continued to have the child in her care.

Your committee recognizes the situation faced by people who have the care of a child who because of a mental deficiency never grows up, or who because of a physical impairment requires constant care throughout his life. The suffering of these parents is the more acute because they are constantly concerned about what will happen to the child when the usual family income is cut off by the death or retirement of the wage earner. Under present law, when the father qualifies for monthly benefits upon retirement at age 65 or later, his child can get a benefit equal to one-half of the father's benefit provided the child is under age 18. The mother also gets a benefit. Benefits are also payable to the mother and young child when the father dies. In either case, however, benefits which the present law provides for a child stop when he reaches 18, regardless of whether the child continues to be dependent because of mental or physical incapacity. And a child who is over 18 when his father retires or dies cannot get benefits at all.

The House-approved bill would meet the first situation, where the disabled child is under 18 when the father dies or becomes entitled to retirement benefits. In this situation, the child would continue to receive his benefits after reaching 18 if he was still disabled. The mother caring for him would also continue to receive benefits. But this provision of the House bill would not meet the second situation where the disabled child is over 18 when the father dies or becomes entitled to retirement benefits. Your committee's bill would provide benefits for a child who has been totally and permanently disabled before attaining age 18, if the child is totally and permanently disabled and dependent upon the parent at the time the parent dies or becomes

entitled to retirement benefits. To be considered disabled the child would have to be unable to engage in any substantial gainful activity by reason of a severe mental or physical impairment that is expected to continue indefinitely.

As in the case of a child under 18 years of age, monthly benefits would also be payable to the mother of a disabled child entitled to child's benefits as long as he is in her care.

Your committee does not believe that the difficulties that would be encountered in providing cash disability benefits for disabled workers, and that led the committee to delete from its bill the House-approved provisions for such benefits, would be encountered to the same extent in providing benefits for disabled children. The two provisions are very different in their implications and their results. In the first place, there are very few cases involved in the provision for disabled child's benefits. Second, the task of determining the existence of a mental or physical impairment of the required degree of severity and permanence would not be difficult because most cases would be those of children congenitally disabled, or disabled in early childhood. In such cases school and other records showing the history of the case and evidencing the degree and duration of the disability will be available, and the lack of a work record will also be substantiating evidence of the child's disability and dependence on the insured worker. Thus, even in cases where the child is, say, 40 years old at the time of application for benefits, the difficulty involved in determining that he was totally disabled before age 18 and has remained so will not be substantial.

If another Federal disability benefit or workmen's compensation benefit is payable to the disabled child, and if that benefit is larger the child's insurance benefit would not be paid. If the child's insurance benefit is larger than the other disability or workmen's compensation benefit the child's insurance benefit would be reduced by the amount of the other benefit. The bill also provides that the benefits would not be paid to any child who, without good cause, refuses vocational rehabilitation services offered to him. A child who accepts vocational rehabilitation services and takes a job while receiving such services would have 12 months to test his earning capacity without suffering loss of benefits.

It is estimated that about 20,000 children would be added to the benefit rolls in the first year under the provisions of your committee's bill. Annually, about 2,500 disabled children would be either currently attaining age 18 and continued on the benefit rolls or added to the rolls at age 18 or over when the insured person died or became entitled to old-age insurance benefits.

III. Extension of Old-Age and Survivors Insurance Coverage

A. GENERAL

The bill would extend coverage to several groups that are excluded under present law. Coverage would be provided for most of the self-employed professional groups that are now excluded, for additional State and local government employees, and for additional Americans (including certain ministers) employed outside the United States. In addition, the bill makes old-age and survivors insurance coverage

available to more farmers: It provides that certain income derived by a farm owner or tenant that is now treated as excluded rental income shall be covered earnings if the owner or tenant, by agreement with the individual operating the farm, materially participates in the farm production; the present optional method which certain farm operators reporting their income on a cash basis may use to compute their income for social security purposes is modified, and is made available to farm operators reporting their income on an accrual basis and to members of farm partnerships. The bill also revises the basic coverage requirement for farm workers and in some instances extends coverage to farm workers not covered under present law.

B. SPECIFIC COVERAGE GROUPS ADDED

(1) Self-employed professional people

The bill would extend coverage to about 200,000 people who during the course of a year are self-employed in the practice of certain professions. The groups to whom coverage would be extended by your committee's bill are lawyers, dentists, chiropractors, veterinarians, naturopaths, and optometrists. The present exclusion of self-employed physicians (doctors of medicine) and osteopaths (doctors of osteopathy) would be continued. (The bill approved by the House would have covered osteopaths in addition to the self-employed professional groups newly covered by your committee's bill.) Anyone in one of the newly included professions who has net earnings of $400 or more from self-employment would be covered for taxable years that end after 1955. Coverage would be on the same basis as that provided for the self-employed people who are covered under present law.

Your committee has received numerous requests for coverage from members of the professions included in the bill. Results of polls conducted by organizations representing these professions and by members of the Congress have been predominantly in favor of coverage. Your committee is convinced that a majority of the members of these groups wish to be included in the system and believes that coverage should be extended to them.

(2) Farm self-employment

Status of share farmers.—Both the House and the Committee-approved bills clarify the status under old-age and survivors insurance of individuals who operate farms under share-farming arrangements made with the owners or tenants of these farms. (Such farmers may be known locally by a variety of names such as "sharecroppers," "renters," "croppers," "tenants," and "lessees," or by other designations.) In specifying that these individuals are self-employed and not employees for purposes of old-age and survivors insurance coverage, the bill gives statutory recognition to the interpretation being followed in administering the present law.

Your committee believes that this statutory recognition is necessary to dispel doubt as to the intent of the Congress since persons who operate farms under a share-farming arrangement with the owner or tenant have some characteristics of employees and some characteristics of self-employed persons. For example, in some instances the landowner may direct the share farmer to nearly the same extent, on an overall basis, as he does individuals who clearly are employees.

On the other hand, share farmers participate directly in the risk of farming; their return from the undertaking is dependent upon the amount of the crop or livestock produced. The provisions of the bill would remove any doubt as to whether the services performed by the share farmer are rendered as an employee or as a self-employed person by statutorily defining such services to be self-employment. This definition is believed to be consistent with the actual relationships existing under share-farming arrangements in the majority of cases.

Landowners participating in production.—Under both the committee-approved bill and the House bill, the present exclusion from self-employment earnings of rentals from real estate would not apply to income derived by an owner or tenant of a farm from its operation by another individual if there is material participation by the owner or tenant in the farm production under an arrangement which provides for such participation. The bill thus would extend coverage under old-age and survivors insurance to certain farmers who, though not covered under the present law, have income from work and therefore are exposed to the type of income loss against which the program is designed to afford protection.

Under this amendment it is contemplated that the owner or tenant of land used in connection with the production of agricultural or horticultural commodities must participate to a material degree in the management decisions or physical work relating to such activities in order for the income derived therefrom to be classified as net earnings from self-employment.

Computation of self-employment income from agriculture.—Under present law, individual farmers who report their income on a cash basis have the following option in reporting their net earnings from agricultural self-employment for credit under old-age and survivors insurance: (*a*) If annual gross farm income is between $800 and $1,800, inclusive, either net earnings or 50 percent of gross income may be reported; (*b*) if gross income is more than $1,800 and net earnings are less than $900 either net earnings or $900 may be reported. If gross income is more than $1,800 and net earnings are $900 or more, net earnings must be reported. The optional method of reporting farm income is designed to make it unnecessary for a small farmer with low gross income to keep records that he does not ordinarily keep. It also enables both large and small farmers to maintain their old-age and survivors insurance protection during years when they have gross income of $400 or more regardless of whether they have any net earnings.

Your committee found that the option required revision so that more low-income farmers could secure protection under old-age and survivors insurance. Farmers whose annual gross farm income is less than $800 and whose net earnings are less than $400 a year cannot be covered under present law. The bill approved by your committee would permit those farmers with gross income of $400 or more to be covered. The bill would also enable farmers who have little, if any, net earnings to report their gross farm income up to $1,200 a year and thus to maintain their social-security protection at a higher level than that permitted by the option included in the present law.

Under present law the option can be used only by individuals who report their income on a cash receipts and disbursements basis; mem-

bers of a farm partnership and individual farmers who compute their income for tax purposes on an accural basis must report their actual net earnings. This has created inequities because members of farm partnerships and accrual-basis farmers are, in the same way as other farmers, subject to hazards that are peculiar to farming—hazards that make farm income subject to sharp fluctuations and result in years of low net income or net loss. Such farmers need the same opportunity as other farmers to maintain their protection under old-age and survivors insurance during bad years.

The bill would permit farmers the following option in reporting their earnings from agricultural self-employment for old-age and survivors insurance purposes: (*a*) If annual gross income from agricultural self-employment is between $400 and $1,200 inclusive, either net earnings or gross income may be reported; (*b*) if gross income from agricultural self-employment is over $1,200 and net earnings are less than $1,200 either net earnings or $1,200 may be reported. If net earnings are $1,200 or more, net earnings must be reported. The option would be available to members of farm partnerships and to individual farmers regardless of whether income is reported on an accrual or a cash basis.

The following table summarizes the effect of the provisions of the bill for optional reporting for self-employed farm operators as compared with those of present law:

Gross income from agricultural self-employment	Net earnings from agricultural self-employment	Earnings reportable for social security		
		Standard method	Option under present law	Option under committee bill
Under $400	Under $400	None	None	None.[1]
$400 to $799	Under $400	None	None	Gross income.
$400 to $799	$400 to $799	Net earnings	None	Gross income.
$800 to $1,200	Under $400	None	50 percent of gross income	Gross income.
$800 to $1,200	$400 to $1,200	Net earnings	50 percent of gross income	Gross income.
$1,201 to $1,800	Under $400	None	50 percent of gross income	$1,200.
$1,201 to $1,800	$400 to $1,199	Net earnings	50 percent of gross income	$1,200.
$1,201 to $1,800	$1,200 to $1,800	Net earnings	50 percent of gross income	(2).
More than $1,800	Under $400	None	$900	$1,200.
More than $1,800	$400 to $899	Net earnings	$900	$1,200.
More than $1,800	$900 to $1,199	Net earnings	(2)	$1,200.
More than $1,800	$1,200 and over	Net earnings	(2)	(2).

[1] The option may be used if farm operator has gross income from farming of less than $400 and has self-employment income from other covered activities which when added to gross income from farming equals $400 or more.
[2] Option cannot be used.

(3) *Certain employees of State and local governments who are under retirement systems*

Under present law, employees of State and local governments may be covered under the old-age and survivors insurance system through voluntary agreements between the States and the Department of Health, Education, and Welfare. Employees whose positions are under a State or local retirement system (except policemen and firemen) may be included in an agreement after a favorable referendum among the members of the system.

The committee-approved bill includes special provisions related to certain employees who are under State or local retirement systems in several States.

One of these provisions would, for several States, make a change in the requirement in present law under which all members of a retire-

ment system (with minor exceptions) must be treated as a single group for purposes of coverage. The present requirement is that all members of a retirement system coverage group must be covered if any are covered. In operation, this requirement has imposed an undesirable limitation upon the ability of the States to afford employees the combined protection of the basic Federal system and a State or local system. In some States no reduction in the protection afforded by an existing State or local retirement system can be made unless the employee specifically consents. As a result, if old-age and survivors insurance is to be extended to the retirement system members, it must be added on top of their existing protection in order to satisfy those members who prefer to retain the full protection of their existing system. In some cases the employees or the employing governmental unit may be unwilling or unable to pay the combined contributions that would be required under such an arrangement. The bill would provide that the State, at its option, may cover under old-age and survivors insurance only those persons now members of a retirement system who wish to be covered, provided that all new employees are covered compulsorily under old-age and survivors insurance. The provision would apply to the States of Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and to the Territory of Hawaii.

In some States the requirements that all members of a retirement system be covered as a group has prevented certain State employees from obtaining old-age and survivors insurance coverage because funds are not available to pay the employer's old-age and survivors insurance contribution on behalf of other State employees in the retirement system. Where State employees are compensated in whole or in part from Federal funds under title III of the Social Security Act (grants to States for unemployment compensation administration) Federal funds are available to pay the employer's contribution under old-age and survivors insurance. If the Federal old-age and survivors insurance law permitted, these employees could be covered immediately without waiting for action to provide the necessary funds for the employer's contribution on behalf of other State employees. The committee bill includes a provision which in certain States would permit these employees, either as a separate group or in a group with other members of the department in which they are employed, to hold a separate referendum and, if the referendum is favorable, to be covered by old-age and survivors insurance as if there were no other employees in the State retirement system. The provision would apply to the States of Georgia, North Dakota, Pennsylvania, and Washington and to the Territory of Hawaii.

Certain nonprofessional school district employees.—Before old-age and survivors insurance became available to State and local government employees, several States included nonprofessional school employees, such as clerks and janitors, under their teachers' retirement systems. These systems, having been designed for employees who make a career of educational work, generally are not well suited to employees who move back and forth between school employment and other types of employment. The bill would permit certain States to cover nonprofessional school employees who are under a teachers' retirement system without a referendum and without covering the professional employees who are in the system, provided

the action is taken prior to July 1, 1957. This provision would apply to the States of Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, and Washington, and to the Territory of Hawaii.

Policemen and firemen in the States of North Carolina, South Carolina, and South Dakota.—The Social Security Amendments of 1954, which made old-age and survivors insurance coverage available to most employees under retirement systems, continued the exclusion of policemen and firemen at the request of policemen's and firemen's organizations. Your committee has been requested to remove the bar to coverage of policemen and firemen employed in the States of North Carolina, South Carolina, and South Dakota. Accordingly, your committee has added to the House bill a provision making coverage available to policemen and firemen in these States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.

(*4*) *Agricultural labor*

Modifications in coverage test.—Under the present law, an agricultural worker is covered by old-age and survivors insurance for his work for an employer in a calendar year if he is paid $100 or more in cash wages by that employer during the course of the calendar year. The bill would, generally speaking, increase to $200 the amount of cash wages that an agricultural worker must be paid by an employer in a calendar year in order for his services to be covered. However, farmworkers who perform agricultural services for an employer on 30 or more days during a calendar year for cash pay at a rate which is based on some unit of time such as an hour, a day, or a week, would be covered regardless of the amount of their cash wages. Piece-rate workers would be covered only if they are paid at least $200 in cash wages by one employer.

The bill would, in effect, provide old-age and survivors insurance coverage only for farmworkers who work a considerable period for an employer, thus easing the social security recordkeeping and reporting responsibilities of many farm employers who employ short-term seasonal workers. While the bill would execude from coverage some workers who would be covered if the present $100-cash-wage test were retained, it would extend coverage to a group of farmworkers for whom old-age and survivors insurance coverage is especially desirable. The group not covered under present law who would not be covered is composed primarily of workers who, though not paid as much as $100 in cash wages by any one employer in a year customarily are in the labor force; many of them, especially those who receive a large part of their pay in the form of board, or board and room, work for 1 employer longer than the required 30 days and are regarded as regular employees. On the other hand, many of the workers who would be excluded from coverage by the bill are persons not normally in the labor force, such as children and housewives.

Crew leaders deemed employers of crew workers.—The bill provides that if a "crew leader," as defined in the bill, furnishes workers to perform agricultural labor for another person the workers would be the crew leader's employees, and that the "crew leader" would be

self-employed. The term "crew leader" means a person who furnishes individuals to perform agricultural labor for another person, pays such individuals for their work, and is not designated, by written agreement with the person for whom the agricultural labor is performed, as an employee of such person.

Many farmers throughout the United States, particularly growers of cotton, fruits, and vegetables, require a sizable labor force for a short period, especially during the harvest of their crops. Frequently they obtain the workers through persons known as "crew leaders" (or known by other designations such as "labor contractors" and "row bosses") who recruit crews of workers and transport them to the farms. The identity of the employer of such crews of agricultural workers (as between the crew leader and the farm operator) must be determined, under present law, by examining the employment relationship in the light of the common-law control test. It is often difficult for the crew leader and the farm operator to make this determination. Moreover, if it is determined that the farm operator is the employer, he may have difficulty in obtaining the necessary information about each individual worker in the crew for social-security purposes. Your committee believes that deeming the crew leader to be the employer of the individuals he recruits and pays would simplify the reporting of workers for social-security purposes, and would also be to the advantage of many of the farm workers who customarily work as members of a crew. Since they generally work for the same crew leader longer than for a single farm operator, they will have a better chance of having their farm work covered by old-age and survivors insurance. Also, a larger proportion of their farm wages will be covered if the crew leader is the employer.

The number of additional farm workers who could be covered under old-age and survivors insurance by the two provisions just described (the 30-day test and the provision under which certain crew leaders would be the employers of agricultural workers) would tend to offset the number of farm workers who would be excluded from coverage by the provision that substitutes a $200-cash-wage test for the present $100-cash-wage test. At the same time, the bill would ease the social security recordkeeping and reporting job of many farm employers.

Temporary foreign agricultural workers.—Your committee has previously recognized the undesirability of covering foreign agricultural workers who serve only temporarily in the United States, and the present law excludes service performed by foreign agricultural workers from Mexico hired under contracts made in accordance with title V of the Agricultural Act of 1949, as amended, and service performed by foreign workers lawfully admitted from the British West Indies on a temporary basis to do agricultural labor. Your committee bill would broaden the present exclusion so that it would apply uniformly to service performed by foreign workers admitted on a temporary basis from any foreign country to perform agricultural labor.

Turpentine workers.—The House bill would extend coverage to an estimated 20,000 workers engaged in the production of turpentine and gum naval stores. This provision was deleted by your committee. Under the committee bill, services in the production of gum naval stores would continue to be excluded from coverage.

(5) *United States citizens employed outside the United States by foreign subsidiaries of American employers*

Under present law United States citizens working outside the United States for foreign subsidiaries of American corporations may be covered under old-age and survivors insurance by means of voluntary agreements between the parent corporation and the United States Government. Coverage is available only to American citizens who are employed either by a foreign subsidiary in which the American corporation holds more than 50 percent of the voting stock, or by another foreign corporation in which such subsidiary holds more than 50 percent of the voting stock. Under an amendment added to the bill by your committee, the present provision would be broadened to make coverage available to American citizens employed by a foreign company in which the American corporation holds 20 percent or more of the voting stock.

Under the amendment, as under present law, if any of the American citizen employees of a foreign company are covered under an agreement all of them must be covered. This requirement is intended to prevent adverse selection. Your committee believes, however, that it may be unduly restrictive in its effect on the coverage of American citizens employed abroad. Accordingly, we have asked the Department of Health, Education, and Welfare and the Treasury Department to study the operation and effect of this requirement with a view toward recommending changes that would make coverage feasible for additional United States citizen employees of foreign subsidiaries of American employers.

(6) *Ministers*

The social-security amendments of 1954 made old-age and survivors insurance coverage available to ministers generally (and members of religious orders). This coverage was provided by permitting the minister to file a certificate indicating his desire to be covered as a self-employed person, regardless of whether he is self-employed or working as an employee. Special provisions were included to permit ministers who are United States citizens working abroad for American employers to pay self-employment contributions and receive credit for their wages and salaries under old-age and survivors insurance. Because of the definition of what constitutes an American employer American ministers serving as pastors of churches in foreign countries cannot, in some situations, secure coverage under these provisions even though their congregations are composed predominantly of American citizens. Your committee has added to the bill a provision that would make coverage available to these American ministers beginning with the first taxable year ending after 1954 for which coverage is elected.

(7) *Employees of the Tennessee Valley Authority and the Federal home loan banks*

The House bill would have extended coverage to certain employees of the Tennessee Valley Authority and employees of district Federal Home Loan banks. These provisions were deleted by your committee because the employees are already covered under retirement systems and we feel that social-security coverage should not be extended to them until there is further evidence that the resulting total benefit amounts would not be excessive.

IV. Lowering of Eligibility Age for Widows Insurance Benefits

Under present law the qualifying age for receipt of monthly insurance benefits for all aged beneficiaries is 65. The bill would lower the qualifying age to 62 for widows of insured workers. As a result, about 200,000 additional widows would become eligible for benefits in September 1956. The reduction in the qualifying age for widows means the addition of about $20 billion to the $90 billion now estimated to be the face value of the protection in the form of benefits paid at age 65 and over to widows of insured workers.

Many women widowed in their fifties or early sixties have never worked or have not had recent work experience and find it difficult to secure jobs. Many are left with no financial resources and face the alternatives of being dependent on their children (who are themselves attempting to make ends meet while raising their own families), or of seeking assistance from public or private welfare agencies.

There is no such compelling reason for lowering the eligibility age for wives. An elderly couple has the husband's benefit in the interval between the time when he retires and the time when his wife becomes eligible for a wife's benefit. The couple is thus in a more advantageous position than a widow.

Studies by the Social Security Administration show that in 98 percent of the cases a man's decision on when to retire and apply for benefits is not based on whether his wife is also eligible. All in all, there is no convincing evidence that any real social need for an earlier eligibility age for wife's benefits would justify the greater cost involved.

So far as women workers are concerned, there are indications that lowering the eligibility age for them might prove positively harmful to their welfare. If the eligibility age were lowered for working women, some employers would terminate the employment of their women employees at an earlier age than they do now, and some employers would lower hiring age limits and thus make it more difficult for women in their late fifties to get new employment. If women were retired earlier than at present, there would be a shorter period in which they could build up retirement assets and a longer one over which such assets would have to be spread. And not only would earlier retirement lower the living standards of women workers; it would deprive them of the feeling of pride and usefulness than for many comes only from satisfactory work. Moreover, if women workers were retired earlier, the Nation would be deprived of their contribution to production and the ratio of nonproducers would be increased. Thus it is important both to the individual and to the national economy that job opportunities for older persons be increased rather than reduced.

A reduction in the eligibility age for women workers would be contrary to current trends in lifespan, employment, population, and private pension plans. Women are living longer and working longer today than ever before. On the average, the woman who reaches 65 may now expect to live past 80. And the average length of life for women is 6 years greater than for men. In the past 15 years, the proportion of women aged 60 to 64 who are in the labor force has almost doubled. And while many private pension plans in the past provided a lower retirement age for women than for men, this trend has been reversed; most now provide the same for both men and women. Many public

and private programs are being set up for the purpose of opening up new job opportunities for older workers. Lowering the qualifying age for women workers could make it more difficult for these programs to accomplish their purpose.

The disadvantages of a reduction in the eligibility age for women workers have been recognized by various women's organizations, which have strongly opposed the idea of differential treatment of men and women workers under old-age and survivors insurance.

The cost of providing benefits at age 62 for all women, as in the House-passed bill, is estimated at about $400 million in the first year of operation and $1 billion a year by 1970. The level-premium cost of the program would be increased by 0.56 percent of taxable earnings, as compared with 0.20 percent for widows alone.

Moreover, reduction in the eligibility age for all women would raise sharply the issue of a reduction in the eligibility age for men also. A reduction in the age for men would be even more undesirable than a reduction in the age for women, and would be extremely costly. If the eligibility age were lowered for both men and women, the level-premium increase in cost would be 1.10 percent of taxable earnings.

V. Investment of the Trust Fund

The Social Security Act provides that the managing trustee (the Secretary of the Treasury) shall invest such portion of the old-age and survivors insurance trust fund as is not in his judgment needed to meet current withdrawals. These investments must be made in interest-bearing obligations of the United States or in obligations guaranteed both as to interest and principal by the United States. Your committee believes that this method of investment of the trust fund is sound and should be continued.

Much of the holdings of the trust fund are special obligations issued exclusively to the fund. These special obligations are required by law to bear a rate of interest equal to the average rate borne by all interest-bearing obligations of the United States. This average interest rate, if it is not a multiple of one-eighth of 1 percent, is reduced to the next lower multiple of one-eighth of 1 percent.

Your committee believes that the investments of the trust fund should reflect the essentially long-term nature of the investments. We also believe that public understanding of the financing provision will be enhanced, and criticism based on misunderstanding avoided, if it is made clear that bonds purchased by the trust fund are as much a part of the public debt as any other obligations of the Federal Government. We have therefore referred to the special obligations as "public-debt obligations for purchase by the trust fund." The special obligations would have maturities fixed with due regard for the needs of the fund. The interest rate on these obligations would be equal to the average rate of interest borne by all marketable interest-bearing obligations of the United States not due or callable until after the expiration of 5 years from the date of original issue. The interest rate, if not already a multiple of one-eighth of 1 percent, would be rounded to the nearest multiple of one-eighth of 1 percent.

These changes have been recommended by the Board of Trustees of the trust fund. The exclusion of interest rates on short-term obligations in fixing the rate for public-debt obligations for issue to

the fund would increase the interest income of the fund, on the average, by about seven one-hundredths of 1 percent of taxable payroll, or about $160 million a year (less than this in the immediate future, since the trust fund is now smaller than it is estimated to be eventually).

VI. Advisory Council on Social Security Financing

Advisory Councils on Social Security Financing would be established periodically under the bill to review the status of the old-age and survivors insurance trust fund in relation to the long-term commitments of the program. Each Advisory Council would evaluate the financing provisions of the program before one of the scheduled increases in the tax rates in the light of the dynamic character and growing productive capacity of our economy.

The bill provides that the Secretary of Health, Education, and Welfare would appoint the members of the Advisory Council. The Commissioner of Social Security would serve as Chairman of the Council which would include 12 other persons representing, to the extent possible, employers and employees in equal numbers, and self-employed persons, and the public. Actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare would be received by the Advisory Council. In addition, the Council would be authorized to engage such technical assistance, including actuarial services, as might be necessary. The Council would report its findings and recommendations to the secretary of the Board of Trustees of the Federal old-age and survivors insurance trust fund. The Council then would go out of existence. The Council's report will be included in the trustees' annual report submitted to the Congress.

The first Advisory Council would be appointed after February 1957 and before January 1958. A new Council constituted in the same manner with the same functions, duties, and responsibilities (including the reporting of its findings and recommendations), would be appointed by the Secretary not earlier than 3 years and not later than 2 years before each ensuing scheduled increase in the tax rates, following the increase scheduled for 1960.

VII. Miscellaneous Provisions

Your committee's bill contains provisions that would enable certain employees of nonprofit organizations to secure credit under old-age and survivors insurance for wages on which taxes were paid in good faith (and not refunded) in the belief that the employment was covered, although a valid waiver of tax exemption had not been filed by the organization or, if filed, had not been signed by all the employees for whom wages were reported. The bill provides a 2-year extension of the time period within which an application for a lump-sum death payment may be filed, or within which a dependent widower, husband, or parent may file proof that he was supported by an insured person, where there was good cause for failure to file the necessary application or proof within the original time period. The bill also provides that a widow who lost her benefit rights on her deceased husband's earnings record by remarriage and who is not eligible for benefits on

her second husband's record because he died before the new marriage had lasted a year, would have her rights to widow's benefits on her first husband's record restored. The bill also amends the Railroad Retirement Act so as to preserve the existing relationship between the railroad retirement and old-age and survivors insurance systems. Certain other minor provisions were included in H. R. 7225 to make technical corrections in existing law. These miscellaneous provisions are described in the section-by-section analysis of this report.

VIII. Actuarial Cost Estimates for Old-Age and Survivors Insurance System

A. FINANCING POLICY

The Congress has always carefully considered the actuarial and cost aspects in determining the benefit provisions of the old-age and survivors insurance system at the time of the various amendments to the program. In connection with the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from contributions of covered individuals and employers. Accordingly, at that time the provision permitting appropriations to the system from general revenues of the Treasury was repealed. In the subsequent amendments of 1952 and 1954, this policy was continued. Your committee has always very strongly believed that the system should be actuarially sound. Your committee continues to believe that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen, or in other words, actuarially sound.

The concept of actuarial soundness as it applies to the old-age and survivors insurance system differs considerably from this concept as applicable to private insurance although there are certain points of similarity—especially as this concept applies in connection with private pension plans.

The most important difference is due to the fact that a social-insurance system can be assumed to be perpetual in nature with a continuous flow of new entrants (as a result of its compulsory nature). Accordingly, it may be said that the old-age and survivors insurance program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contribution and interest earnings on the accumulated trust fund will over the long run support the disbursements for benefits and administrative expenses. Quite obviously, future experience may be expected to vary from the actuarial cost estimates made now, but the intent that the system be self-supporting can be expressed in law by utilizing a contribution schedule that according to an intermediate-cost estimate results in the system being in balance, or quite close thereto.

The system's actuarial balance under the 1952 act was estimated at the time of enactment to be virtually the same as in the estimates made at the time the 1950 act was enacted; this was the case because of the rise in earnings levels in the 3 years preceding the enactment of the 1952 act being taken into consideration in those estimates. New cost estimates made after the enactment of the 1952 act indicated that the level-premium cost (i. e. the average long-range cost, based on discounting at interest, relative to payroll) of the benefit disburse-

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ments and administrative expenses were somewhat more than one-half percent of payroll higher than the level-premium equivalent of the schedule taxes (including allowance for interest on the existing trust fund). Under the 1954 act, the increase in the contribution schedule met all of the additional cost of the benefit changes proposed and reduced substantially the "actuarial insufficiency" which the estimates had indicated in regard to the financing of the 1952 act.

Recent operating experience of the program has indicated that earnings level (based on 1955 data) have risen by about 13 percent over those used in the previous acturial estimates (based on 1951–52 levels). Taking this factor into account reduces the "actuarial insufficiency" under the present law to the point where for all practical purposes it may be said to be nonexistent. Accordingly, the system is now in approximate actuarial balance. We believe, however, that our policy should be one of utmost prudence in this area to assure the continuing actuarial soundness of the system.

B. BASIC ASSUMPTIONS FOR COST ESTIMATES

Estimates of the future cost of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the acturial cost estimates may differ widely and yet be reasonable. Benefit payments may be expected to increase continuously for at least the next 50 to 70 years because of factors such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement program, public or private, that has been in operation for only a relatively short period.

The cost estimates for the bill are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors. Both the low-cost and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1955. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low-cost and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading because, for example, a higher earnings level will increase not only the outgo but also, and to a greater extent, the income of the system. The result is that the cost relative to payroll will decrease.

The low-cost and high-cost assumptions relate to the cost as a percentage of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, and so forth.

In general, the cost estimates have been prepared on the basis of the same assumptions (other than as to earnings) and techniques as those contained in the Social Security Administration's Actuarial Study No. 39 (relating to present law) and those contained in the report of the Committee on Ways and Means of the House of Representatives on this bill (H. Rept. No. 1189, 84th Cong., 1st sess.).

One change in assumptions has, however, been made as a result of the revised basis for determining the interest rate on special issues held by the trust fund according to the committee-approved bill, namely, by basing it on the rate on long-term obligations of the United States rather than on all such obligations and by revising the rounding basis so as to round to the nearest one-eighth of 1 percent instead of the lower one-eighth. On the average, this will have the effect of raising the interest-earnings rate of the trust fund by almost one-fourth of 1 percent. Thus, in contrast with the interest rate of 2.4 percent used in the previously mentioned cost estimates, a rate of 2.6 percent is used in these cost estimates.

The cost estimates are extended beyond the year 2000 since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience, and, as a result, there is a dip in the relative proportion of the aged from 1995 to about 2010, which, in itself, would tend to yield low benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050 (actually the relationship between benefits and payroll is virtually constant after about 2020). If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the long-term rise in benefit disbursements.

The estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they rise steadily, paralleling the estimated increase in the population at the working ages. If in the future the earnings level should be considerably above that now prevailing, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present act, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of course, be lower. If benefits are adjusted to keep pace with rising earnings, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, the level-premium cost would be higher, since under such circumstances, the relative importance of the interest receipts of the trust fund would gradually diminish with the passage of time. If earnings do consistently rise and benefits are adjusted accordingly, thorough consideration will need to be given to the financing basis of the system because then the

interest receipts of the trust fund will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

Financial interchange provisions with the railroad retirement system are, under present law, in effect such that the old-age and survivors insurance trust fund is to be placed in the same financial position as if railroad employment had always been covered under the old-age and survivors insurance program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small net gain to the old-age and survivors insurance system, since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the trust fund on the basis, as provided in current law, that all railroad employment will be (and beginning with 1937, has been) covered employment. The balance in the fund thus corresponds exactly to the actual situation arising. But the contribution income and benefit disbursement figures shown are slightly higher (by about 5 percent) than the payments which will actually be made directly to the trust fund by contributors and the payments which will actually be made from the trust fund to the individual beneficiaries. This is the case because the figures here include both the additional contributions which would have been collected if railroad employment had always been covered and the additional benefits that would have been paid under such circumstances. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions.

C. RESULTS OF COST ESTIMATES ON RANGE BASIS

Table 1 presents costs as a percentage of payroll for each of the various types of benefits. The level-premium cost for the benefits provided in the committee-approved bill, on the basis of 2.6 percent interest, ranges from 6.8 to 8.6 percent of payroll.

TABLE 1.—*Estimated benefit payments as percent of taxable payroll [1] for bill, by type of benefit, high-employment assumptions*

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's			
	Actual data [3]								
1951	0.97	0.15	0.13	0.01	0.07	0.23	0.05	.....	1.61
1952	1.06	.16	.15	.01	.07	.25	.05	.....	1.76
1953	1.43	.21	.19	.01	.09	.29	.07	.....	2.28
1954	1.75	.25	.23	.01	.10	.34	.07	.....	2.74
1955	2.07	.30	.25	.01	.10	.36	.07	.....	3.16
	Low-cost estimate								
1960	2.36	0.31	0.63	0.01	0.15	0.40	0.09	0.04	4.00
1970	3.42	.38	1.11	.01	.17	.44	.11	.06	5.70
1980	4.36	.42	1.39	.01	.16	.42	.12	.07	6.96
1990	5.02	.41	1.49	.01	.15	.41	.13	.08	7.71
2000	4.85	.39	1.37	.01	.15	.40	.13	.07	7.36
2020	5.48	.43	1.35	.01	.15	.40	.14	.08	8.03
Level premium [4]	4.39	.40	1.23	.01	.15	.41	.12	.07	6.77
	High-cost estimate								
1960	2.79	0.36	0.66	0.01	0.18	0.41	0.09	0.05	4.56
1970	4.05	.45	1.19	.01	.20	.44	.11	.06	6.52
1980	5.27	.47	1.51	.02	.18	.40	.13	.08	8.06
1990	6.45	.48	1.63	.02	.17	.38	.14	.09	9.36
2000	6.76	.48	1.54	.02	.15	.34	.14	.09	9.53
2020	8.97	.62	1.72	.02	.15	.34	.17	.12	12.11
Level premium [4]	5.94	.50	1.40	.02	.17	.38	.14	.08	8.62

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.
[2] Includes husband's and widower's benefits, respectively.
[3] Excluding effect of railroad coverage under financial interchange provisions.
[4] At 2.6 percent interest. Level premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

Table 2 shows the estimated operations of the trust fund under the committee-approved bill on the basis of a 2.6-percent interest rate. This rate is higher than the 2.4-percent rate used in the previous estimates, reflecting the change in the interest basis of the trust fund under the provisions of the committee-approved bill, although it is slightly above what would currently be earned under such provisions. Under the low-cost estimate, the trust fund builds up quite rapidly and even some 45 years hence is growing at a rate of about $6 billion per year and at that time is about $180 billion in magnitude; in fact, under this estimate, benefit disbursements do not exceed contribution income during the next 60 years. On the other hand, under the high-cost estimate the trust fund builds up slowly to a maximum of about $41 billion in 1980, but decreases thereafter until it is exhausted in the year 1999. Benefit disbursements exceed contribution income during 1958–59, 1962–64, 1967–69, and in 1974 (in each case, just before a scheduled rise in the contribution rate), and again in and after 1980. In each of these periods before 1975, however, the interest receipts are more than sufficient to offset such excesses.

TABLE 2.—*Estimated progress of trust fund under committee-approved bill, 2.6 percent interest, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Actual data excluding effect of railroad financial interchange				
1951	$3,367	$1,885	$81	$417	$15,540
1952	3,819	2,194	88	365	17,442
1953	3,945	3,006	88	414	18,707
1954	5,163	3,670	992	468	20,576
1955	5,713	4,968	119	461	21,663
	Actual data including effect of railroad financial interchange				
1951	$3,520	$2,069	$85	$432	$16,034
1952	3,974	2,395	92	379	17,900
1953	4,099	3,245	91	421	19,084
1954 [1]	5,336	3,940	96	476	20,860
1955 [1]	5,913	5,290	123	466	21,826
	Low-cost estimate				
1960	$8,727	$7,255	$123	$688	$27,839
1970	14,001	11,729	155	1,218	49,141
1980	18,158	15,800	184	2,280	91,064
1990	19,822	19,097	212	3,322	131,357
2000	22,063	20,310	230	4,545	180,103
2020	25,999	26,086	284	8,732	344,411
	High-cost estimate				
1960	$8,648	$8,194	$160	$631	$25,058
1970	13,853	13,261	204	725	28,795
1980	17,682	17,807	245	1,034	40,619
1990	18,571	21,721	282	791	29,481
2000	19,843	23,628	304	[2]	[2]
2020	20,557	31,121	367	[2]	[2]

[1] Preliminary estimate.
[2] Fund exhausted in 1999.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950, 1952, and 1954 acts, as set forth in the committee reports therefor and as continued in this bill by your committee, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in table 2 would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward—or perhaps would not be increased—in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule in present law, which is retained in the committee-approved bill there would be ample funds to meet benefit disbursements for several decades even under relatively high-cost experience.

D. RESULTS OF INTERMEDIATE-COST ESTIMATE

The Congress, in enacting the 1950, 1952, and 1954 acts, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis, or, in other words, actuarially sound. This belief is reiterated in this report. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. The intermediate-cost estimate is developed from the low-cost and high-cost estimates, by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll) and is used for this purpose. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice, future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedule contained in the present law is left unchanged by the committee-approved bill since no change is needed to provide for the benefit liberalizations made. The following table compares this schedule with the higher rates provided under the House-approved bill:

[Percent]

Calendar year	1954 act and committee approved bill			House approved bill		
	Employee	Employer	Self-employed	Employee	Employer	Self-employed
1955	2	2	3	2	2	3
1956–59	2	2	3	2½	2½	3¾
1960–64	2½	2½	3¾	3	3	4½
1965–69	3	3	4½	3½	3½	5¼
1970–74	3½	3½	5¼	4	4	6
1975 and after	4	4	6	4½	4½	6¾

Table 3 gives an estimate of the level-premium cost of the committee-approved bill, tracing through the changes in cost from the present act according to the major changes proposed. For both the present act and the bill, the level-premium costs are based on benefit payments from 1956 on.

TABLE 3.—*Changes in estimated level-premium cost [1] of benefit payments as percent of payroll, by type of change, intermediate-cost estimate, high-employment assumptions*

Item	Level-premium cost [1]
	Percent
Cost of present act:	
1954 estimate (based on 1951–52 earnings level)	7.77
Current estimate (based on 1955 earnings level)	7.45
Effect of proposed changes:	
Reducing minimum eligibility age for widows to 62	+.19
Paying child's benefits after age 18 when disabled	+.01
Extension of coverage	−.01
Revised interest basis for trust fund investments	−.14
Total	+.05
Cost of system as amended by committee-approved bill	7.50

[1] Level-premium contribution rate for benefit payments after 1955 and in perpetuity, taking into account (*a*) lower-contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses.

It should be emphasized that in 1950 the Congress did not recommend that the system be financed by a high, level tax rate from 1951 on, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level-premium tax rate; this fund is invested in Government securities (just as are much of the reserves of life insurance companies and banks, and is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life insurance systems), and the resulting interest income will help to bear part of the increased benefit costs of the future.

As will be seen from table 3, based on 1955 earnings assumptions, the level-premium cost of the benefits of the present act—based on 2.4 percent interest—is 7.45 percent of payroll, while the corresponding figure for the committee-approved bill—based on 2.6 percent interest—is 7.50 percent.

The level-premium contribution rates equivalent to the graded schedules in the present law and in the bill may be computed in the same manner as level-premium benefit costs. It should be noted, as indicated previously, that the schedule in the House-approved bill is higher by 1 percent (on the employer-employee combined rate) than present law and the committee-approved bill. These are shown in the table below for income and disbursements after 1955 (on the basis of the intermediate-cost estimate, at 2.4 percent interest for present law and the House-approved bill and at 2.6 percent interest for the committee-approved bill):

[Percent]

Level-premium equivalent	Present law		House-approved bill [2]	Committee-approved bill [3]
	Original estimate	Revised estimate [2]		
Benefit costs [1]	7.77	7.51	8.43	7.50
Contributions	7.29	7.29	8.29	7.22
Net difference, or lack of actuarial balance	.48	.22	.14	.28

[1] Including adjustments (a) to reflect lower contribution rate for self-employed as compared with employer-employee rate, (b) for existing trust fund, and (c) for administrative expenses.
[2] As shown in H. Rept. No. 1189, 84th Cong., 1st sess., p. 17. Based on 1954 earnings assumptions; if 1955 earnings assumptions were used, the "lack of actuarial balance" would be 0.16 percent for present law and 0.08 percent for the House-approved bill.
[3] Based on 1955 carnings assumptions.

Thus, the actuarial balance of the program as it would be revised under the committee-approved bill is only slightly different than was the present law when the House first began its consideration of this legislation.

Table 4 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate for the House-approved bill, the committee-approved bill, and the present law. These figures are based on a future level-earnings assumption and do not consider business cycles which over a long period of years tend to average out. The benefit disbursements under the bill for 1957, the first full year of operation, are estimated at about $6.5 billion, with a range of from $6.3 to $6.7 billion (as contrasted with contribution income of about $7 billion). Most of the increased cost of the committee-approved bill would arise from the provision to lower the minimum eligibility age for widow's benefits from 65 to 62. Such change would add approximately 200,000 beneficiaries to the roll before the end of 1957 and would result in increased benefit disbursements of about $120 million in 1957. The new provision for paying child's benefits in the case of those aged 18 or over who are totally and permanentlydisabled would add about 20,000 disabled children to the benefit rolls before the end of 1957 with additional disbursements in 1957 amounting to approximately $15 million (including additional payments to widowed mothers).

TABLE 4.—*Estimated cost of benefit payments under present law and under bill, intermediate-cost estimate, high-employment assumptions*

Calendar year	Amount (in millions)			In percent of payroll [1]		
	Present law	House-approved bill	Committee-approved bill	Present law	House-approved bill	Committee-approved bill
				Percent	*Percent*	*Percent*
1957	$6,344	$7,028	$6,495	3.61	4.07	3.69
1958	6,714	7,594	6,904	3.79	4.36	3.89
1959	7,084	8,159	7,315	3.97	4.65	4.09
1960	7,454	8,725	7,721	4.14	4.93	4.27
1970	12,057	13,713	12,497	5.92	6.85	6.11
1980	16,236	18,247	16,804	7.28	8.31	7.50
1990	19,789	21,903	20,409	8.28	9.32	8.51
2000	21,370	23,561	21,969	8.19	9.18	8.39
2020	27,833	30,478	28,604	9.60	10.69	9.83
Level-premium [2]				7.45	8.43	7.50

[1] Taking into account lower contribution rate for self-employed compared with employer-employee rate.
[2] Level-premium contribution rate for benefit payments after 1955 and into perpetuity, taking into account (*a*) lower contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050. Based on 2.4 percent interest rate for present law and House-approved bill and on 2.6 percent rate for committee-approved bill.

NOTE.—Figures for House-approved bill are based on 1954 earnings level. Figures for present law and committee-approved bill are based on 1955 earnings level.

Table 5 presents the cost of the benefits under the committee-approved bill as a percent of payroll for each of the various types of benefits and is comparable with table 1 of the previous section.

TABLE 5.—*Estimated benefit payments as percent of taxable payroll [1] for committee-approved bill, by type of benefit, intermediate-cost estimate, high-employment assumptions*

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's			
1960	2.57	0.34	0.65	0.01	0.16	0.41	0.09	0.04	4.27
1970	3.74	.41	1.15	.01	.18	.44	.11	.06	6.11
1980	4.81	.45	1.45	.01	.17	.41	.13	.07	7.50
1990	5.71	.45	1.56	.02	.16	.40	.13	.08	8.51
2000	5.75	.43	1.45	.02	.15	.37	.14	.08	8.39
2020	7.02	.51	1.51	.01	.15	.37	.15	.10	9.83
Level-premium [3]	5.11	.45	1.31	.01	.16	.39	.13	.07	7.63

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.
[2] Includes husband's and widower's benefits, respectively.
[3] At 2.6 percent interest. Level-premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund, and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

Table 6 gives the estimated operation of the trust fund under present law, according to the intermediate-cost estimate using the revised earnings assumptions (based on 1955 levels) and with a 2.4-percent interest rate. Contribution income exceeds benefit and administrative expense disbursements in virtually all of the next 30 years. Accordingly, it is estimated that the balance in the fund would increase steadily until reaching a maximum of about $140 billion about 60 years from now, with a decrease thereafter.

TABLE 6.—*Estimated progress of trust fund under present law, intermediate-cost estimate, high-employment assumptions, 2.4 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
1956	$6,747	$6,034	$132	$533	$22,940
1957	7,022	6,344	134	557	24,041
1958	7,080	6,714	136	580	24,851
1959	7,138	7,084	138	595	25,362
1960	8,652	7,454	140	621	27,041
1965	11,079	9,841	158	775	33,603
1970	13,872	12,057	178	979	42,605
1975	16,804	14,103	196	1,296	56,538
1980	17,848	16,236	212	1,727	74,392
2000	20,870	21,370	264	2,586	109,973
2020	23,186	27,833	322	3,235	135,551

Table 7 shows the estimated operation of the trust fund under the bill according to the intermediate estimate (using a 2.6 percent interest rate) and is comparable with table 2 of the previous section. According to this estimate, contribution income exceeds benefit disbursements in almost every year during the next 3 decades (all years except 1959 and 1964 when such difference is small and is more than counterbalanced by interest receipts of the fund). As a result, the fund is estimated to grow steadily until reaching a maximum of about $100 billion about 55 to 60 years from now and then to decrease. This decline in the long-distant future indicates that, under the bill, the system is not quite self-supporting under a level-earnings assumption but is, for all practical purposes, sufficiently close so that it may be said to be actuarially sound. This general situation was also true for the 1950, 1952, and 1954 acts according to estimates made at the times they were being considered.

TABLE 7.—*Estimated progress of trust fund under bill, intermediate-cost estimate, high-employment assumptions, 2.6 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
1956 [1]	$6,747	$6,068	$132	$533	$22,906
1957	7,050	6,495	134	601	23,928
1958	7,108	6,904	137	623	24,618
1959	7,167	7,315	139	636	24,968
1960	8,688	7,721	142	660	26,448
1965	11,124	10,197	160	794	31,732
1970	13,927	12,497	180	972	38,968
1975	16,872	14,617	198	1,258	50,654
1980	17,920	16,804	214	1,657	65,842
2000	20,953	21,969	267	2,208	86,510
2010	22,285	23,372	284	2,532	99,232
2020	23,278	28,604	326	2,280	87,141

[1] Including estimated effect of benefit changes in bill becoming effective in 1956.

Although the system under the benefit provisions of the bill is not quite in actuarial balance under the contribution schedule of present law, which is continued, it is very close to such balance. It would not seem advisable to have a higher ultimate employer-employee rate, such as 8½ percent, which according to these estimates would overfinance the system.

E. Summary of Actuarial Cost Estimates

The old-age and survivors insurance system as modified by the committee-approved bill has a benefit cost (on the basis of the continuation of 1955 earnings levels) that is about as closely in balance with contribution income as was the case for the 1950 and 1952 acts at the time they were enacted, and somewhat more nearly in balance than was the 1954 act. In other words, the system as it would be amended by the committee-approved bill is about as nearly in actuarial balance, according to the estimates made, as the previous acts when they were considered by the Congress. Although in all these instances, the system is shown to be not quite self-supporting under the intermediate estimate, there is very close to an exact balance, especially considering that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are used in actual practice.

The committee-approved bill, in liberalizing the benefits of the program, would add somewhat to its cost, but most of the increase would be offset by the reductions in cost arising from the extension of coverage made and the revised interest basis for investments of the trust fund. The actuarial balance of the system under the committee-approved bill would be virtually the same as that of the present law was last year when this bill was initially considered and would be substantially improved over the situation when the 1954 amendments were enacted. The slight change in the actuarial balance of the system as between the committee-approved bill and the present law is so small that there is no necessity for a change in the long-range financing of the program, through the scheduled tax rates in present law.

IX. Public Assistance

The amendments in the committee bill to titles I, IV, VII, X, XI, and XIV of the Social Security Act would—

(1) Provide separate matching for medical-care expenditures on behalf of recipients of assistance;

(2) Make explicit that services to return recipients of aid to the blind and aid to the permanently and totally disabled to self-support or self-care are objectives of these programs and that services to strengthen family life are a major objective of the program of aid to dependent children;

(3) Make two small additional groups of children eligible for aid;

(4) Authorize grants for cooperative research; and for training of public-assistance personnel;

(5) Extend the present matching formulas to June 30, 1959.

MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE

In titles I, IV, X, and XIV of the Social Security Act, Federal participation in assistance is limited by maximums on the amount of monthly payments to or on behalf of an individual. These maximums are $55 for aged, blind, and disabled recipients and lesser amounts for recipients of aid to dependent children. Since medical expenses for an individual may be high in one month (sometimes running to several hundred dollars) and small or nonexistent in other

months, and since many of the individuals with the largest medical needs also have maintenance needs of $55 or more, there is frequently little or no Federal participation in payments made by States for medical care. This has limited the amounts of medical care that many States have been able to make available to recipients, and has almost certainly discouraged many of the States with less than average per capita income from assuming substantial responsibility for the costs of medical care for needy people.

The bill would provide Federal matching of expenditures for payments to suppliers of medical care separate from money payments to assistance recipients and would use an average basis for determining Federal participation in payment to suppliers of medical care. Large expenditures of this kind made by a State on behalf of some recipients could be averaged with small expenditures or no expenditures for other recipients. The Federal Government would participate in one-half of the cost up to an average expenditure of $8 a month per adult receiving aid and $4 a month per child. This assurance of Federal participation on an averaging basis should stimulate States to secure necessary care for recipients, particularly in States with relatively limited resources. Under this legislation States would be free to purchase coverage from any medical insurance plan. Under the bill all payments to suppliers of medical care would be matched under the separate provision. States would still be able if they chose to do so to include in money payments to recipients amounts to meet medical needs within the maximums on money payments specified in titles I, IV, X, and XIV.

SELF-SUPPORT AND SELF-CARE

Individuals who receive assistance are materially affected by the extent to which appropriate welfare services are provided by assistance agencies. Services that assist families and individuals to attain the maximum economic and personal independence of which they are capable provide a more satisfactory way of living for the recipients affected. To the extent that they can remove or ameliorate the causes of dependency they will decrease the time that assistance is needed and the amounts needed. For these reasons the availability of such services to families and individuals is a part of effective administration of the public-assistance programs and therefore a proper administrative expenditure by States in which the Federal Government shares. Similarly, in the aid to dependent children program, services to strengthen family life are an investment in future citizens.

While some such welfare services have been provided effectively in many States, these amendments should stimulate States to expand their services. The bill would amend the titles for the blind and the disabled to make clear that the provision of welfare services to assist recipients to self-support and self-care are program objectives, along with the provision of income to meet current needs. Similarly, the aid to dependent children title would be amended to emphasize that services to strengthen family life are included in the programs' objectives. The amendments will also make explicit that the Federal Government shares in the States' cost in providing these services. These amendments, coupled with those for training and research, should do much to provide a more constructive emphasis in these programs.

No similar amendment has been included for title I for the needy aged. In view of the characteristics of the group of aged recipients as a whole, self-support or even self-care objectives are not as applicable to aged recipients as in the case of the recipients under the other State-Federal programs. Nonetheless, services to aged individuals have been provided under title I of present law. It is not the intent of your committee to alter present practices under which the cost of services for aged individuals are shared in by the Federal Government as administrative expenses.

EXTENSION OF AID TO DEPENDENT CHILDREN

Two amendments have been made to the aid to dependent children title neither of which affects large numbers of children but both of which make some additional needy children eligible for aid. The first would permit Federal participation in assistance to needy children who are deprived of parental support or care for the reasons now listed in the law and who are living in the homes of first cousins, nieces, or nephews, thereby extending the degree of relationship slightly beyond the present law. This will permit additional children to have the advantages of life in a home maintained by close relatives. The second would eliminate the requirement that for a needy child between the ages of 16 and 18 to receive aid, he be in regular attendance at school. This would permit Federal sharing in assistance to such children unable to attend school because of illness or handicap, or because school facilities are not available.

GRANTS FOR COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

Over 5 million persons receive payments of public assistance amounting to about $2.5 billion annually. Prevention and elimination of the needs of these persons pays large dividends both in human and in monetary values. Research and demonstration projects in such matters as causes of dependency and methods of eliminating them are one important aspect of a more constructive emphasis in social security programs. Research and demonstration projects in the coordination of planning between private and public-welfare agencies or the more effective administration of social security and related programs can help to prevent and reduce dependency.

The bill would authorize $5 million for the fiscal year 1957 and such amounts thereafter as the Congress may find necessary for grants to States, public, and nonprofit institutions for paying part of the cost of such research and demonstration projects. These grants should stimulate research in universities and research facilities, thereby contributing substantially to knowledge of the nature and causes of these problems, and of most effective ways of dealing with them.

GRANTS FOR TRAINING OF WELFARE PERSONNEL

A small percentage of the staff of agencies administering public-assistance programs have had any formal training relating to the duties of the positions that they hold. Yet a worker, on the average, is responsible for authorizing the expenditure of about $100,000 per year of public funds. An increasing number of trained workers is needed for the administration of public assistance, particularly if

greater emphasis is to be placed on helping applicants and recipients to self-support, self-care and for strengthening family life.

The bill would provide $5 million for the fiscal year 1958 and such amounts thereafter as the Congress may determine to be needed for grants to States for the training of personnel through fellowships or traineeships, grants to public or other nonprofit institutions of higher learning and short-term courses of study or similar off-the-job training. An allotment would be made to each State on the basis of (1) population, (2) relative need for trained public welfare personnel, and (3) financial need.

The Federal Government would pay 100 percent of the cost of such training within the limits of the appropriation until June 30, 1967. After that date the Federal share would be 80 percent and the State's share 20 percent.

This provision would help States materially in securing larger numbers of well-trained personnel as is being done in other programs for which Federal funds have been made available for the training of professional staff, such as in mental health, vocational rehabilitation, and child welfare programs.

EXTENSION OF THE PUBLIC ASSISTANCE MATCHING FORMULAS

The formulas for Federal matching of public-assistance payments are scheduled to revert to the pre-1952 levels on September 30, 1956. Until old-age and survivors insurance benefits are more generally received under the extensions of coverage made by the 1954 amendments, the number of aged persons needing assistance payments will remain high, particularly in rural States. Decreases in payments to recipients of old-age assistance, aid to the blind, aid to dependent children, and aid to the permanently and totally disabled would be likely in a substantial number of States if the Federal share of assistance payments is reduced. To avoid this the bill would extend the present formulas to June 30, 1959. This will permit time in which to study and determine what should be the appropriate share of public-assistance costs that should be borne by the Federal Government on a long-range basis. By that time the extensions of coverage under old-age and survivors insurance, particularly those affecting employment in agriculture, should be having more effect. Termination at the end of a fiscal year should facilitate both State and Federal fiscal planning.

SECTION-BY-SECTION ANALYSIS

The first section of the bill contains a short title, "Social Security Amendments of 1956." The remainder of the bill is divided into four titles: Title I, which amends title II (old age and survivors insurance) of the Social Security Act to reduce the eligibility age for certain widows to 62, to provide disabled child's insurance benefits for children over 18 who were disabled before they reached that age, to extend coverage and to make certain other miscellaneous amendments, including an amendment to preserve the relationship between old-age and survivors insurance and the railroad retirement programs; title II, which amends the provisions of the Internal Revenue Code of 1954 relating to old-age and survivors insurance coverage; title III, which amends the public assistance provisions of the Social Security Act to

provide separate matching for medical care expenditures, to encourage services to aid in self-support or self-care for the blind and disabled and in strengthening family life for children; and title IV, containing certain miscellaneous provisions.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

Child's benefits for disabled children age 18 or over

Section 101 (a) of the bill amends section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) to provide that child's insurance benefits would be paid to an unmarried child who is age 18 or over if at the time of filing application he is under a disability (as defined in section 223) which began before he attained age 18, and if he was dependent upon the individual on whose earnings record his claim is based at the time his application for benefits is filed or at the time of such individual's death. The child's benefits would continue until the child dies, marries, is adopted (unless by certain relatives after the worker's death) or is no longer under a disability.

In the bill as passed by the House, benefits to disabled children who had attained age 18 would be payable only to children already entitled to or eligible for child's insurance benefits prior to attainment of age 18. Furthermore, the House bill would have provided such benefits only to children who attained age 18 after 1953.

Dependency of disabled child

Section 101 (b) (1) of the bill amends section 202 (d) of the Social Security Act by restricting application of the dependency provisions described in paragraphs (3), (4), and (5) of that section to a child who has not attained age 18.

Section 101 (b) (2) amends section 202 (d) of the Social Security Act by adding a provisions that a child who has attainted age 18 and who is under a disability which began before he attained age 18 would be deemed dependent upon his natural or adopting father or mother, or his stepfather or stepmother, if the child was, or would have been, upon filing an application, entitled to a child's insurance benefit on the earnings record of such parent for the month before he attained age 18, or if he was receiving at least half his support from the worker when the child applied for benefits or when the worker died.

Effect on parent's benefits

Section 101 (c) of the bill amends section 202 (h) (1) of the Social Security Act to provide that the existence of an unmarried child aged 18 or over who is under a disability which began before he reached age 18 and who is deemed dependent on the insured individual under the new subsection (d) (6) would preclude the payment of parent's benefits on the basis of the same worker's earnings record. (As provided in section 101 (i) (3) of the bill, this amendment would apply only to cases where the insured individual dies after August 1956.)

Maximum family benefits

Section 101 (d) of the bill (the same as sec. 101 (b) of the House bill) amends section 203 (a) of the act, which sets forth the maximum limitations on benefits payable on the basis of the earnings record of an individual, to provide that such limitations shall be applied after any deductions that may be made for refusal to accept rehabilitation services under section 222 (b) of the act (added by sec. 103 (b) of the House bill and sec. 101 (h) (2) of the committee bill) and after any reductions made on account of disability payments under other programs specified in section 224 of the act (added by sec. 101 (h) (1) of the committee bill), as well as after deductions made under existing law.

Deductions from benefits

Section 101 (e) of the bill (the same, except for a drafting change, as sec. 101 (c) of the House bill) amends section 203 (b) of the Social Security Act, which relates to deductions from benefits because of the occurrence of certain events. Under the amendment, if deductions are made from a child's insurance benefit payable to a disabled child over 18 years of age for any month under the provisions of section 222 (b) of the Social Security Act (added by sec. 101 (h) (2) of the bill) because of refusal to accept rehabilitation services, deductions would also be made from the insurance benefit payable to his mother for that month, if such child is the only child beneficiary in her care.

Since the child's insurance benefits are payable for any month beginning with the month in which a child attains age 18 only if the child is unable by reason of disability to engage in any substantial gainful activity, the earnings test provisions in section 203 (b) of the Social Security Act are (under the amendment made by subsec. (e)) specifically made inapplicable to such benefits.

Occurrence of more than one deduction event

Section 203 (d) of the Social Security Act provides that if more than one event occurs in any month that would occasion deductions equal to a benefit for that month, only an amount equal to such benefit shall be deducted. Section 101 (f) of the bill (101 (d) of the House bill) amends this section to make it applicable also to deductions on account of refusal to accept rehabilitation services.

Extent of deductions from family benefits

Section 203 (h) of the Social Security Act provides that deductions will be made from an individual's benefits only to the extent that those deductions would reduce the total amount of benefits which would otherwise be paid on the basis of the same earnings record to him and other beneficiaries in the same household. Section 101 (g) of the bill (101 (e) of the House bill) amends this section to make it applicable also to deductions under section 222 (b) for refusal to accept rehabilitation services and to reductions under section 224 for payments under other programs (specified therein) on account of physical or mental impairment.

Definition of disability for purposes of child's insurance benefits

Section 101 (h) (1) of the bill adds to the Social Security Act new sections 223, 224, and 225. Section 223 defines disability for the purpose of a disabled child's insurance benefit as inability to engage in any substantial gainful activity by reason of any medically determinable

physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. This definition is the same as the definition of disability for freeze purposes except that for the disabled child, blindness (as defined in sec. 216 (i) (1) (B)) does not by itself constitute disability. It would be treated the same as any other physical or mental impairment. An individual would not be considered to be under a disability unless he furnishes such proof as may be required.

This section is the same as section 223 (c) (2) contained in section 103 (a) of the House bill.

Reduction of benefits based on disability

The new section 224 of the Social Security Act (added by sec. 101 (h) (1) of the bill) contains provisions relating to reduction of child's insurance benefits for a disabled child age 18 or over, and also of wife's or mother's insurance benefits, where another Federal disability benefit or a State workmen's compensation benefit is payable to the child. It is substantially the same as the section which the House bill would add, except, of course, for differences due to the omission of disability insurance benefits. Subsection (a) of the new section 224 provides for reduction of a disabled child's insurance benefit for any month if it is determined by any other agency of the United States that another periodic benefit based wholly or in part on the child's disability is payable for such month under any other law of the United States or under a system established by such agency, or it is determined that a periodic benefit based wholly or in part on the child's disability is payable under a workmen's compensation law or plan of a State. If such a periodic benefit is payable for any month in which an individual is entitled to a disabled child's benefit, then for such month the child's insurance benefit will be reduced by an amount equal to such periodic benefit payable for such month (but not below zero).

If the periodic benefit or benefits exceed the child's insurance benefit, the amount of monthly benefits payable to an individual under section 202 (b) (wife's insurance benefits) or 202 (g) (mother's insurance benefits) would be reduced by the amount of the excess (but also not below zero), but only if such individual would not be entitled to such monthly benefits if she did not have the disabled child in her care (in the case of a wife, individually or jointly with her jusband). Thus, if the only child in the care of the wife or mother is entitled to child's insurance benefits on the basis of disability, the excess of the other periodic benefit over the child's insurance benefit will reduce such wife's or mother's insurance benefit. If the wife or mother has another child in her care who is entitled to child's insurance benefits and to whom the provisions for reductions are not applicable, such excess would not reduce such wife's or mother's insurance benefits.

Subsection (b) of section 224 provides that if the periodic benefit payable under another program is payable on other than a monthly basis (not including a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), the reduction shall be made at such times and in such amounts as the Secretary of Health, Education, and Welfare finds will approximate, as nearly as practicable, the reduction provided for in subsection (a).

Subsection (c) of section 224 provides that the Secretary may, as a condition to certification for payment of any monthly benefits under

title II of the Social Security Act, require adequate assurance of reimbursement to the Federal old-age and survivors insurance trust fund if it appears likely that the beneficiary may be eligible for a periodic benefit that would give rise to a reduction under subsection (a).

Subsection (d) of section 224 requires any agency of the United States to certify to the Secretary, at his request, the information necessary to carry out his functions under section 224 (a).

Subsection (e) of section 224 defines "agency of the United States" for purposes of this section to mean any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

Suspension of benefits based on disability

The new section 225 of the Social Security Act added by section 101 (h) (1) of the bill (the same as sec. 103 (a) of the House bill, except for differences due to omission of disability insurance benefits) authorizes the Secretary to suspend payment of benefits to which a disabled individual (age 18 or over) is entitled under section 202 (d) (child's insurance benefits) when he believes that such individual's disability may have ceased to exist. The suspensions so made would be in the nature of temporary withholdings of monthly benefits pending a determination of whether the disability has ceased or until the Secretary believes the disability has not ceased. In the case of any individual whose disability is subject to determination under an agreement with a State under section 221 (b), the Secretary must promptly notify the State of the Suspension and request a prompt determination of whether such individual's disability has ceased.

Rehabilitation services

Subsection (h) (2) of section 101 of the bill (the same as section 103 (b) of the House bill except for differences due to omission of disability insurance benefits) amends section 222 of the Social Security Act (containing a statement of policy regarding referral of disabled individuals for vocational rehabilitation services to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act) to make it apply to disabled individuals entitled to child's insurance benefits as well as to disabled individuals who file application for determination of disability (for purposes of the "disability freeze").

Subsection (h) (2) of section 101 of the bill also adds a new subsection (b) to section 222 of the Social Security Act to provide that deductions are to be made from a child's insurance benefit (in the case of a disabled child beneficiary age 18 or over) for any month in which the individual refuses, without good cause, to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

Any individual who is a member or adherent of any recognized church or religious sect which teaches its members or adherents to rely solely upon prayer or spiritual means for the treatment of any physical or mental impairment, and who solely because of his adherence to such teachings refuses such available vocational rehabilitation services, would be deemed to have good cause for refusing such services.

Subsection (h) (2) of the bill also adds a new subsection (c) to section 222 of the Social Security Act. The new section provides that during a period of 12 months beginning with the first month in which the individual works pursuant to a program of rehabilitation under a State plan approved under the Vocational Rehabilitation Act the individual shall not, for the purpose of determining the existence or continuation of his disability under sections 216 (i) and 223, be regarded as being able to engage in substantial gainful activity solely by reason of such work.

Technical amendments relating to benefits based on disability

Section 103 (h) (3) of the bill would make a number of technical changes in the bill which would also have been made by the House bill.

Section 101 (h) (3) (A) of the bill amends section 215 (g) of the Social Security Act to provide that benefits which would not be a multiple of $0.10 after reductions under section 224 of the act, as well as under section 203 (as at present), shall, in all cases, be raised to the next higher multiple of $0.10.

Subsection (h) (3) (B) of section 101 of the bill also revises section 216 (i) (1) of the Social Security Act to provide that the definition of disability for purposes of preserving insurance rights during periods of disability is not applicable for purposes of child's insurance benefits for a disabled child age 18 or over.

Section 101 (h) (3) (C) of the bill revises section 221 (a) of the Social Security Act (providing for determinations of disability by State agencies for purposes of the "disability freeze") to make it applicable to determinations of disability for child's benefits for disabled children age 18 or over.

Section 101 (h) (3) (D) of the bill amends section 221 (c) of the Social Security Act (providing for review of State agency determinations of disability under section 216 (i) (1) by the Secretary, for purposes of the "disability freeze") to make the section apply also to determinations of disability as defined in section 223.

Effective date

Section 101 (i) (1) of the bill provides that the amendments made by section 101 of the bill (except with respect to parent's benefits), will be effective with respect to monthly benefits payable for months after August 1956, bnt only, except as provided in paragraph (2), on the basis of applications for benefits filed after August 1956. An application filed by reason of paragraph (1) of the bill by an individual who was entitled to wife's, mother's, or child's benefits prior to, but not for, August 1956, and whose entitlement ended as a result of a child's attainment of age 18, would be treated as the application required under section 202 of the Social Security Act for entitlement to wife's, child's, or mother's benefits.

Section 101 (i) (2) makes an exception to the requirement of filing an application included in the provisions of section 101 (i) (1) to provide that where a child was entitled (without application of the provisions giving retroactive effect to applications filed after an individual first becomes eligible) to a child's insurance benefit for August 1956 no new application is required from the child, or from the mother who has him in her care and was also entitled to wife's or mother's benefits for that month, in order for them to receive benefits for months after August 1956.

Section 101 (i) (3) of the bill provides that the existence of a disabled dependent child age 18 or over shall preclude the payment of parent's benefits only if the worker (on whose earnings record the claim is based) dies after August 1956.

WIDOW'S INSURANCE BENEFITS AT AGE 62

Section 102 (a) of the bill amends section 202 (e) (1) of the act (relating to widow's insurance benefits) to strike out "retirement age" wherever it occurs and to insert in lieu thereof "age 62".

Subsection (b) of the section provides an effective date for the amendment made by subsection (a). In general, the amendment would be effective with respect to benefits for months after August 1956 on the basis of applications filed after that month. The amendment would apply automatically, however, in cases (1) where a widow who had attained age 62 before September 1956 was entitled to a wife's or a mother's insurance benefit for August 1956 and (2) where a widow who attains age 62 after August 1956 was entitled to a wife's or mother's insurance benefit for the month prior to the month in which she attained age 62.

EXTENSION OF COVERAGE

Foreign agricultural workers

Section 103 (a) of the bill amends section 210 (a) (1) (B) of the Social Security Act, which now excludes from coverage service performed by foreign agricultural workers (1) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (2) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor. The amendment would make the exclusion applicable to service performed by foreign agricultural workers lawfully admitted from any foreign country or possession thereof on a temporary basis to perform agricultural labor. The amendment would be applicable in the case of service performed after 1956.

Share-farming arrangements

Section 103 (b) (1) of the bill, which is the same as section 104 (c) (1) of the House bill, amends section 210 (a) of the Social Security Act by inserting a new paragraph (16). The paragraph provides that service performed by an individual under an arrangement with the owner or tenant of land pursuant to which such individual undertakes to produce agricultural or horticultural commodities on such land shall be excepted from employment, provided that, pursuant to the arrangement, the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between him and the owner or tenant and the amount of such individual's share depends solely on the amount of the agricultural or horticultural commodities produced. This amendment would be effective with respect to service performed after 1954.

Section 103 (b) (2) of the bill, which is the same as section 104 (c) (2) of the House-approved bill, amends section 211 (a) (1) of the Social Security Act. Under this section of present law, rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) are excluded from "net

earnings from self-employment". Under the amendment, the present exclusion would not apply to income derived by an owner or tenant of land under an arrangement with another individual for the production by such other individual of agricultural or horticultural commodities on such land if such arrangement provides for material participation by the owner or tenant in the production of such agricultural or horticultural commodities and if there is participation by the owner or tenant in the production of any such commodity to a degree which is material with respect to that commodity.

Under this amendment it is contemplated that the owner or tenant of land which is used in connection with the production of agricultural or horticultural commodities must participate to a material degree in the management decisions or physical work relating to such production in order for the income derived therefrom to be classified as "net earnings from self-employment." The committee is of the opinion that in any case in which the owner or tenant establishes the fact that he periodically advises or consults with such other individual as to the production of the commodities and also establishes the fact that he periodically inspects the production activities on the land he will have presented strong evidence of the existence of the degree of participation contemplated by the amendment. If the owner or tenant also establishes the fact that he furnishes a substantial portion of the machinery, implements, and livestock used in the production of the commodities or that he furnishes, or advances, or assumes financial responsibility for, a substantial part of the expense (other than labor expense) involved in the production of the commodities, the committee feels that he will have established the existence of the degree of participation contemplated by the amendment.

This amendment would apply in the case of taxable years ending after 1955.

Section 103 (b) (3) of the bill, which is the same as section 104 (c) (3) of the House bill, amends section 211 (c) (2) of the Social Security Act so as to include within the term "trade or business" service described in the new paragraph (16), which is added to section 210 (a) of the act by section 103 (b) (1) of the bill.

This amendment gives statutory recognition to the conclusion being applied in administering present law that an individual who performs service under an arrangement of the type described in paragraph (16) of section 210 (a) of the act is not generally an employee with respect to the performance of such service, but is a self-employed person. It would be effective for taxable years ending after 1954.

Professional self-employed

Under section 211 (c) (5) of the Social Security Act, the performance of service by an individual (or a partnership) in the exercise of designated professions is excluded from the definition of the term "trade or business" for purposes of determining "net earnings from self-employment" and "self-employment income." The professional service thus excluded under present law is service performed by any person as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner. Section 103 (c) of the bill would eliminate all of the exclusions, except service performed by a doctor of medicine, a doctor of osteopathy, or a Christian Science practitioner. The effect of the amendment is

that any income derived by an individual from the practice of the profession of lawyer, dentist, veterinarian, chiropractor, naturopath, or optometrist would be counted as "net earnings from self-employment" for old-age and survivors insurance purposes. This is the same as was done by section 104 (c) of the House bill, except for the continuation of the exclusion, by the committee bill, of osteopaths. The substitution of "doctor of medicine" and "doctor of osteopathy," for "physician" and "osteopath," respectively, is not intended to have any legal effect.

The new coverage effected by this amendment would apply in the case of taxable years ending after 1955.

Certain State and local employees

Section 103 (d) of the bill amends section 218 (d) (6) of the Social Security Act, which provides for treating a retirement system as two or more systems (each of which can hold a separate referendum and be covered as a separate group) in certain circumstances, to provide that the States of Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and the Territory of Hawaii, may, at their option, divide their retirement systems into 2 divisions or parts, 1 division consisting of the positions of members of the system who desire old-age and survivors insurance coverage and the other consisting of the positions of members who do not desire such coverage, and may treat each of the divisions as a separate retirement system. The positions of all persons who become members of the retirement system after old-age and survivors insurance coverage is extended to the division consisting of positions of employees who desire coverage must be included in that division. The positions of employees who are not personally eligible for membership in the system, even though the positions are under that system, must be included in the division consisting of positions of employees who do not desire old-age and survivors insurance coverage. These employees can be covered under present law without a referendum.

Section 103 (d) of the bill further amends section 218 (d) (6) of the Social Security Act to allow certain State employees who are in positions covered by a retirement system and who are compensated in whole or in part from Federal funds under title III of the Social Security Act (grants to States for unemployment compensation administration) to be treated as having a separate retirement system for purposes of old-age and survivors insurance coverage. The other employees of the State department in which the employees paid from title III funds are employed could also be deemed to be in a separate retirement system, or all of the employees of that department could be considered as having a separate system. This amendment applies to the States of Georgia, North Dakota, Pennsylvania, Washington, and the Territory of Hawaii.

Neither of these amendments was included in the House bill.

Certain nonprofessional school district employees

Section 103 (e) of the bill provides that employees of school districts in the States of Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, and the Territory of Hawaii who are not required to hold teachers' or administrators' certificates may be brought under old-age and survivors insurance coverage prior to July 1, 1957, without

regard to the provisions of section 218 (d) of the Social Security Act, which prescribes the conditions for covering employees in positions covered by State and local retirement systems (e. g., a favorable referendum among the members of the system). The new provision would not apply to employees already covered under old-age and survivors insurance. This amendment was not included in the House bill.

Policemen and firemen in the States of North Carolina, South Carolina, and South Dakota

Section 103 (f) of the bill adds to section 218 of the Social Security Act a new subsection (p). The new subsection provides that the agreements with the States of North Carolina, South Carolina, and South Dakota may, notwithstanding the provisions of section 218 which preclude policemen and firemen who are under a State or local retirement system from being included under an agreement, be modified to include policemen and firemen in positions under a retirement system in effect on or after the date of enactment of the subsection, upon compliance with the requirements of subsection (d) (3) of section 218. This subsection prescribes the conditions, including a favorable referendum among the active members of the retirement system, for covering employees in positions under a State or local retirement system. Where a retirement system covers positions of policemen or firemen, or both and other positions, the State may, if it desires, treat the policemen or the firemen, or both, as the case may be, as having a separate retirement system.

This amendment was not included in the House bill.

Ministers

Section 103 (g) of the bill amends paragraph (7) of section 211 (a) of the Social Security Act to provide that a United States citizen performing ministerial services who elects to be covered as a self-employed person may include wages and salary from ministerial work, in computing his net income from self-employment for social-security purposes, if he is a minister in a foreign country and he has a congregation which is composed predominantly of citizens of the United States. Under present law wages and salary for ministerial work may be counted for social-security purposes only by a United States citizen employed by an American employer. This provision of the bill has the effect of making old-age and survivors insurance coverage available to additional ministers serving in foreign countries.

This amendment, which was not included in the House bill, would be effective in the case of the same taxable years to which the same amendment to the Internal Revenue Code of 1954 is applicable (made by sec. 201 (e) of the bill).

Effective dates

Section 103 (h) provides effective dates for the amendments made by section 103 of the bill. These have been described above in connection with discussion of the amendments.

Amendments with respect to agricultural labor

Section 104 (a) of the bill (for which there is no corresponding provision in the House bill) amends section 209 (h) of the Social Security Act by replacing paragraph (2) with a new paragraph. The existing provision excludes from the definition of wages, for purposes of old-age and survivors insurance, cash remuneration of less

than $100 paid by an employer in any calendar year to an employee for agricultural labor. The new paragraph (2) excludes from the definition of wages, for purposes of old-age and survivors insurance, cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (1) such remuneration is $200 or more, or (2) the employee performs agricultural labor during the year for the employer on 30 or more days for cash remuneration computed on a time basis. (Remuneration paid in any medium other than cash for agricultural labor is excluded under par. (1) of the same subsection of the present law and par. (1) would remain unchanged under both the House bill and the committee bill.)

Under the committee amendment, cash remuneration of $200 or more paid by an employer in a calendar year to an employee for agricultural labor would constitute wages, regardless of the rate, basis, or unit of payment. If cash remuneration is less than $200 in the year, it would constitute wages for old-age and survivors insurance purposes only if the worker to whom it is paid performs agricultural labor for the employer on 30 or more days during the year for cash remuneration computed on a rate of pay for a unit of time, for example, an hour, a day, or a week. Pay for work at piece rates would be excluded from wages unless the worker's total cash renumeration (including both piece-rate pay and pay based on a unit of time) is $200 or more.

Section 104 (b) of the bill amends section 210 of the Social Security Act by adding a new subsection (m). The amendment, for which there is no corresponding provision in the House bill, provides that individuals furnished by a "crew leader," as defined by the bill, to perform agricultural labor would be deemed to be employees of the "crew leader" for purposes of old-age and survivors insurance; "crew leader" is defined as an individual who furnishes workers to perform agricultural labor for another person (usually a farm operator) if such individual pays (either on his own behalf or on behalf of such person) the workers so furnished by him for their agricultural labor and if such individual has not entered into a written agreement with such person (the farm operator) whereby he (the crew leader) is designated as an employee of the farm operator.

The new subsection (m) also provides that the crew leader would, with respect to the services performed by him in furnishing individuals to perform agricultural labor for another person and with respect also to service performed by him as a member of the crew, be deemed not to be an employee of such other person.

Section 104 (c) of the bill would make a technical amendment in section 213 (a) (2) (B) (iv) of the Social Security Act which prescribes a special method of computing quarters of coverage based on wages from agricultural labor. The amendment would continue the present rule of crediting 1 quarter of coverage (generally the last quarter of the year) for such wages if they equal or exceed $100 but are less than $200. (The first figure is not mentioned in the existing provision because an individual can have no such wages under the existing sec. 209 (h) (2) unless he receives at least $100 from 1 employer during the year.)

Section 104 (d) of the bill provides that the amendment made by subsection (a) shall be effective only with respect to remuneration paid after 1956; and that the amendment made by subsection (b) shall be effective only with respect to service performed after 1956.

Computation of self-employment income by farm operators

Section 105 (a) of the bill, for which there is no corresponding provision in the House bill, amends section 211 (a) of the Social Security Act by striking out the last two sentences and inserting a new provision for computation of farm self-employment income. Under existing law a self-employed farmer who computes his income on the cash receipts and disbursements method may deem 50 percent of his "gross income" from farming to be his net earnings from self-employment attributable to farming, provided such gross income is not more than $1,800. If the gross income from farming is more than $1,800 and the net earnings from self-employment as computed under the provisions of section 210 (a) are less than $900, such net earnings, at his option, may be deemed to be $900. For this purpose, "gross income" is the excess of gross receipts from farming over the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) (to the extent applicable) of section 211 (a) of the act.

The bill changes the optional method of computing net earnings from farm self-employment, and extends the option to self-employed farmers who report income on the accrual method and to members of farm partnerships. Under the bill a farmer whose gross income from farming operations is not more than $1,200, may, at his option, deem such gross income to be his net earnings from self-employment; and if his gross income from farming is more than $1,200 and his net earnings from self-employment from farming operations (computed under the provisions of section 211 (a) without regard to the optional method of computing net earnings from self-employment) are less than $1,200, he may, at his option, deem his net earnings from self-employment to be $1,200.

In the case of a member of a farm partnership whose distributive share of the gross income of the partnership (after the gross income of the partnership has been reduced by the sum of all payments made by the partnership to members thereof which constitute guaranteed payments within the meaning of section 707 (c) of the Internal Revenue Code of 1954) is not more than $1,200, the partner may, at his option, deem such distributive share of the gross income of the partnership to be his distributive share of income described in section 702 (a) (9) of the Internal Revenue Code of 1954 derived from the partnership, and may use such figure in computing his net earnings from self-employment. If the partner's distributive share of the gross income of a farm partnership, computed as provided in the preceding sentence, is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) of such code derived from such farm partnership (computed under sec. 211 (a) of the act without regard to the optional method provided in that section for computing net earnings from self-employment) is less than $1,200, the distributive share of income described in section 702 (a) (9) of such code derived from such farm partnership may, at his option, be deemed to be $1,200 for purposes of computing his net earnings from self-employment.

Section 105 (a) of the bill further amends section 211 (a) of the act to provide, for purposes of computing net earnings from self-employment under the optional method, that in any case in which the income

is computed under an accrual method, the term "gross income" means gross income from the trade or business carried on by the individual or by the partnership, adjusted in accordance with the provisions of paragraphs (1) through (7) of section 211 (a) of the act. The amendment further provides that for purposes of determining whether an individual (including a member of a partnership) has gross income from farming operations of not more than $1,200 or has gross income from such operations of $1,200 or more, such individual shall aggregate his gross income derived from all farming activities carried on by him as a sole proprietor any payment which he receives from a farm partnership of which he is a member and which is a guaranteed payment within the meaning of section 707 (e) of the Internal Revenue Code of 1954, and his distributive share of the gross income of each farm partnership of which he is a member, (computed in accordance with the provisions of sec. 211 (a) of the act as amended by sec. 105 (a) of the bill).

Under section 105 (b) of the bill, the amendment made by section 105 (a) applies with respect to taxable years ending after 1956.

The House bill contained no comparable amendment of existing law.

Time for filing reports of earnings and for correcting secretary's records

Section 106 of the bill (the same as sec. 105 of the House bill) makes two technical amendments in the Social Security Act to conform certain provisions to the Internal Revenue Code of 1954, which changes the deadline date for filing income-tax returns from March 15 to April 15.

Subsection (a) of this section of the bill amends section 203 (g) (1) of the Social Security Act, which provides that beneficiaries who earn more than the amount of earnings permitted by the "retirement test" must report their earnings to the Secretary of Health, Education, and Welfare. The amendment would permit such reports to be filed up to the 15th day of the 4th month following the close of the individual's taxable year, rather than the 15th day of the 3d month following the close of such year as under present law. This amendment would apply in the case of monthly benefits for months in taxable years (of the individual entitled to benefits) beginning after 1954.

Subsection (b) of this section of the bill amends section 205 (c) (1) (B) of the act, which relates to the definition of the term "time limitation" for purposes of making changes in wage records, to provide that the term shall mean a period of 3 years, 3 months, and 15 days, rather than 3 years, 2 months, and 15 days as under existing law.

Alternative insured status

Section 107 of the bill amends section 214 (a) (3) of the Social Security Act, which provides an alternative method for acquiring fully insured status by persons who cannot meet the normal requirement of 1 quarter of coverage for every 2 quarters elapsing after 1950 and up to the quarter of death or attainment of retirement age. The alternative requirement now in the law provides that an individual would be fully insured if all of the quarters elapsing after 1954 and prior to the quarter of death or attainment of retirement age are quarters of coverage, provided that there are at least six such quarters. Under the provisions of the bill, an individual who had at least 6 such quarters of coverage after 1954 would be fully insured under this

alternative provision if all but 4 of the quarters elapsing after 1954 and prior to (1) July 1, 1957, or (2) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage. This change would permit individuals first covered in 1956 to qualify for benefits on the same basis as the present law provides for persons first covered in 1955, since they could omit the four quarters of noncoverage in 1955 from the count of consecutive quarters of coverage required after 1954.

The amendment also would liberalize the fully insured status requirement somewhat for all persons who were covered before 1956 but could not meet the normal requirements nor the special requirements in present law, since such persons could have as many as four quarters after 1954 which were not quarters of coverage and still be fully insured. The amended provision would be effective with respect to individuals who died or attained retirement age before October 1960. Thereafter, the normal requirements in section 214 (a) (2) would be no more difficult to meet than the special requirements in this bill. There was no comparable provision in the House bill.

Dropout of 5 years of low earnings

Section 108 of the bill amends section 215 (b) (4) of the act to provide that as many as 5 years of low or no earnings could be dropped in the computation of an insured individual's average monthly wage, regardless of the number of quarters of coverage he has. Under present law, no more than 4 such years may be dropped from the computation if the individual does not have at least 20 quarters of coverage. Unless the 20-quarter-of-coverage requirement were removed, persons newly covered by this bill as of the beginning of 1956 and who retired or died prior to the fourth quarter of 1960 would not be able to drop all the years 1951–55 from the computation and thus would always have 1 year with no earnings counted against them.

Very few of the persons now on the benefit rolls who had a dropout of only 4 years of low earnings because they did not have 20 quarters of coverage (which would have permitted 5 years to be dropped) would benefit substantially from this amendment. Those individuals whose benefits were based on an average monthly wage computed over the period from 1951 on and who are now on the benefit rolls, and those individuals who will come on the benefit rolls prior to 1957 with benefits computed over the period starting with 1951 could, in general, drop no more than 4 years in any event. Those whose benefits were computed over the period from 1937 on would benefit very little from a dropout of an additional year over so long a period.

To avoid the possibility that large numbers of recomputations would have to be made under this provision under circumstances where little or no additional benefit would result, the amendment would be effective only with respect to benefits based on the earnings record of an individual (1) who becomes entitled to an old-age insurance benefit on the basis of an application filed on or after the date of enactment; or (2) who has substantial enough recent earnings after entitlement to old-age insurance benefits to be entitled (except for the requirement in sec. 215 (f) (6) of the act that the recomputation must result in a higher primary insurance amount) to a "work recomputation" under section 215 (f) (2) (A) of the act based on an application filed on or after the date of enactment of the bill; or (3) who

dies without becoming entitled to an old-age insurance benefit, and on the basis of whose wages and self-employment income no individual was entitled to monthly survivor's benefits, and no lump-sum death payment was payable, under section 202 of the act, on the basis of an application filed prior to such date of enactment; or (4) who dies on or after the date of enactment but who had substantial enough recent earnings after entitlement to old-age insurance benefits to entitle his survivors (except for the requirement in sec. 215 (f) (6) of the act that the recomputation must result in a higher primary insurance amount) to a "work recomputation" for survivors benefits under section 215 (f) (4) (A); or (5) who died prior to such enactment date and whose survivors are (but for the provisions of sec. 215 (f) (6)) entitled to a "work recomputation" for survivors benefits under section 215 (f) (4) (A), but only if no survivor was entitled to monthly benefits or a lump-sum death payment on his wage record on the basis of an application filed prior to such date of enactment and no survivor was entitled to such a benefit, even without the filing of an application therefor, for the month in which the bill is enacted or any prior month.

No such amendment was made under the House bill.

Special starting and closing dates for certain individuals

Section 109 of the bill provides, primarily for persons newly covered beginning in 1956 who can qualify for benefits with a minimum number of quarters of coverage, special starting and closing dates for the computation of benefit amounts. These special dates would apply in the case of any individual who dies or becomes entitled to an old-age insurance benefit in 1957, provided such individual has not less than 6 quarters of coverage after 1955, and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred. In such cases, the individual's starting date would be December 31, 1955, and his closing date would be July 1, 1957. The primary insurance amount in these cases would be computed through the benefit formula in section 215 (a) (1) (A) of the Social Security Act (55 percent of the first $110 of his average monthly wage, plus 20 percent of the next $240), and the special starting and closing dates would be used only if they would result in a higher primary insurance amount.

With respect to the above provision, although under section 215 (b) (3) (A) a closing date is the first day of a calendar year, July 1, 1957, will be considered a closing date for recomputing the individual's benefit amount after the close of a taxable year which includes July 1, 1957, if the recomputation would result in a higher primary insurance amount.

In any computation based on the July 1, 1957, closing date, the total of wages and self-employment income after December 31, 1956, which may be used in such computation would be reduced to $2,100, if it is in excess of that amount. Without such a provision, an individual's average monthly wage for each month of the 6-month period which would be used in the computation would exceed $350 although in general $350 is the maximum average monthly wage which can be used in the benefit computation.

The provisions of this section were not included in the House bill.

Time limitation on filing request for hearings

Section 110 of the bill amends section 205 (b) of the act to clarify the intent of present law that the Secretary may impose a limitation on the time within which an individual may request a hearing after a decision has been made by the Secretary. The language of the present section provides that the Secretary must grant such a hearing "whenever requested" by such individual or by specified dependents or survivors. In a recent decision involving another issue, the Court of Appeals for the Tenth Circuit indicated that this provision as written might require that no case in which an individual has once been given an adverse decision can ever be considered closed until such time as the individual has requested and received a hearing, regardless of the lapse of time. Under this view, individuals could request hearings after the passage of many years during which the Department may have been paying benefits to an adverse claimant. Your committee believes that the Department should not have to keep cases open indefinitely, and that individuals who desire hearings should be required to request them within a reasonable period of time. Under the provisions of section 205 (b) as amended by the bill, the Secretary of Health, Education and Welfare would be specifically authorized to limit the period by regulation, but the prescribed period for requesting hearings could not be less than 6 months after notice of a decision is mailed to the individual. Any individual who has not previously had a hearing would have a period of not less than 6 months after date of enactment of this provision to request a hearing on a notice of decision mailed prior to that date.

No such amendment was included in the House bill.

Earnings test for beneficiaries in active military or naval service overseas

Section 111 (a) of the bill amends section 203 (e) (4) (C) of the act which relates to the definition of wages for the purpose of the earnings test, to provide that services performed outside the United States in the active military or naval service of the United States would be deemed to be employment within the United States. This would place the remuneration for such service under the annual earnings test.

Subsection (b) of the section amends section 203 (k) of the act which relates to the definition of "noncovered remunerative activity outside the United States," to eliminate services performed in the active military or naval service of the United States from such definition. This would remove such service from the applicability of the 7-day work test.

The amendments made by this section would be applicable with respect to taxable years ending after 1955. No such amendments were included in the House bill.

Under present law, a beneficiary who is a member of the Armed Forces (usually a child beneficiary under age 18) is subject to the $1,200-a-year earnings test while he is serving in the United States, but if he is outside the United States becomes subject to the test under which benefits are suspended if the beneficiary engages in noncovered remunerative activity on 7 or more days in a month.

Effect of remarriage in case of certain widows

Section 112 of the bill adds a new paragraph (3) to section 202 (e) of the act to provide that in any case in which a widow remarries and such marriage terminates because of the husband's death but she is

not his "widow" as defined in section 216 (c) of the act (and, therefore, she is not eligible for benefits as his widow), such remarriage will be deemed not to have occurred. The widow could again be eligible for widow's insurance benefits on the basis of her previous husband's earnings.

Benefits to remarried widows who become entitled to widow's insurance benefits under this amendment would not be payable for any month prior to the latest of (1) the month in which the most recent husband died, (2) the 12th month before the month in which the widow filed application for widow's benefits under the new provision. or (3) September 1956.

This amendment was not included in the House bill.

Extension of period for filing proof of support and applications for lump-sum death payment

Section 113 (a) of the bill adds a new subsection (o) to section 202 of the act (not included in the House bill) to provide that in cases where an individual failed to file the proof of support by the insured worker required for husband's, widower's, or parent's benefits, or to file application for a lump-sum death payment based on deaths after 1946, within the period set forth in the law (generally 2 years after the entitlement or death of the insured individual), and there was good cause for the failure to file in time, the proof or application would be deemed to have been filed in time if it is filed within 2 years following such period or within 2 years following August 1956, whichever is later. The Secretary would have authority to determine by regulation what constitutes "good cause" for purposes of this provision.

This amendment would apply in the case of lump-sum death payments under title II of the act, and monthly benefits under such title for months after August 1956, based on applications filed after August 1956.

Computation of average monthly wage

Section 114 of the bill (the same as sec. 106 of the House bill) contains provisions for computing the average monthly wage over full-calendar years in cases involving periods of disability as is now done for cases not involving such periods.

Subsection (a) of the section amends section 215 (b) (1) of the Social Security Act to provide that, in the computation of the average monthly wage, all years any part of which were included in a period of disability shall be excluded from the computation. However, the months and earnings for the year in which the disability began will be included in the computation if a higher primary insurance amount would result.

Subsection (b) of the section amends section 215 (d) (5) of the Social Security Act, which relates to the computation of the average monthly wage where periods prior to 1951 are involved. The amended section would provide that all of the quarters in any year prior to 1951 any part of which was included in a period of disability would be excluded from the elapsed quarters unless, in the case of the year in which the period of disability began, the inclusion of such quarters and of the wages for such quarters would result in a higher primary insurance amount.

Subsection (c) of the section amends section 215 (e) of the Social Security Act to provide that any wages paid to an individual in any

year any part of which was included in a period of disability, and any self-employment income credited to such a year, shall be excluded in computing the average monthly wage unless the months of such year are included as elapsed months in the computation under section 215 (b) (1) which relates to the computation of the average monthly wage where periods after 1950 are involved.

Subsection (d) provides an effective date for the amendments made by the section. These amendments would apply only to individuals (1) who become entitled (without regard to the provisions in sec. 202 (j) (1) of the Social Security Act, relating to retroactive payment of benefits) to old-age insurance benefits after the enactment of the bill, or (2) who die without becoming entitled to such old-age insurance benefits and on the basis of whose earnings an application for benefits or a lump-sum death payment is filed after the date of enactment, or (3) who, after the date of enactment of the bill, file an application which is accepted as an application for a disability determination under the existing section 216 (i) of the Social Security Act.

Advisory Council on Social Security Financing

Section 115 (a) of the bill (the same as sec. 107 (a) of the House bill) establishes an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal old-age and survivors insurance trust fund in relation to the long-term commitments of the old-age and survivors insurance program.

Subsection (b) of this section provides that the Council shall consist of the Commissioner of Social Security, as chairman, and 12 other persons appointed by the Secretary of Health, Education, and Welfare who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public. The Council would have to be appointed after February 1957 and before January 1958.

Section 115 (c) of the bill authorizes the Council to engage such technical assistance, including actuarial services, as it may require and, in addition, requires the Secretary of Health, Education, and Welfare to make available to the Council such assistance from the Department of Health, Education, and Welfare as the Council may require to carry out its functions. This section also provides for compensation for members of the Council while on business of the Council, at rates to be fixed by the Secretary, but not in excess of $50 a day, and for payment of necessary traveling expenses and per diem.

Section 115 (d) of the bill provides that the Council shall make a report of its findings and recommendations (including its recommendations for changes in tax rates under the old-age and survivors insurance program) to the Secretary of the Board of Trustees of the Federal old-age and survivors insurance trust fund. This report must be submitted not later than January 1, 1959, and is to be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959. The Council would go out of existence after January 1, 1959.

A new Council, similarly constituted and with the same functions, would be appointed not earlier than 3 years and not later than 2 years before the first year for which each ensuing scheduled increase (after 1960) in social security tax rates is effective. Each such Council would report its findings and recommendations in the manner described

above not later than January 1 of the year preceding the year in which the scheduled change in tax rates occurs, and the report and recommendations would be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1. Each such Council would also go out of existence after such January 1.

Investment of trust fund

Section 116 of the bill amends section 201 (c) of the Social Security Act to provide that obligations issued for purchase by the Federal old-age and survivors insurance trust fund would yield a rate of interest equal to the average rate of interest borne by all marketable interest-bearing obligations of the United States not due or callable until after the expiration of 5 years from date of original issue. Under present law, the rate of interest for trust fund investments is equal to the average rate borne by all interest-bearing obligations of the United States without regard to maturities or marketability. The average rate would be rounded to the nearest multiple of one-eighth of 1 percent if it is not already a multiple of one-eighth of 1 percent, rather than to the next lower multiple of one-eighth of 1 percent as in present law.

The section also provides that obligations issued for purchase by the trust fund are to have maturities fixed with due regard for the needs of the trust fund, and replaces the present designation of such obligations as "special obligations exclusively to the trust fund" with the designation "public debt obligations for purchase by the trust fund."

Correction of records of self-employment income

Section 117 of the bill amends section 205 (c) (5) of the act (relating to the time limitation for correction of earnings records) to provide that under specified circumstances an individual's earnings record could be corrected, even after the time limitation has run with respect to a given year, to include self-employment income for that year in any case where wages for that year were deleted from the records as having been erroneously reported. The amount of self-employment income to be included could not be in excess of the amount of wages deleted. The correction could be made only to the extent of the individual's self-employment income (or his net earnings from self-employment) not already included in his earnings record as self-employment income which is included in a tax return or statement filed before the expiration of the time limitation following the taxable year in which the deletion of wages is made.

Section 118 of the bill amends section 202 of the Social Security Act by adding a new subsection (p), which provides that no benefits may be paid to certain aliens who are outside the United States.

Paragraph (1) of the new subsection (p) provides that the prohibition against payment shall apply to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or which otherwise comes to his attention, that such individual is outside the United States and prior to the first month for all of which he has been in the United States. The prohibition would not apply to

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individuals who are citizens of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and which pays periodic benefits, or their actuarial equivalent, on account of old age, retirement, or death, if United States citizens who are not citizens of such foreign country and who qualify for such benefits are permitted to receive such periodic benefits or their actuarial equivalent while they are outside of such foreign country for periods of 3 months or longer.

Paragraph (2) of the new subsection (p) provides that a person who is, or on application would be, entitled to a monthly benefit under section 202 for June 1956 would not, because of this provision, be deprived of such benefit or of any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

Paragraph (3) provides that no lump-sum death payment may be made on the basis of the wages and self-employment income of an individual who died while outside the United States and whose benefits were not paid under paragraph (1) for the month preceding the month in which he died.

Paragraph (4) provides that the deductions under subsections (b) and (c) of section 203 of the Social Security Act on account of work or failure to have a child in the beneficiary's care would not be applied for any month with respect to the benefits of any individual if his benefits for such month are not payable by reason of paragraph (1).

Paragraph (5) provides that the Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection, and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary for this purpose.

What is a social insurance or pension system of general application for purposes of paragraph (1) of the new subsection (p) necessarily will depend upon a consideration of all aspects of the system, including, among others, such factors as its scope and the type of benefits payable. It may include consideration, as a single system, of several social insurance or pension plans in effect in a country, each of which, standing alone, might not be a system of general application.

No provision suspending benefits of aliens was included in the bill passed by the House.

Definition of Secretary

Section 119 of the bill provides that the term "Secretary," as used in the bill and in the provisions of the Social Security Act set forth in the bill, means the Secretary of Health, Education, and Welfare.

This is the same as section 108 of the House bill.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

Section 120 of the bill amends the Railroad Retirement Act. These amendments are designed to maintain the relationship between the old-age and survivors insurance system and the railroad retirement system that was established by the amendments made in 1951 to the Railroad Retirement Act by Public Law 234, 82d Congress.

Section 120 (a) amends section 1 (q) of the Railroad Retirement Act so as to provide that references in the Railroad Retirement Act to the "Social Security Act" and to the "Social Security Act, as amended," are references to the Social Security Act as amended in 1956 (that is, as amended by all acts amending the Social Security Act during and preceding 1956).

Section 120 (b) amends section 5 (f) (2) of the Railroad Retirement Act, which guarantees the payment of total benefits under the railroad retirement and old-age and survivors insurance programs at least equal to the worker's contributions to the railroad program, plus an allowance for interest. In defining the terms of this guaranty, section 5 (f) (2) of the Railroad Retirement Act refers to survivor benefits payable under the Social Security Act "upon attaining age 65." Section 120 (b) inserts the phrase "(age sixty-two in the case of a widow)" after "age sixty-five" each place it appears in section 5 (f) (2) of the Railroad Retirement Act. This takes account of the reduction in the retirement age requirement for widows from age 65 to age 62 under the Social Security Act.

The latter amendment differs from that contained in the House bill because the House bill would have reduced the retirement age for all women beneficiaries, not just widows.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

GENERAL STATEMENT

Title II of the bill contains amendments to chapter 2 (Tax on Self-Employment Income) and chapter 21 (Federal Insurance Contributions Act) of the Internal Revenue Code of 1954. All references in this portion of your committee's report to the "Internal Revenue Code" or the "code" are to the Internal Revenue Code of 1954.

District of Columbia credit unions

Section 201 (a) of the bill, as does section 201 (a) of the House bill, adds a new section 3113 to subchapter B of chapter 21 of the Internal Revenue Code of 1954. Section 3113 would render inoperative, with respect to the employer tax imposed by section 3111 of such code, any exemption from taxation which is now granted, or which may in the future be granted, to credit unions in the District of Columbia chartered pursuant to the act of June 23, 1932. Service performed in the employ of these credit unions now constitutes employment under chapter 21 of such code and title II of the Social Security Act, and such credit unions are now required to report and pay over the employee tax imposed by section 3101 of such code with respect to such service. However, such credit unions are not required to pay the employer tax imposed by section 3111 of such code in view of the exemption from taxation now granted under section 16 of the act of June 23, 1932. Section 201 (a) has the effect of subjecting such credit unions to liability for the employer tax with respect to such service.

Under section 201 (k) of the bill, the amendment made by section 201 (a) is effective with respect to remuneration paid after 1956.

Standby pay

Section 201 (b) of the House bill would amend section 3121 (a) (9) of the Internal Revenue Code of 1954 to conform such section to the changes made by section 102 (a) and (b) (4) of the House bill in the

definition of the term "retirement age" for purposes of section 209 (i) of the Social Security Act. Under existing law, any payment (other than vacation or sick pay) made to an employee after the month in which he or she attains age 65 is excluded from "wages," as that term is defined in the Federal Insurance Contributions Act, if the employee did not work for the employer in the period for which such payment is made. Under the House bill, any such payment made after 1955 is excluded if made to a male employee after the month in which he attains age 65 or, in the case of a woman, after the month in which she attains age 62. Section 201 (b) of the House bill has been deleted in view of the changes made by your committee in section 102 (a) of the House bill.

Service in connection with gum resin products

Under the existing section 3121 (b) (1) (A) of the Internal Revenue Code of 1954, service performed in connection with the Production or harvesting of crude gum (oleoresin) from a living tree or the processing of such crude gum into gum spirits of turpentine and gum resin, if such processing is carried on by the original producer of the crude gum, is excepted from employment. Section 201 (c) of the House bill would remove the specific exception of this service from employment and would have the effect of covering such service under the Federal Insurance Contributions Act on the same basis as other agricultural labor. Your committee's bill contains no corresponding amendment.

Foreign agricultural workers

Section 201 (b) of the bill, for which there is no corresponding provision in the House bill, amends section 3121 (b) (1) (B) of the code. Under existing law, section 3121 (b) (1) (B) excepts from the term "employment," service performed by (1) certain foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, and (2) service performed by foreign agricultural workers lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor. Section 201 (b) of your committee bill amends section 3121 (b) (1) (B) so as to extend the exception contained in such section to service performed by foreign agricultural workers lawfully admitted to the United States from any foreign country or possession thereof on a temporary basis to perform agricultural labor.

Under section 201 (k) (1) of the bill, the amendment made by section 201 (b) applies with respect to service performed after 1956.

Employees of Federal home loan banks and of the Tennessee Valley Authority

Section 201 (d) (1) of the House bill would amend section 3121 (b) (6) (B) (ii) of the Internal Revenue Code of 1954 so as to remove the exception from employment now provided by section 3121 (b) (6) (B) in respect of service performed in the employ of a Federal home loan bank. Thus, under the House bill, the general exception from employment provided by such section for service which is performed in the employ of a Federal instrumentality exempt from the employer tax on December 31, 1950, and which is covered by the retirement system of such instrumentality would no longer apply to service performed in the employ of a Federal home loan bank.

Section 201 (d) (2) of the House bill would amend section 3121 (b) (6) (C) (vi) of the Internal Revenue Code of 1954 so as to remove the exception from employment of service performed in the employ of the Tennessee Valley Authority by an individual who is subject to the retirement system of that instrumentality. At present, such service is excepted from employment under the general exception of service performed by an individual who is excluded from the Federal civil service retirement system because he is subject to another Federal retirement system.

Your committee's bill contains no amendments corresponding to those in section 201 (d) of the House bill.

Share-farming arrangements

Section 201 (c) (1) of the bill amends section 3121 (b) of the Internal Revenue Code of 1954 by adding a new paragraph (16). The new paragraph provides that service performed by an individual under an arrangement with the owner or tenant of land, pursuant to which such individual undertakes to produce agricultural or horticultural commodities on such land, shall be excepted from employment, provided that, pursuant to the arrangement, the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between him and the owner or tenant and the amount of such individual's share depends solely on the amount of the agricultural or horticultural commodities produced. Although the amendment is made effective (by sec. 201 (k) (1) of the bill) with respect to service performed after 1954, it is declaratory of present law.

Section 201 (c) (2) of the bill, which corresponds to section 201 (e) (2) of the House bill, amends section 1402 (a) (1) of the code under which rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) are excepted from "net earnings from self-employment." Under the amendment, the present exception would not apply to any income derived by an owner or tenant of land under an arrangement with another individual for the production by such other individual of agricultural or horticultural commodities on such land if such arrangement provides for material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and there is participation by the owner or tenant in the production of any such commodity to a degree which is material with respect to that commodity.

Under this amendment it is contemplated that the owner or tenant of land which is used in connection with the production of agricultural or horticultural commodities must participate to a material degree in the management decisions or physical work relating to such activities in order for the income derived therefrom to be classified as "net earnings from self-employment." Your committee is of the opinion that in any case in which the owner or tenant establishes the fact that he periodically advises or consults with such other individual as to the production of the commodities and also establishes the fact that he periodically inspects the production activities on the land he will have presented strong evidence of the existence of the degree of participation contemplated by the amendment. If the owner or tenant also establishes the fact that he furnishes a substantial portion of the machinery, implements, and livestock used in the production of the

commodities or that he furnishes, or advances, or assumes financial responsibility for, a substantial part of the expense (other than labor expense) involved in the production of the commodities, your committee feels that he will have established the existence of the degree of participation contemplated by the amendment.

The amendment made by section 201 (c) (2) applies (under sec. 201 (k) (1) of the bill) with respect to taxable years ending after 1955. However, under section 201 (k) (3) of the bill, any self-employment tax which is due, solely by reason of the amendment made by section 201 (c) (2), for any taxable year ending on or before the date of enactment of the bill shall be considered timely paid if payment is made in full within 6 calendar months after the month in which the bill is enacted. In no event shall interest on any such tax accrue during any period ending on the date of enactment of the bill.

Section 201 (c) (3) of the bill, which corresponds to section 201 (e) (3) of the House bill, amends section 1402 (c) (2) of the code so as to include in the term "trade or business" the service described in the new paragraph (16) (relating to certain share farmers) which is added to section 3121 (b) of the code by section 201 (c) (1) of the bill. Although the amendment made by section 201 (c) (3) applies (under sec. 201 (k) (1) of the bill) with respect to taxable years ending after 1954, it is declaratory of present law.

Professional self-employed

Under section 1402 (c) (5) of the Internal Revenue Code of 1954, the performance of service by an individual (or a partnership) in the exercise of designated professions is excluded from the definition of the term "trade or business" for purposes of determining "net earnings from self-employment" and "self-employment income." The professional service thus excluded under present law is service performed by any person as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner. Section 201 (f) of the House bill would delete these exclusions, except in the case of physicians and Christian Science practitioners. Section 201 (d) of your committee's bill corresponds to section 201 (f) of the House bill except for 3 changes. These changes are (1) to retain the exclusion now provided for osteopaths, (2) to substitute "doctor of medicine" for "physician," and (3) to substitute "doctor of osteopathy" for "osteopath." The changes in terminology referred to in (2) and (3) of the preceding sentence are not intended to effect any change in the law.

The amendment has the effect of requiring that any income derived by an individual or a partnership from the practice of a profession as a lawyer, dentist, chiropractor, veterinarian, naturopath, or optometrist, must be taken into account in determining liability for the self-employment tax.

Section 1402 (e) of such code, which permits Christian Science practitioners to file a coverage certificate waiving their exemption from this tax under certain conditions, is not affected by this amendment.

Section 201 (k) (1) of the bill provides that the amendment made by section 201 (d) shall apply with respect to taxable years ending after 1955. However, under section 201 (k) (3) of the bill, any self-employment tax which is due, solely by reason of the amendment made by section 201 (d), for any taxable year ending on or before the

date of enactment of the bill shall be considered timely paid if payment is made in full within 6 calendar months after the month in which the bill is enacted. In no event shall interest on any such tax accrue during any period ending on the date of enactment of the bill.

Ministers

Section 201 (e) of the bill, for which there is no corresponding provision in the House bill, amends section 1402 (a) (8) (B) of the Internal Revenue Code of 1954. Section 1402 (a) (8) (B) now provides, in part, that a United States citizen performing services as a duly ordained, commissioned, or licensed minister of a church shall compute his "net earnings from self-employment" as a minister without regard to the exclusions from gross income provided in sections 911 and 931 of the code, if the minister is employed by an "American employer", as that term is defined in section 3121 (h) of the code. Section 201 (e) would extend the application of section 1402 (a) (8) (B) so as to provide that any other United States citizen performing such services in a foreign country shall compute his "net earnings from self-employment" attributable to such services without regard to these exclusions from gross income if his congregation is composed predominantly of United States citizens.

Section 201 (k) (2) of the bill provides that the amendment made by section 201 (e) shall apply only with respect to taxable years ending after 1956, except in those cases where an individual who, for a taxable year ending after 1954 and prior to 1957, had income of the type to which the amendment is applicable makes an election to have the amendment apply with respect to the first such year in which he had such income. No such election is valid, however, unless the individual has filed a waiver certificate under section 1402 (e) of the code before making the election, or files such a waiver certificate at the time of making the election.

The election must be made on or before April 15, 1957, or the due date of the return (including any extension thereof) for the individual's last taxable year ending prior to 1957, whichever date is later, in the case of any such individual who has filed a waiver certificate under section 1402 (e) of the code before the date of enactment of the bill, or who files a waiver certificate on or before the due date of his return (including any extension thereof) for his first taxable year ending prior to 1957. If the individual has not filed a waiver certificate within this period, the election may be made on or before the due date of his return (including any extension thereof) for his last taxable year ending after 1956, and such individual may file a waiver certificate at the time he makes the election even though the period prescribed in section 1402 (e) (2) for filing such waiver certificate has expired in his case.

The waiver certificate filed under section 1402 (e) by any individual who makes an election under section 201 (e) of the bill is effective for the taxable year prescribed in section 1402 (e) (3) of the code or, notwithstanding section 1402 (e) (3), for the first taxable year ending after 1954 in which the individual had income to which the election applies, whichever is earlier, and for all succeeding taxable years.

Any election under section 201 (e) must be made in the manner provided in regulations to be prescribed by the Secretary of the Treasury or his delegate. No interest or penalty will accrue, prior to the day after the day on which an election is made by an individual, in respect

of his failure to file a return or pay tax due solely by reason of his election.

Remuneration for agricultural labor

Section 201 (f) (1) of the bill, for which there is no corresponding provision in the House bill, amends section 3121 (a) (8) (B) of the Internal Revenue Code of 1954. Section 3121 (a) (8) (B) excludes from wages cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless such remuneration is $100 or more. The new subparagraph (B) would exclude from wages cash remuneration paid by an employer to an employee in any calendar year for agricultural labor unless (1) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more or, (2) the employee performs agricultural labor for the employer on 30 days or more during such year for cash remuneration computed on a time basis. The new subparagraph (B) of section 3121 (a) (8) provides two separate tests for determining whether cash remuneration paid by an employer to an employee in a calendar year for agricultural labor is excepted from wages. If either of the tests is met, cash remuneration paid during the year for such labor is not excepted from wages under section 3121 (a) (8) (B).

Under section 201 (k) (1) of the bill, the amendment made by section 201 (f) (1) applies with respect to remuneration paid after 1956.

Crew leader

Section 201 (f) (2) of the bill, for which there is no corresponding provision in the House bill, amends section 3121 of the code by adding a new subsection (m). The new subsection (m) defines the term "crew leader" to mean an individual who furnishes individuals to perform agricultural labor for another person if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person. Under the new subsection (m), a crew leader is deemed to be the employer, for purposes of the employee and the employer taxes imposed by sections 3101 and 3111, respectively, of the code of individuals furnished by him, as a crew leader, to perform agricultural labor for another person. Such new subsection (m) also provides that for purposes of chapter 21 (Federal Insurance Contributions Act) and chapter 2 (Tax on Self-Employment Income) a crew leader shall, with respect to any service performed by him in furnishing individuals to perform agricultural labor for another person and any service performed by him as a member of the crew, be deemed not to be an employee of such other person.

Under section 201 (k) (1) of the bill, the amendment made by section 201 (f) (2) applies with respect to service performed after 1956.

Amendment relating to collection of employee tax

Section 201 (f) (3) of the bill, for which there is no corresponding provision in the House bill, amends section 3102 (a) of the code. Section 3102 (a) of the code now provides, in part, that an employer who in any calendar year pays to an employee cash remuneration to which section 3121 (a) (8) (B) of the code is applicable may deduct an amount equivalent to the employee tax imposed by section 3101

from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar year is less than $100. The amendment made by section 201 (f) (3) merely conforms section 3102 (a) of the code to section 3121 (a) (8) (B) of the code as amended by section 201 (f) (1) of the bill.

Computation of self-employment income by farm operators

Section 201 (g) of the bill, for which there is no corresponding provision in the House bill, amends section 1402 (a) of the Internal Revenue Code of 1954. Under existing law a self-employed farmer who computes his income on the cash receipts and disbursements method may deem 50 percent of his gross income from farming to be his net earnings from self-employment attributable to farming, provided such gross income is not more than $1,800. If the gross income from farming is more than $1,800 and the net earnings from self-employment as computed under the provisions of section 1402 (a) are less than $900, such net earnings, at his option, may be deemed to be $900. For this purpose, gross income is the excess of gross receipts from farming over the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) (to the extent applicable) of section 1402 (a).

Your committee's bill changes the optional method of computing net earnings from farm self-employment, and extends the option to self-employed farmers who report income on the accrual method and to members of farm partnerships. Under your committee's bill, a farmer whose gross income from farming operations is not more than $1,200, may, at his option, deem such gross income to be his net earnings from farm self-employment; and if his gross income from farming is more than $1,200 and his net earnings from self-employment from farming operations (computed under the provisions of section 1402 without regard to the optional method of computing net earnings from self-employment) are less than $1,200, he may, at his option, deem his net earnings from self-employment to be $1,200.

In the case of a member of a farm partnership whose distributive share of the gross income of the partnership (after the gross income of the partnership has been reduced by the sum of all payments made by the partnership to members thereof which constitute guaranteed payments within the meaning of section 707 (c) of the code is not more than $1,200, the partner may, at his option, deem such distributive share of the gross income of the partnership to be his distributive share of income described in section 702 (a) (9) of the code derived from the partnership, and may use such figure in computing his net earnings from self-employment. If the partner's distributive share of the gross income of a farm partnership, computed as provided in the preceding sentence, is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) derived from such farm partnership (computed under sec. 1402 (a) of the code without regard to the optional method provided in that section for computing net earnings from self-employment) is less than $1,200, the distributive share of income described in section 702 (a) (9) derived from such farm partnership may, at his option, be deemed to be $1,200 for purposes of computing his net earnings from self-employment.

Section 201 (g) of your committee bill further amends section 1402 (a) of the code to provide, for purposes of computing net earnings from farm self-employment under the optional method, that in any case in which the income is computed under an accrual method, the term "gross income" means gross income from the trade or business carried on by the individual or by the partnership, adjusted in accordance with the provisions of paragraphs (1) through (7) of section 1402 (a). The amendment further provides that for purposes of determining whether an individual (including a member of a partnership) has gross income from farming operations of not more than $1,200 or has gross income from such operations of $1,200 or more, such individual shall aggregate his gross income derived from all farming activities carried on by him as a sole proprietor, any payment which he receives from a farm partnership of which he is a member and which is a guaranteed payment within the meaning of section 707 (c) of the code, and his distributive share of the gross income of each farm partnership of which he is a member (computed in accordance with the provisions of section 1402 (a) of the code as amended by section 201 (g) of the bill).

Under section 201 (a) (1), the amendment made by section 201 (g) applies with respect to taxable years ending after 1956.

Foreign subsidiaries

Section 201 (h) of the bill, for which there is no corresponding provision in the House bill, amends section 3121 (1) (8) (A) of the code. Section 3121 (1) (8) now defines the term "foreign subsidiary," for purposes of the contract coverage made available under section 3121 (1), as (1) a foreign corporation more than 50 percent of the voting stock of which is owned by a United States corporation, and (2) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in (1). Section 201 (h) would reduce the ownership requirements provided in respect of the foreign corporation described in (1) from "more than 50 percent" to "not less than 20 percent." This would have the effect of permitting coverage by contract, pursuant to section 3121 (1), of certain services performed outside the United States by United States citizens employed by a foreign corporation 20 percent or more of the voting stock of which is owned by a United States corporation.

The amendment made by section 201 (h) becomes effective upon enactment of the bill.

Filing of supplemental lists by nonprofit organizations

Section 201 (i) of the bill, which corresponds to section 201 (g) of the House bill except for a change in date noted in the following paragraph, amends section 3121 (k) (1) of the Internal Revenue Code of 1954, relating to waivers of tax exemption which may be filed by certain religious, charitable, etc., organizations. Pursuant to section 3121 (k), such an organization may file a certificate waiving exemption from tax under chapter 21 of such code only if two-thirds or more of its employees concur in the filing of such certificate, and such certificate is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs. As originally enacted, section 3121 (k) permitted additions to the list of employees concurring in the filing of a certificate only if a supplemental list was filed within the period ending on

the last day of the first month following the first calendar quarter for which the certificate is in effect. However, section 3121 (k) was amended by section 207 (a) of the Social Security Amendments of 1954 so as to permit additions to the list within a period of 24 months after the first calendar quarter for which the certificate is in effect. This amendment had the effect of permitting additions to lists accompanying certificates filed as early as the second calendar quarter of 1952, but made no provision for additions to any list of concurring employees in the case of a certificate filed prior to that quarter.

Section 201 (i) would permit amendment of the list accompanying any certificate, effective now or in the future, by the filing of a supplemental list at any time before the expiration of 24 months following the first calendar quarter for which the certificate is effective or at any time before January 1, 1959 (rather than January 1, 1958, as provided in the House bill) whichever is the later. This amendment would take effect upon enactment of the bill. However, the date on which a supplemental list becomes effective with respect to service performed by an individual whose signature appears on such list would continue to be governed by existing law.

Effective date for waiver certificate filed by nonprofit organizations

Section 201 (j) of the bill, which corresponds to section 201 (h) of the House bill, amends section 3121 (k) (1) of the Internal Revenue Code of 1954 so as to provide an optional effective date for certificates filed under such section after 1956. Under present law a certificate filed under section 3121 (k) of such code becomes effective on the first day of the calendar quarter following the quarter in which the certificate is filed. Under such section as amended by section 201 (j) of the bill, a certificate filed after 1956 may be made effective on the first day of the calendar quarter in which the certificate is filed or the first day of the succeeding calendar quarter, whichever is specified by the organization.

Tax rates

Section 202 (a) of the House bill would amend section 1401 of the Internal Revenue Code of 1954 to provide for progressive increases in the rates of the tax upon self-employment income, as now provided for taxable years beginning after 1955.

Section 202 (b) and (c) of the House bill would amend sections 3101 and 3111, respectively, of the code to provide for progressive increases in the rates of the employee and employer taxes, as now provided for calendar years after 1955.

These amendments have been deleted by your committee, thereby continuing in effect the tax rates now provided in sections 1401, 3101, and 3111 of the code in respect of the self-employment tax, the employee tax, and the employer tax, respectively.

AMENDMENT OF SECTION 403 OF SOCIAL SECURITY AMENDMENTS OF 1954

Service for certain tax-exempt organizations

Section 401 of the bill, for which there is no corresponding provision in the House bill, amends subsection (a) and subsection (b) of section 403 of the Social Security Amendments of 1954.

Subsection (a) of section 403 of the Social Security Amendments of 1954 now provides that certain services performed before 1955 by

an individual employed prior to September 1, 1954, by an organization exempt from income tax as an organization described in section 101 (6) of the Internal Revenue Code of 1939 may be deemed to be "employment," as defined in section 1426 (b) of the 1939 code, even though the organization had not filed a valid waiver certificate under section 1426 (1) of the 1939 code before September 1, 1954, but only if certain conditions prescribed in such section 403 are met and the individual so requests in accordance with regulations of the Secretary of the Treasury or his delegate.

Section 401 of the bill amends subsection (a) of section 403 of the Social Security Amendments of 1954 so as to extend application of such subsection (a) to services of the same type as those to which the subsection is now applicable performed before 1957 by an individual employed by such an organization prior to the date of enactment of the bill.

Subsection (b) of section 403 of the Social Security Amendments of 1954 now provides that certain services performed for an organization exempt from income tax as an organization described in section 101 (6) of the Internal Revenue Code of 1939 by an individual who was employed by such organization prior to September 1, 1954, and who failed to concur in the waiver certificate filed by such organization under section 1426 (1) of the 1939 code, may be deemed to be "employment," as defined in section 1426 (b) of the 1939 code, but only if certain conditions are met and the individual so requests on or before January 1, 1957, in accordance with regulations of the Secretary of the Treasury or his delegate. If such request is made, the individual is deemed to have signed the original list of employees concurring in the waiver certificate filed by the organization.

Section 401 of the bill amends subsection (b) of section 403 of the Social Security Amendments of 1954 so as to extend application of such subsection (b) to services of the same type as those to which the subsection is now applicable performed by an individual employed by such an organization prior to the date of enactment of the bill, if the individual makes the request provided for in such subsection on or before January 1, 1959.

TITLE III—AMENDMENTS TO PUBLIC ASSISTANCE PROVISIONS OF THE SOCIAL SECURITY ACT

The first section of title III of the bill contains a declaration of purpose. The remainder of the title is divided into five parts: Part I which provides for separate Federal matching funds under titles I, IV, X, and XIV of the Social Security Act of State public assistance expenditures for medical care; part II which relates to provision of services for self-support or self-care in titles IV, X, and XIV of the Social Security Act; part III which contains two small amendments to title IV of the act; part IV which provides for Federal aid for research and training in public welfare; and part V which temporarily extends the formula now in effect for determining the relative Federal share of public assistance expenditures under titles I, IV, X, and XIV of the act.

There were no provisions in the House bill comparable to those included in this title.

PART I—MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE

Sections 3 (a), 403 (a), 1003 (a), and 1403 (a) of the Social Security Act now provide for paying to each State with a plan approved under titles I, IV, X, and XIV a proportion, set forth in each title, of each State's expenditures for assistance to needy individuals under the plan. This includes expenditures both in the form of cash payments to individuals and medical care on their behalf. Sections 301, 302, 303, and 304 of the bill continue the Federal payments to the States on the basis of the present formula with respect to cash payments to the individuals. It adds a provision that enables them to receive separate dollar for dollar matching of their expenditures for medical or other remedial care (including expenditures for insurance premiums) up to a maximum of $8 times the number of individuals receiving assistance in the form of cash payments or medical care. (In aid to dependent children the maximum on the medical care expenditures in which the United States would share would be $8 times the number of adult recipients and $4 times the number of child recipients.) The present individual maximums of $55 for the aged, blind, and disabled, and of $30 for the relatives caring for a dependent child, $30 for the first dependent child, and $21 for each additional child in the same home in aid to dependent children, would continue to apply, but only with respect to the money payments made to recipients.

The amendments made by this part would become effective July 1, 1957.

PART II—SERVICES IN PROGRAMS OF AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

Section 311 of the bill would amend section 401 of the Social Security Act to make it clear that the purpose of title IV of the act includes not only financial assistance, but also services to maintain and strengthen family life and to help the relatives caring for dependent children attain that degree of self-support and personal independence consistent with maintaining parental care and protection. Section 311 would also amend section 402 (a) of the act so as to require the approved State plan for aid to dependent children to include a description of the services, if any, that a State offers to applicants for and recipients of aid in order to achieve the purposes of this part of the bill, including a statement of the steps taken to assure maximum utilization of existing agencies in providing the services.

This section of the bill would also amend section 403 (a) of the Social Security Act to delete some obsolete language and make it clear that Federal payments to the State with respect to the costs of administration of the State plan may include payments with respect to the services described above.

Section 312 of the bill would amend section 1001 of the Social Security Act to make it clear that the purpose of title X of the act includes not only financial assistance, but also services to help needy blind individuals to attain self-support or self-care. Section 312 would also amend section 1002 (a) of the act so as to require the approved State plan for aid to the blind to include a description of the

services, if any, that a State offers to applicants for and recipients of aid in order to achieve the purposes of this part of the bill, including a statement of the steps taken to assure maximum utilization of existing agencies in providing the services.

This section of the bill would also amend section 1003 (a) of the Social Security Act to delete some obsolete language and make it clear that Federal payments to the State with respect to the costs of administration of the State plan may include payments with respect to the services described above.

Section 313 of the bill would amend section 1401 of the Social Security Act to make it clear that the purpose of title XIV of the act includes not only financial assistance, but also services to help needy individuals over 18 who are permanently and totally disabled to attain self-support or self-care. Section 313 would also amend sections 1402 (a) of the act so as to require the approved State plan for aid to the permanently and totally disabled to include a description of the services, if any, that a State offers to applicants for and recipients of aid in order to achieve the purposes of this part of the bill, including a statement of the steps taken to assure maximum utilization of existing agencies in providing the services.

This section of the bill would also amend section 1403 (a) of the Social Security Act to delete some obsolete language and make it clear that Federal payments to the State with respect to the costs of administration of the State plan may include payments with respect to the services described above.

The amendments made by this part of title III of the bill would be effective on enactment, except that the provisions inserting the new plan requirement (on the description of the services provided and the steps taken to utilize other agencies in the provision of such services)—sections 311 (b), 312 (b), and 313 (b) of the bill—would not become effective until July 1, 1957.

PART III—EXTENSION OF AID TO DEPENDENT CHILDREN

Section 321 amends section 406 (a) of the Social Security Act by adding "first cousin, nephew or niece" to the list of relatives with whom a dependent child may be living and be eligible, with Federal matching, for aid to dependent children.

Section 322 deletes from section 406 (a) of the act the requirement of school attendance for otherwise eligible children between 16 and 18 years of age.

PART IV—RESEARCH AND TRAINING

Section 331 adds to title XI of the Social Security Act authorization (in a new sec. 1110) for Federal participation in the cost of research or demonstration projects (relating to such matters as prevention or reduction of dependency or coordination of planning between private and public welfare agencies, or to help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and related programs) through grants, contracts, or jointly financed cooperative arrangements with States, public or nonprofit organizations. This section authorizes an appropriation of $5 million for the fiscal year 1957, and such sums thereafter as the Congress may determine.

The new section 1110 also provides that no contract or arrangement may be entered into, and no grant may be made, under the section without obtaining the advice and recommendations of competent specialists as to the soundness of design of the projects, the possibilities for securing productive results, adequacy of resources for conducting the projects, etc. Grants, and payments under the contracts or arrangements, could be made in advance or by way of reimbursement, and in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of the section.

Section 332 adds to title VII of the Social Security Act authorization (in a new section 705) for allotting to the States sums which they may use for making grants to public or other nonprofit institutions of higher learning, conducting special, short courses of study or seminars, and establishing and maintaining fellowships or traineeships for training public welfare personnel for work in public assistance programs. The allotment to each State from appropriations under this section would be determined on the basis of (1) population, (2) relative need for trained public welfare personnel, particularly personnel to provide self-support and self-care services, and (3) financial need, of the respective States. This allotment would be available for paying the Federal share of the expenditures described above. The Federal share would be 100 percent for the period beginning July 1, 1957, and ending June 30, 1967, and 80 percent thereafter. An appropriation of $5 million is authorized for the fiscal year 1958, and thereafter such amounts as the Congress may determine.

Payments to the States under this new section 705 would be made in advance on the basis of estimates, with necessary adjustments to correct any errors being made in future payments. An allotment which a State certified it would not use could be reallotted by the Secretary to other States that have need for and will be able to use sums in excess of their initial allotment. The reallotments would be made on the same basis as the original allotments (i. e., population, need for trained personnel, and financial need, of the respective States).

Section 333 amends section 1101 (a) of the act so that the term "State" will include Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands for purposes of title VII, just as it now does for purposes of titles I, IV, V, X, and XIV of the Social Security Act.

PART V—TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

In 1952, the Social Security Act was amended to increase the proportion of public assistance expenditures made by the States to be borne from Federal funds. Such amendments were originally made effective for the period ending September 30, 1954; they were subsequently extended (by the 1954 amendments to the Social Security Act) to September 30, 1956. Section 341 would further extend this period to June 30, 1959.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted

is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

AN ACT To provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; 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—GRANTS TO STATES FOR OLD-AGE ASSISTANCE

APPROPRIATIONS

SECTION 1. * * *

* * * * * * *

PAYMENTS TO STATES

SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance *in the form of money payments* under the State plan, not counting so so much of such expenditure with respect to any individual for any month as exceeds $55—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance *in the form of money payments* for such month; plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance *in the form of money payments* under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose, *and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care*

or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of 8 multiplied by the number of individuals who received old-age assistance under the State plan for such month.

* * * * * * *

TITLE II—FEDERAL OLD-AGE AND SURVIVORS INSURANCE BENEFITS

FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

SECTION 201. (a) * * *

* * * * * * *

(c) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. [The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Managing Trustee determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.] *The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the Trust Fund only if the Managing Trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.*

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OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

OLD-AGE INSURANCE BENEFITS

SEC. 202. (a) * * *

* * * * * * *

Child's Insurance Benefits

(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

(A) has filed application for child's insurance benefits,

(B) at the time such application was filed was unmarried and [had not attained the age of eighteen, and] *either (i) had not attained the age of eighteen, or (ii) was under a disability (as defined in section 223) which began before he attained the age of eighteen, and*

(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), [or] attains the age of eighteen [.] *and is not under a disability (as defined in section 223) which began before he attained such age, or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen.*

(2) Such child's insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the old-age insurance benefit of such individual for such month. Such child's insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual, except that, if there is more than one child entitled to benefits on the basis of such individual's wages and self-employment income, each such child's insurance benefit for such month shall be equal to the sum of (A) one-half of the primary insurance amount of such individual, and (B) one-fourth of such primary insurance amount divided by the number of such children.

(3) [A child] *A child who has not attained the age of eighteen* shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not living with or contributing to the support of such child and—

(A) such child is neither the legitimate nor adopted child of such individual, or

(B) such child had been adopted by some other individual, or

(C) such child was living with and was receiving more than one-half of his support from his stepfather.

(4) [A child] *A child who has not attained the age of eighteen* shall be deemed dependent upon his stepfather at the time specified in

paragraph (1) (C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

(5) [A child] *A child who has not attained the age of eighteen* shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if such mother or adopting mother was a currently insured individual. [A child] *A child who has not attained the age of eighteen* shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1) (C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

(6) A child who has attained the age of eighteen but who is under a disability (as defined in section 223) which began before he attained the age of eighteen shall be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or his stepmother at the time specified in paragraph (1) (C) if the child—

(A) was or would, upon filing an application therefor, have been entitled to a child's insurance benefit on the basis of the wages and self-employment income of such father, mother, stepfather, or stepmother for any month before the month in which he attained the age of eighteen, or

(B) was, at the time specified in paragraph (1) (C), receiving at least one-half of his support from such father, mother, stepfather, or stepmother.

Widow's Insurance Benefits

(e) (1) The widow (as defined in section 216 (c)) of an individua[1] who died a fully insured individual after 1939, if such widow—

(A) has not remarried,

(B) has attained [retirement age] *age sixty-two*,

(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of [retirement age] *age sixty-two*, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained [retirement age] *age sixty-two*,

(D) was living with such individual at the time of his death, and

(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of her deceased husband,

shall be entitled to a widow's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of her deceased husband.

(2) Such widow's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.

(3) In the case of any widow of an individual—

(A) who marries another individual, and

(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not his widow (as defined in section 216 (c)),

the marriage to the individual referred to in clause (A) shall, for purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) September 1956.

* * * * * * *

Parent's Insurance Benefits

(h) (1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after 1939, if such individual did not leave a widow who meets the conditions in subsection (e) (1) (D) and (E), a widower who meets the conditions in subsection (f) (1) (D), (E), and (F), [or] an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), *or an unmarried child who has attained the age of eighteen but is under a disability (as defined in section 223) which began before he attained such age and who is deemed dependent on such individual under subsection (d) (6)*, and if such parent—

(A) has attained retirement age,

(B) was receiving at least one-half of his support from such individual at the time of such individual's death and filed proof of such support within two years of such date of death,[16]

(C) has not married since such individual's death,

(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased individual, and

(E) has filed application for parent's insurance benefits,

shall be entitled to a parent's insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent's insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual.

(2) Such parent's insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

(3) As used in this subsection, the term "parent" means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an

adopting parent by whom an individual was adopted before he attained the age of sixteen.

* * * * * * *

(o) In any case in which there is a failure—

(1) to file proof of support under subparagraph (D) of subsection (c) (1), clause (i) or (ii) of subparagraph (E) of subsection (f) (1), or subparagraph (B) of subsection (h) (1), or under clause (B) of subsection (f) (1) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subparagraph or clause, or

(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection, and it shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.

SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

(p) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States and prior to the first month thereafter for all of which such individual has been in the United States, unless such individual is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country, under which periodic benefits, or the acturarial equivalent thereof, are paid on account of old age, retirement, or death, and under which individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foriegn country for periods of three months or longer.

(2) No person who is, or upon application would be, entitled to a monthly benefit under this section for June 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

(3) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

(4) Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

(5) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection.

REDUCTION OF INSURANCE BENEFITS

Maximum Benefits

SEC. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, *after any deductions under section 222 (b), and after any reduction under section 224,* be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, *after any deductions under section 222 (b), and after any reduction under section 224,* shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased.

Deductions on Account of Work or Failure to Have Child in Care

(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—

(1) in which such individual is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or

(2) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or

(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or

(4) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

(5) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child of her deceased former husband, who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. No deduction shall be made under this subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of eighteen or any subsequent month.

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Occurrence of More Than One Event

(d) If more than one of the events specified in subsections (b) and (c) *and section 222 (b)* occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of earnings to any month shall be treated as an event occurring in such month.

Months to Which Earnings Are Charged

(e) For the purposes of subsections (b) and (c)—

(1) If an individual's earnings for a taxable year of twelve months are not more than $1,200, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of $100 times the number of months in such year, no month in such year shall be charged with any earnings.

(2) If an individual's earnings for a taxable year of twelve months are in excess of $1,200, the amount of his earnings in excess of $1,200 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of $100 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved

was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-two or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80.

(3) (A) As used in paragraph (2), the term "last month of such taxable year" means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

(B) For purposes of clause (D) of paragraph (2)—

(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than paragraphs (1), (4), and (5) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee *or performed outside the United States in the active military or naval service of the United States*, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.

* * * * * * *

Report of Earnings to Secretary

(g) (1) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of $100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year. Such report shall be made on or before the fifteenth day of the [third] *fourth* month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. Such report need not be made for any taxable year beginning with or after the month in which such individual attained the age of seventy-two.

(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all

taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded.

(3) If the Secretary determines, on the basis of information obtained by or submitted to him, that it may reasonably be expected that an individual entitled to benefits under section 202 for any taxable year will suffer deductions imposed under subsection (b) (1) by reason of his earnings for such year, the Secretary may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Secretary may specify) of the benefits payable on the basis of such individual's wages and self-employment income; and such suspension shall remain in effect with respect to the benefits for any month until the Secretary has determined whether or not any deduction is imposed for such month under subsection (b). The Secretary is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Secretary may specify, a declaration of his estimated earnings for the taxable year and that he furnish to the Secretary such other information with respect to such earnings as the Secretary may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (b) (1) by reason of his earnings for such year. If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year.

[Circumstances Under Which Deductions Not Required

[(h) Deductions by reason of subsection (b), (f), or (g) shall, notwithstanding the provisions of such subsection, be made from the benefits to which an individual is entitled only to the extent that they reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to him and the other individuals living in the same household.]

CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

(h) In the case of any individual—

(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled.

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household.

* * * * * * *

Noncovered Remunerative Activity Outside the United States

(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210 *and are not performed in the active military or naval service of the United States,* or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term "United States" does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term "trade or business" shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954.

* * * * * * *

EVIDENCE, PROCEDURE, AND CERTIFICATION FOR PAYMENT

SEC. 205. (a) * * *

(b) The Secretary is directed to make findings of fact, and decisions as to the rights of any individual applying for a payment under this title. [Whenever requested by any such individual or whenever requested by a wife, widow, former wife divorced, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his finding of fact and such decision.] *Upon request by any such individual or upon request by a wife, widow, former wife divorced, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision. Any such request with respect to such a decision must be filed within such period after such decision as may be prescribed in regulations of the Secretary, except that the period so prescribed may not*

be less than six months after notice of such decision is mailed to the individual making such request. The Secretary is further authorized, on his own motion, to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this title. In the course of any hearing, investigation, or other proceeding, he may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any hearing before the Secretary even though inadmissible under rules of evidence applicable to court procedure.

(c) (1) For the purposes of this subsection—

(A) The term "year" means a calendar year when used with respect to wages and a taxable year (as defined in section 211 (e)) when used with respect to self-employment income.

(B) The term "time limitation" means a period of three years, [two] *three* months, and fifteen days.

(C) The term "survivor" means an individual's spouse, former wife divorced, child, or parent, who survives such individual.

* * * * * * *

(5) After the expiration of the time limitation following any year in which wages were paid or alleged to have been paid to, or self-employment income was derived or alleged to have been derived by, an individual, the Secretary may change or delete any entry with respect to wages or self-employment income in his records of such year for such individual or include in his records of such year for such individual any omitted item of wages or self-employment income but only—

(A) * * *

* * * * * * *

(E) to conform his records to tax returns or portions thereof (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act, under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code of 1939, or chapters 2 and 21 of the Internal Revenue Code of 1954 or under regulations made under authority of such title or subchapter or chapter, and to information returns filed by a State pursuant to an agreement under section 218 or regulations of the Secretary thereunder; except that no amount of self-employment income of an individual for any taxable year (if such return or statement was filed after the expiration of the time limitation following the taxable year) shall be included in the Secretary's records pursuant to this subparagraph [in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individual in such taxable year];

* * * * * * *

(H) to include wages paid during any period in such year to an individual by an employer if there is an absence of an entry in the Secretary's records of wages having been paid by such employer to such individual in such period; [or]

(I) to enter items which constitute remuneration for employment under subsection (o), such entries to be in accordance with certified reports of records made by the Railroad Retirement

Board pursuant to section 5 (k) (3) of the Railroad Retirement Act of 1937[.] *or*

(J) to include self-employment income for any taxable year, up to, but not in excess of, the amount of wages deleted by the Secretary as payments erroneously included in such records as wages paid to such individual, if such income (or net earnings from self-employment), not already included in such records as self-employment income, is included in a return or statement (referred to in subparagraph (F)) filed before the expiration of the time limitation following the taxable year in which such deletion of wages is made.

* * * * * * *

DEFINITIONS OF WAGES

SEC. 209. For the purposes of this title, the term "wages" means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a) * * *

* * * * * * *

(h) (1) Remuneration paid in any medium other than cash for agricultural labor;

[(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $100;]

(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (A) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (B) the employee performs agricultural labor for the employer on thirty days or more during such year for cash remuneration computed on a time basis;

* * * * * * *

DEFINITION OF EMPLOYMENT

SEC. 210. For the purposes of this title—

Employment

(a) The term "employment" means any service performed after 1936 and prior to 1951 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection

with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (l) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (l) of the Internal Revenue Code of 1954, with respect to such subsidiary; except that, in the case of service performed after 1950, such terms shall not include—

(1) (A) * * *

(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, *or from any foreign country or possession thereof*, on a temporary basis to perform agricultural labor;

* * * * * * *

(14) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; [or]

(15) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669) [.]; *or*

(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced.

* * * * * * *

Crew leader

(m) The term "crew leader" means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement

with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. A crew leader shall, with respect to service performed in furnishing individuals to perform agricultural labor for another person, and services performed as a member of the crew, be deemed not to be an employee of such other person.

SELF-EMPLOYMENT

SEC. 211 For the purposes of this title—

Net Earnings From Self-Employment

(a) The term "net earnings from self-employment" means the gross income, as computed under Subtitle A of the Internal Revenue Code of 1954, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702 (a) (9) of the Internal Revenue Code of 1954, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; *except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;*

* * * * * * *

(7) An individual who is—

(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)) *or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States*

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States) of the Internal Revenue Code of 1954.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1951) ending within or with his taxable year. [In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection.] *In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f)—*

(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) of such code derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all

payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) of such code derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in such section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.

* * * * * * *

Trade or Business

(c) The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954, except that such term shall not include—

(1) The performance of the functions of a public office;

(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of [eighteen and other than] *eighteen, service described in section 210 (a) (16), and* service described in paragraph (4) of this subsection):

* * * * * * *

[(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership.]

(5) The performance of service by an individual in the exercise of his profession as a doctor of medicine, doctor of osteopathy, or Christian Science practitioner; or the performance of such service by a partnership.

* * * * * * *

QUARTER AND QUARTER OF COVERAGE

Definitions

SEC. 213. (a) For the purpose of this title—

(1) * * *

(2) (A) * * *

(B) The term "quarter of coverage" means, in the case of a quarter occurring after 1950, a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) * * *

* * * * * * *

(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages *equal or exceed $100 but* are less than $200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $200 but are less than $300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

* * * * * * *

INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS

SEC. 214. For the purposes of this title—

Fully Insured Individual

(a) (1) * * *

* * * * * * *

[(3) In the case of any individual who did not die prior to January 1, 1955, the term "fully insured individual" means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters but only if there are not fewer than six of such quarters so elapsing.]

(3) In the case of any individual who did not die prior to January 1, 1955, the term "fully insured individual" means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all but four of the quarters elapsing after 1954 and prior to (i) July 1, 1957, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if not fewer than six of such quarters so elapsing are quarters of coverage.

* * * * * * *

COMPUTATION OF PRIMARY INSURANCE AMOUNT

SEC. 215. For the purposes of this title—

Primary Insurance Amount

(a) * * *

Average Monthly Wage

[(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage, except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.]

(b) (1) An individual's "average monthly wage" shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

(A) the months in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and

(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Nowithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.

* * * * * * *

(4) In the case of any individual, the Secretary shall determine the [four] *five* or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. [The maximum number of calendar years determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who has not less than twenty quarters of coverage.]

* * * * * * *

Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table

(d) For the purposes of subsection (c), the primary insurance benefits and the primary insurance amounts of individuals shall be determined as follows:

(1) * * *

* * * * * * *

(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), [any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted.] *all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount.*

* * * * * * *

Certain Wages and Self-Employment Income Not To Be Counted

(e) For the purposes of subsections (b) and (d) (4)—

(1) * * *

* * * * * * *

[(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability.]

(4) in computing an individual's average monthly wage, there shall not be counted—

(A) any wages paid such individual in any year any part of which was included in a period of disability, or

(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B).

* * * * * * *

Rounding of Benefits

(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 which (after reduction under [section 203 (a))] *sections 203 (a) and 224*) is not a multiple of $0.10 shall be raised to the next higher multiple of $0.10.

OTHER DEFINITIONS

SEC. 216. For the purposes of this title—

Retirement Age

(a) * * *

* * * * * * *

Disability; Period of Disability

(i) (1) [The] *Except for purposes of sections 202 (d), 223, and 225, the* term "disability" means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term "blindness" means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

* * * * * * *

VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES

Purpose of Agreement

SEC. 218. (a) * * *

* * * * * * *

Positions Covered by Retirement Systems

(d) (1) * * *

* * * * * * *

(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs there shall, if the State so desires, be deemed to be a separate retirement

system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term "institutions of higher learning" includes junior colleges and teachers' colleges. *For the purposes of this subsection, any retirement system established by the State of Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State, which, on, before, or after the date of enactment of this sentence is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. The position of any individual which is covered by any retirement system to which the preceding sentence is applicable shall, if such individual is ineligible to become a member of such system on the date of enactment of such sentence or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title. For the purposes of this subsection, in the case of any retirement system of the State of Georgia, North Dakota, Pennsylvania, Washington, or the Territory of Hawaii which covers positions of employees of such State or Territory who are compensated in whole or in part from grants made to such State under title III of the Social Security Act, there shall be deemed to be, if such State or Territory so desires, a separate retirement system with respect to any of the following: (A) the positions of such employees; (B) the positions of all employees of such State or Territory covered by such retirement system who are employed in the department of such State or Territory in which the employees referred to in clause (A) are employed; or (C) employees of such State or Territory covered by such retirement system who are employed in such department of such State or Territory in positions other than those referred to in clause (A).*

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(p) Any agreement with the State of North Carolina, South Carolina, or South Dakota entered into pursuant to this section prior to the date of enactment of this subsection may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), be modified pursuant to subsection (c) (4) to apply to service performed by employees of such State or any political subdivision thereof in any policeman's or fireman's position covered by a retirement system in effect on or after the date of the enactment of this subsection, but only upon compliance with the requirements of subsection (d) (3). For the purposes of the preceding sentence, a retirement system which covers positions of policemen or firemen, or both, and other positions shall, if the State concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be.

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DISABILITY DETERMINATIONS

SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i) *or 223*) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d), any such determination shall be the determination of the Secretary for purposes of this title.

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(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability *(as defined in section 216 (i) or 223)* and, as a result of such review, may determine that such individual is not under a disability *(as so defined)* or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

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[REFERRAL FOR REHABILITATION SERVICES

[SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity.]

REHABILITATION SERVICES

Referral for Rehabilitation Services

SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

Deductions on Account of Refusal To Accept Rehabilitation Services

(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act. Any individual who is a member or adherent of any recognized church or

religious sect which teaches its members or adherents to rely solely, in the treatment and cure of any physical or mental impairment, upon prayer or spiritual means through the application and use of the tenents or teachings of such church or sect, and who, solely because of his adherence to the teachings or tenents of such church or sect, refuses to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act, shall, for the purposes of the preceding sentence of this subsection, be deemed to have, done so with good cause.

Services Performed Under Rehabilitation Program

(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered.

DEFINITION OF DISABILITY FOR PURPOSES OF CHILD'S INSURANCE BENEFITS

SEC. 223. For purposes of sections 202 (d) and (225), the term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

REDUCTION OF BENEFITS BASED ON DISABILITY

SEC. 224. (a) If—

(1) any individual is entitled to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

(2) either (A) it is determined by any agency of the United States under any other law of the United States or under a system established by such agency that a periodic benefit is payable by such agency for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then such child's insurance benefit shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall also be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable

in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

(e) For purposes of this section, the term "agency of the United States" means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

SUSPENSION OF BENEFITS BASED ON DISIBILITY

SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d) may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual whose disability is subject to determination under an agreement with a State under section 221 (b), the Secretary shall promptly notify the appropriate State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term "disability" has the meaning assigned to such term in section 223.

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TITLE IV—GRANTS TO STATES FOR AID TO DEPENDENT CHILDREN

APPROPRIATION

SECTION 401. [For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title.] *For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and other services, as far as practi-*

cable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid to dependent children.

STATE PLANS FOR AID TO DEPENDENT CHILDREN

SEC. 402. (a) A State plan for aid to dependent children must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to dependent children is denied or is not acted upon with reasonable promptness; (5) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan; and (6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports; (7) provide that the State agency shall, in determining need, take into consideration any other income and resources of any child claiming aid to dependent children; (8) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to dependent children; (9) provide, effective July 1, 1951, that all individuals wishing to make application for aid to dependent children shall have opportunity to do so, and that aid to dependent children shall be furnished with reasonable promptness to all eligible individuals; (10) effective July 1, 1952, provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent; [and] (11) provide, effective October 1, 1950, that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act[.]; *and (12) provide a description of the services (if any) which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such*

services, maximum utilization of other agencies providing similar or related services.

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PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount [, which shall be used exclusively as aid to dependent children,] equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children *in the form of money payments* under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—

(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children *in the form of money payments* is paid for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount [, which shall be used exclusively as aid to dependent children,] equal to one-half of the total of the sums expended during such quarter as aid to dependent children *in the form of money payments* under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare, for the proper and efficient administration of the State plan, [which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose] *including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision), to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of $4 multiplied by the total number of dependent children*

who received aid to dependent children under the State plan for such month plus (B) except in the case of Puerto Rico and the Virgin Islands, the product of $8 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month.

* * * * * * *

DEFINITIONS

SEC. 406. When used in this title—

(a) The term "dependent child" means a needy [child under the age of sixteen, or under the age of eighteen if found by the State agency to be regularly attending school,] *child under the age of eighteen* who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, [or aunt] *aunt, first cousin, nephew, or niece,* in a place of residence maintained by one or more of such relatives as his or their own home;

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TITLE VII—ADMINISTRATION

OFFICE OF COMMISSIONER OF SOCIAL SECURITY

SEC. 701. * * *

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TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

SEC. 705. (a) In order to assist in increasing the effectiveness and efficiency of administration of public assistance programs by increasing the number of adequately trained public welfare personnel available for work in public assistance programs, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1958, the sum of $5,000,000, and for each succeeding fiscal year such sums as the Congress may determine.

(b) From the sums appropriated pursuant to subsection (a), the Secretary shall make allotments to the States on the basis of (1) population, (2) relative need for trained public welfare personnel, particularly for personnel to provide self-support and self-care services, and (3) financial need.

(c) From each State's allotment under subsection (b), the Secretary shall from time to time pay to such State the Federal percentage of its expenditures in carrying out the purposes of this section through (1) grants to public or other nonprofit institutions of higher learning for training personnel employed or preparing for employment in public assistance programs, (2) special courses of study or seminars of short duration conducted for such personnel by experts hired on a temporary basis for the purpose, and (3) establishing and maintaining, directly or through grants to such institutions, fellowships or traineeships for such personnel at such institutions, with such stipends and allowances as may be permitted under regulations of the Secretary. For purposes of this subsection, the

Federal percentage for any State shall be 100 per centum during each fiscal year in the period beginning July 1, 1957, and ending June 30, 1967, and 80 per centum during the fiscal years thereafter.

(d) Payments pursuant to subsection (c) shall be made in advance on the basis of estimates by the Secretary and adjustments may be made in future payments under this section to take account of overpayments or underpayments in amounts previously paid.

(e) The amount of any allotment to a State under subsection (b) for any fiscal year which the State certifies to the Secretary will not be required for carrying out the purposes of this section in such State shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need in carrying out such purposes for sums in excess of those previously allotted to them under this section and will be able to use such excess amounts during such fiscal year; such reallotments to be made on the basis provided in subsection (b) for the initial allotments to the States. Any amount so realloted to a State shall be deemed part of its allotment under such subsection.

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TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

APPROPRIATION

SECTION 1001. [For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $3,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title.] *For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.* The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education and Welfare, State plans for aid to the blind.

STATE PLANS FOR AID TO THE BLIND

SEC. 1002. (a) A State plan for aid to the blind must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation af a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to the blind is denied or is not acted upon with reasonable promptness; (5) provide such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with

respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports; and (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act or aid to dependent children under the State plan approved under section 402 of this Act; (8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first $50 per month of earned income; (9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the blind; (10) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select; (11) effective July 1, 1951, provide that all individuals wishing to make application for aid to the blind shall have opportunity to do so, and that aid to the blind shall be furnished with reasonable promptness to all eligible individuals; [and] (12) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions[.]; *and (13) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the blind to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.*

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PAYMENT TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount[, which shall be used exclusively as aid to the blind,] equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind *in the form of money payments* under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind *in the form of money payments* for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount[, which shall be used exclusively as aid to the blind,] equal to one-half of the total of the sums expended during such quarter as aid to the blind *in the form of money payments* under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, [which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose] *including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care; and (4) in the case of any State, an amount equal to one-ahlf of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the blind under the State plan for such month.*

TITLE XI—GENERAL PROVISIONS

DEFINITIONS

SEC. 1101. (a) When used in this Act—

(1) The term "State" includes Alaska, Hawaii, and the District of Columbia, and when used in titles I, IV, V, *VII*, X, and XIV includes Puerto Rico and the Virgin Islands.

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COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

SEC. 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5,000,000 and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting coordination of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and programs related thereto, and (2) making contracts or jointly financed cooperative arrangements with States and public and other nonprofit organizations and agencies for the conduct of research or demonstration projects relating to such matters.

(b) No contract or jointly financed cooperative arrangement shall be entered into, and no grant shall be made, under subsection (a), until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed projects as to soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research or demonstrations, and their

relationship to other similar research or demonstrations already completed or in process.

(c) Grants and payments under contracts or cooperative arrangements under subsection (a) may be made either in advance or by way of reimbursement, as may be determined by the Secretary; and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of this section.

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TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

APPROPRIATION

SEC. 1401. [For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age or older who are permanently and totally disabled, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of $50,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title.] *For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.* The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid to the permanently and totally disabled.

STATE PLANS FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 1402. (a) A State plan for aid to the permanently and totally disabled must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to the permanently and totally disabled is denied or is not acted upon with reasonable promptness; (5) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time

to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports; (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act, aid to dependent children under the State plan approved under section 402 of this Act, or aid to the blind under the State plan approved under section 1002 of this Act; (8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the permanently and totally disabled; (9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the permanently and totally disabled; (10) provide that all individuals wishing to make application for aid to the permanently and totally disabled shall have opportunity to do so, and that aid to the permanently and totally disabled shall be furnished eith reasonable promptness to all eligible individuals; [and] (11) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions[.]; *and (12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.*

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PAYMENTS TO STATES

SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount [, which shall be used exclusively as aid to the permanently and totally disabled,] equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled *in the form of money payments* under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled *in the form of money payments* for such month, plus

(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount [, which shall be used exclusively as aid to the permanently and totally disabled,] equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled *in the*

form of money payments under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, [which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose] *including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month.*

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SECTIONS 1 (q) AND 5 (f) (2) OF THE RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

DEFINITIONS

SECTION 1. For the purposes of this Act—

(a) * * *

(q) The terms "Social Security Act" and "Social Security Act, as amended" shall mean the Social Security Act as amended in [1954] *1956*.

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ANNUITIES AND LUMP SUMS FOR SURVIVORS

SEC. 5. (a) * * *

* * * * * * *

(f) LUMP-SUM PAYMENT.—(1) * * *

(2) Whenever it shall appear, with respect to the death of an employee on or after January 1, 1947, that no benefits, or no further benefits, other than benefits payable to a widow, widower, or parent upon attaining age sixty at a future date, will be payable under this section or, pursuant to subsection (k) of this section, upon attaining age sixty-five (*age sixty-two in the case of a widow*) at a future date, will be payable under section 202 of the Social Security Act, as amended, there shall be paid to such person or persons as the deceased employee may have designated by a writing filed with the Board prior to his or her death, or if there be no designation, to the person or persons in the order provided in paragraph (1) of this subsection or, in the absence of such person or persons, to his or her estate, a lump sum in an amount equal to the sum of 4 per centum of his or her compensation paid after December 31, 1936, and prior to January

1, 1947, and 7 per centum of his or her compensation after December 31, 1946 (exclusive in both cases of compensation in excess of $300 for any month before July 1, 1954, and in the latter case in excess of $350 for any month after June 30, 1954), minus the sum of all benefits paid to him or her, and to others deriving from him or her, during his or her life, or to others by reason of his or her death, under this Act, and pursuant to subsection (k) of this section, under section 202 of the Social Security Act, as amended: *Provided, however,* That if the employee is survived by a widow, widower, or parent who may upon attaining age sixty be entitled to further benefits under this section, or pursuant to subsection (k) of this section, upon attaining age sixty-five (*age sixty-two in the case of a widow*) be entitled to further benefits under section 202 of the Social Security Act, as amended, such lump sum shall not be paid unless such widow, widower, or parent makes and files with the Board an irrevocable election, in such form as the Board may prescribe, to have such lump sum paid in lieu of all benefits to which such widow, widower, or parent might otherwise become entitled under this section or, pursuant to subsection (k) of this section, under section 202 of the Social Security Act, as amended. Such election shall be legally effective according to its terms. Nothing in this section shall operate to deprive a widow, widower, or parent making such election of any insurance benefits under section 202 of the Social Security Act, as amended, to which such widow, widower, or parent would have been entitled had this section not been enacted. The term "benefits" as used in this paragraph includes all annuities payable under this Act, lump sums payable under paragraph (1) of this subsection, and insurance benefits and lump-sum payments under section 202 of the Social Security Act, as amended, pursuant to subsection (k) of this section, except that the deductions of the benefits which, pursuant to subsection (k) (1) of this section, are paid under section 202 of the Social Security Act, during the life of the employee to him or to her and to others deriving from him or her, shall be limited to such portions of such benefits as are payable solely by reason of the inclusion of service as an employee in "employment" pursuant to said subsection (k) (1).

CHAPTER 2—TAX ON SELF-EMPLOYMENT INCOME

* * * * * * *

SEC. 1402. DEFINITIONS.

(a) NET EARNINGS FROM SELF-EMPLOYMENT.—The term "net earnings from self-employment" means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702 (a) (9) from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) there shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attrib-

utable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; *except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;*

(2) there shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 35) are received in the course of a trade or business as a dealer in stocks or securities;

(3) there shall be excluded any grain or loss—

(A) which is considered as gain or loss from the sale or exchange of a capital asset,

(B) from the cutting of timber, or the disposal of timber or coal, if section 631 applies to such gain or loss, or

(C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither—

(i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor

(ii) property held primarily for sale to customers in the ordinary course of the trade or business.

(4) the deduction for net operating losses provided in section 172 shall not be allowed;

(5) if—

(A) any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife; and

(B) any portion of a partner's distributive share of the ordinary income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

(6) a resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States but without regard to section 933;

(7) the deduction for personal exemptions provided in section 151 shall not be allowed;

(8) an individual who is—

(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

[(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h))]

(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States)

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based on the ordinary income or loss of the partnership for any taxable year of the partnership ending within or with his taxable year. [In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection.] *In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g)—*

(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business

may, at his option, be deemed to be the gross income derived by him from such trade or business; or

(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derived gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.

(b) SELF-EMPLOYMENT INCOME.—The term "self-employment income" means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year; except that such term shall not include—

(1) that part of the net earnings from self-employment which is in excess of—

(A) for any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(B) for any taxable year ending after 1954, (i) $4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or

(2) the net earnings from self-employment, if such net earnings for the taxable year are less than $400.

For purposes of clause (1), the term "wages" includes such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees), or under an agreement entered into pursuant to the provisions of section 3121 (l) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations), as would be wages under section 3121 (a) if such services constituted employment under section 3121 (b). An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or a resident of Puerto Rico shall not, for purposes of this chapter be considered to be a nonresident alien individual.

(c) TRADE OR BUSINESS.—The term "trade or business", when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 162 (relating to trade or business expenses), except that such term shall not include—

(1) the performance of the functions of a public office;

[(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18 and other than service described in paragraph (4) of this subsection);]

(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);

(3) the performance of service by an individual as an employee or employee representative as defined in section 3231;

(4) the performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

[(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership.]

(5) the performance of service by an individual in the exercise of his profession as a doctor of medicine, doctor of osteopathy, or Christian Science practitioner; or the performance of such service by a partnership.

The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during

the period for which a certificate filed by him under subsection (e) is in effect.

(d) EMPLOYEE AND WAGES.—The term "employee" and the term "wages" shall have the same meaning as when used in chapter 21 (sec. 3101 and following, relating to Federal Insurance Contributions Act).

(e) MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—

(1) WAIVER CERTIFICATE.—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (B) a Christian Science practitioner may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service described in subsection (c) (4), or service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be, performed by him.

(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed, in the case of an individual referred to in paragraph (1) (A), without regard to subsection (c) (4), and, in the case of an individual referred to in paragraph (1) (B), without regard to subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of $400 or more, any part of which was derived from the performance of service described in subsection (c) (4), or from the performance of service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be.

(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable.

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Subtitle C—Employment Taxes

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

Subchapter A—Tax on Employees

* * * * * * *

SEC. 3102. DEDUCTION OF TAX FROM WAGES.

(a) REQUIREMENT.—The tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid. An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C) or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50; and an employer who in any calendar year pays to an employee cash remuneration to which paragraph (8) (B) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar year is less than [$100] *$200 and the employee has not performed agricultural labor for the employer on 30 days or more in the calendar year for cash remuneration computed on a time basis.*

(b) INDEMNIFICATION OF EMPLOYER.—Every employer required so to deduct the tax shall be liable for the payment of such tax, and shall be indemnified against the claims and demands of any person for the amount of any such payment made by such employer.

Subchapter B—Tax on Employers

* * * * * * *

SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26–516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111.

Subchapter C—General Provisions

SEC. 3121. DEFINITIONS.

(a) WAGES.—For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $4,200 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $4,200 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

(2) the amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of—

(A) retirement, or

(B) sickness or accident disability, or

(C) medical or hospitalization expenses in connection with sickness or accident disability, or

(D) death;

(3) any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

(4) any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of 6 calendar months follow-

ing the last calendar month in which the employee worked for such employer;

(5) any payment made to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 401 (a) (3), (4), (5), and (6);

(6) the payment by an employer (without deduction from the remuneration of the employee)—

(A) of the tax imposed upon an employee under section 3101 (or the corresponding section of prior law), or

(B) of any payment required from an employee under a State unemployment compensation law;

(7) (A) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term "domestic service in a private home of the employer" does not include service described in subsection (g) (5);

(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term "service not in the course of the employer's trade or business" does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);

(8) (A) remuneration paid in any medium other than cash for agricultural labor;

[(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than $100;]

(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (i) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (ii) the employee performs agricultural labor for the employer on 30 days or more during such year for cash remuneration computed on a time basis;

(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 65, if he did not work for the employer in the period for which such payment is made; or

(10) remuneration paid by an employer in any calendar quarter to an employee for service described in subsection (d) (3) (C)

(relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50.

(b) EMPLOYMENT.—For purposes of this chapter, the term "employment" means any service performed after 1936 and prior to 1955 which was employment for purposes of subchapter A of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1954 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (h)); except that, in the case of service performed after 1954, such term shall not include—

(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

[(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;]

(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;

(2) domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

(3) service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

(4) service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if (A) the individual is employed on and in connection with such vessel or aircraft, when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer;

(5) service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 3111 by virtue of any provision of law

which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;

(6) (A) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

(B) service performed by an individual in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 of the Internal Revenue Code of 1939 on December 31, 1950, and if such service is covered by a retirement system established by such instrumentality; except that the provisions of this subparagraph shall not be applicable to—

(i) service performed in the employ of a corporation which is wholly owned by the United States;

(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

(iii) service performed in the employ of a State, county, or community committee under the Commodity Stabilization Service;

(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; or

(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;

(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

(ii) in the legislative branch;

(iii) in a penal institution of the United States by an inmate thereof;

(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;

(7) service (other than service which, under subsection (j), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions,

(8) (A) service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(B) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (k) (or the corresponding subsection of prior law), is in effect if such service is performed by an employee—

(i) whose signature appears on the list filed by such organization under subsection (k) (or the corresponding subsection of prior law), or

(ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

(9) service performed by an individual as an employee or employee representative as defined in section 3231;

(10) (A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501 (a) (other than an organization described in section 401 (a)) or under section 521, if the remuneration for such service is less than $50;

(B) service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

(11) service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

(12) service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) if the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

(B) if the Secretary of State shall certify to the Secretary that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

(13) service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an indi-

vidual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

(14) (A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; [or]

(15) service performed in the employ of an international organization[.] ; *or*

(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced.

(c) INCLUDED AND EXCLUDED SERVICE.—For purposes of this chapter, if the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by subsection (b) (9).

(d) EMPLOYEE.—For purposes of this chapter, the term "employee" means—

(1) any officer of a corporation; or

(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

(3) any individual (other than an individual who is an employee under paragraph (1) or (2)) who performs services for remuneration for any person—

(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit prod-

ucts, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

(B) as a full-time life insurance salesman;

(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him; or

(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

(e) STATE, UNITED STATES, AND CITIZEN.—For purposes of this chapter—

(1) STATE.—The term "State" includes Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(2) UNITED STATES.—The term "United States" when used in a geographical sense includes Puerto Rico and the Virgin Islands. An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.

(f) AMERICAN VESSEL AND AIRCRAFT.—For purposes of this chapter, the term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State; and the term "American aircraft" means an aircraft registered under the laws of the United States.

(g) AGRICULTURAL LABOR.—For purposes of this chapter, the term "agricultural labor" includes all service performed—

(1) on a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(2) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush

and other debris left by a hurricane, if the major part of such service is performed on a farm;

(3) in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550, § 3; 12 U. S. C. 1141j), or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes;

(4) (A) in the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed;

(B) in the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than 20 at any time during the calendar quarter in which such service is performed;

(C) the provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption; or

(5) on a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

As used in this subsection, the term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(h) AMERICAN EMPLOYER.—For purposes of this chapter, the term "American employer" means an employer which is—

(1) the United States or any instrumentality thereof,

(2) an individual who is a resident of the United States,

(3) a partnership, if two-thirds or more of the partners are residents of the United States,

(4) a trust, if all of the trustees are residents of the United States, or

(5) a corporation organized under the laws of the United States or of any State.

(i) COMPUTATION OF WAGES IN CERTAIN CASES.—For purposes of this chapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions

and to such extent as may be prescribed by regulations made under this chapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to $1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

(j) COVERED TRANSPORTATION SERVICE.—For purposes of this chapter—

(1) EXISTING TRANSPORTATION SYSTEMS—GENERAL RULE.—Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

(2) EXISTING TRANSPORTATION SYSTEMS—CASES IN WHICH NO TRANSPORTATION EMPLOYEES, OR ONLY CERTAIN EMPLOYEES, ARE COVERED.—Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system was, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951;

except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

(D) prior to such acquisition rendered service in employment (including as employment service covered by an agreement under section 218 of the Social Security Act) in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

(3) TRANSPORTATION SYSTEMS ACQUIRED AFTER 1950.—All service performed in the employ of a State or political subsidivion thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

(4) DEFINITIONS.—For purpose of this subsection—

(A) The term "general retirement system" means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this chapter or subchapter A of chapter 9 of the Internal Revenue Code of 1939 or was covered by an agreement made pursuant to section 218 of the Social Security Act and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

(C) The term "political subdivision" includes an instrumentality of—

(i) a State,

(ii) one or more political subdivisions of a State, or

(iii) a State and one or more of its political subdivisions.

(k) EXEMPTION OF RELIGIOUS, CHARITABLE, AND CERTAIN OTHER ORGANIZATIONS.—

(1) Waiver of exemption by organization.—An organization described in section 501 (c) (3) which is exempt from income tax under section 501 (a) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, *or at any time prior to January 1, 1959, whichever is the later,* by filing with the prescribed official a supplemental list or lists containing

the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this chapter. The certificate shall be in effect (for purposes of subsection (b) (8) (B) and for purposes of section 210 (a) (8) (B) of the Social Security Act) for the period beginning with [the first day following the close of the calendar quarter in which such certificate is filed,] *the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,* except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed. The period for which a certificate filed pursuant to this subsection or the corresponding subsection of prior law is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this chapter.

(2) TERMINATION OF WAIVER PERIOD BY SECRETARY OR HIS DELEGATE.—If the Secretary or his delegate finds that any organization which filed a certificate pursuant to this subsection or the corresponding subsection of prior law has failed to comply substantially with the requirements applicable with respect to the taxes imposed by this chapter or the corresponding provisions of prior law or is no longer able to comply with the requirements applicable with respect to the taxes imposed by this chapter, the Secretary or his delegate shall give such organization not less than 60 days' advance notice in writing that the period covered by such certificate will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the organization. No notice of termination or of revocation thereof shall be given under this paragraph to an organization without the prior concurrence of the Secretary of Health, Education, and Welfare.

(3) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to this subsection or the corresponding subsection of prior law is terminated by the organization, no certificate may again be filed by such organization pursuant to this subsection.

(l) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term "employment" or "wages", as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and

(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

(2) EFFECTIVE PERIOD OF AGREEMENT.—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

(3) TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the

domestic corporation, effective at the end of a calendar quarter, upon giving two year's advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

(4) TERMINATION OF PERIOD BY SECRETARY.—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

(5) NO RENEWAL OF AGREEMENT.—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

(6) DEPOSITS IN TRUST FUND.—For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection,

shall be considered wages subject to the taxes imposed by this chapter.

(7) OVERPAYMENTS AND UNDERPAYMENTS.—

(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper ad-

justments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

[(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or]

(A) a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation; or

(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

(10) REGULATIONS.—Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter.

(m) CREW LEADER.—For purposes of this chapter, the term "crew leader" means an individual who furnishes individuals to perform agritural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. For purposes of this chapter, a crew leader shall, with respect to service performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person.

* * * * * * *

SECTION 8 OF SOCIAL SECURITY ACT AMENDMENTS OF 1952, AS AMENDED

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SEC. 8. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

(b) Section 403 (a) of such Act is amended to read as follows:

"SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—

"(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose."

(c) Section 1003 (a) of such Act is amended to read as follows:

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose."

(d) Section 1403 (a) of such Act is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1952, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose."

(e) The amendments made by this section shall be effective for the period beginning October 1, 1952, and ending with the close of [September 30, 1956,] *June 30, 1959*, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted.

SECTION 403 OF SOCIAL SECURITY ACT AMENDMENTS OF 1954

[SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

[SEC. 403. (a) In any case in which—

[(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which is exempt from income tax under section 101 (6) of the Internal Revenue Code of 1939 but which has failed to file prior to the enactment of this Act a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939;

[(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1955 would have constituted employment (as defined in section 210 of the Social Security Act and section 1436 (b) of the Internal Revenue Code of 1939) if such organization had filed prior to the performance of such service such a certificate accompained by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

[(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

[(4) part of such taxes have been paid prior to the enactment of this Act:

[(5) so much of such taxes as have been paid prior to the enactment of this Act have been paid by such organization in good faith and upon the assumption that a waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939; and

[(6) no refund of such taxes has been obtained.

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of Chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939.

[(b) In any case in which—

[(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which has filed a waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939;

[(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

[(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid prior to the enactment of this Act with respect to any part of the remuneration paid to such individual by such organization for such service; and

[(4) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1957, and in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939.]

SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THE SOCIAL SECURITY AMENDMENTS OF 1956

SEC. 403. (a) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which is described in section 501 (c) (3) of the Internal Revenue Code of 1954 and which is exempt from income tax under section 501 (a) of such Code but which has failed to file prior to the enactment of the Social Security Amendments of 1956 a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1957 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list:

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

(4) part of such taxes have been paid prior to the enactment of the Social Security Amendments of 1956;

(5) so much of such taxes as have been paid prior to the enactment of the Social Security Amendments of 1956 have been paid by such organization in good faith and upon the assumption that a valid waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954, as the case may be; and

(6) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be.

"(b) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which has filed a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

"(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid prior to the enactment of the Social Security Amendments of 1956 with respect to any part of the remuneration paid to such individual by such organization for such service; and

"(4) no refund of such taxes has been obtained,
the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1959, and in such form and manner, and with such official, as may be prescribed by regulations made under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954."

MINORITY VIEWS ON H. R. 7225

The Senate Committee on Finance had almost a full year during which the House-passed bill was before it. While the bill has been improved in several respects, the actions of the Senate Committee on Finance resulted in striking out some of the most beneficial provisions of the bill passed by the House. Specifically, we feel that the committee should never have eliminated those provisions which provided disability benefits for workers who become disabled after age 50 and those provisions which lowered the retirement age for working women, wives of retired workers and dependent mothers.

We further believe that the bill should have been amended to provide additional Federal assistance to State welfare plans for the assistance of the needy aged, blind, and totally and permanently disabled.

Disability Benefits

The old-age and survivors insurance system now pays benefits to retired people who are 65 or over. To a considerable extent these benefits rest on a general presumption of the likelihood of serious disabilities in later life. Yet there is no magic in the selection of age 65 as the point at which workers no longer young are forced out of the labor market because of disabilities. There are around a million persons between ages 50 and 65, for example, who would be working but for serious long-term disability. At present they have little recourse but the charity of friends and relatives and the Federal-State programs of assistance to the needy.

We believe that retirement protection for the 70 million workers under old-age and survivors insurance is woefully incomplete because it does not now provide a lower retirement age for those who are demonstrably retired by reason of a permanent and total disability. We recommend the narrowing of this serious gap in the old-age and survivors insurance system by providing for the payment of retirement benefits at age 50 to those regular workers who are forced into premature retirement because of disability.

The majority report states that through the assistance programs in most of the States—

> provisions have already been made to meet the basic needs of those who cannot support themselves because of extended and serious disability.

Such State welfare plans no more meet the needs of insurance to care for disability than do the welfare plans for the needy aged eliminate the need of old-age insurance.

Many States, because of inadequacy of funds, are able to provide welfare payments no greater than $35 per month. Many States have lien requirements whereby any recipient of disability assistance is subject to having his property seized and sold at his death. In addition, many States do not permit welfare assistance to any person if

there is a relative in the family who could, if he would, provide some assistance for the needy person.

Seven States have no program whatever to provide relief in cases of disability. Nearly a fifth of the Nation's population resides in these areas.

Under a sound social-insurance program, Americans should be protected against the fundamental hazards which would otherwise destroy their earning power and reduce them to beggary. Granted that some form of income is necessary to provide for those who are unable to provide for themselves, it is far preferable that these persons should remain proud, self-sufficient Americans rather than become hat-in-hand pleaders for public charity.

PRIOR CONSIDERATION OF DISABILITY INSURANCE

For almost 20 years it has been maintained that disability benefits should be paid under our social-security program but that such benefits should be delayed for further study. Additional delay is completely unjustified.

In 1937 the Senate Special Committee on Social Security appointed a 25-member Advisory Council on Social Security composed of individuals representing employers, employees, and the public to study the social-security system. After a year of study, this nonpartisan group reported its recommendations. The council reported unanimous agreement on the social desirability of paying benefits to insured persons who became totally and permanently disabled, and disagreed only as to whether such benefits should be inaugurated immediately, or after further detailed study.

In 1947 the Senate Finance Committee appointed an Advisory Council on Social Security composed of 17 members from representative areas of American life to consider, among other questions, the advisability of initiating disability payments as a part of the social-insurance system. In 1948 the chairman, the late Edward R. Stettinius, Jr., reported back to the committee that, after careful study of all aspects of the question, 15 of the 17 members felt that the time had come to extend social-insurance protection to the risk of loss of income from disability.

The only two dissenting members were the present Secretary of Health, Education, and Welfare and the then president of a large insurance company.

The council particularly stressed the desirability of insurance benefits related to past contributions as a matter of right rather than forcing the disabled worker to reduce himself to virtual destitution and depend upon public assistance. The council felt that the protection of the disabled worker's dignity and self-respect in this manner would play an important part in preserving his will to work and a positive attitude toward rehabilitation.

Of the need for such a program, the council felt no doubt:

> Income loss from permanent and total disability is a major economic hazard to which, like old age and death, all gainful workers are exposed * * *. The economic hardship resulting from permanent and total disability is frequently even greater than that created by old age or death.

In 1950, following extensive hearings, the House Ways and Means Committee favorably reported a social-security bill containing provisions for permanent and total disability insurance. The committee pointed out that the proposed public assistance program for the disabled could meet only part of the problem and that the worker who had paid social insurance contributions over a number of years had a real stake in the system which deserved to be recognized.

The Senate Finance Committee, however, disapproved the disability insurance provisions, stating in its report that

> * * * further study should be made of the problem of income maintenance for permanently and totally disabled persons.

The 1950 bill, as finally passed, did not include the provisions for disability insurance, although the disability problem was recognized to a degree by the establishment of a separate public assistance program for the disabled.

In 1954 recognition was again given to the equity involved in the case of an insured worker who became disabled. The "disability freeze" allowed the disabled worker to leave out the years of disability in computing his average wages for the purpose of determining benefits payable at 65. The experience thus far under this legislation has been highly useful in demonstrating that disability can be determined administratively within the framework of our social-security system without unusual difficulty.

Over the years the experience of foreign governments in providing disability insurance has not been without value to those concerned with the problem in the United States. By 1954, 37 foreign countries had put into effect programs of disability insurance on a contributory basis, as compared to only 4 countries which had disability benefits restricted to a needs test. While the benefits in some countries are extremely low, other countries have successfully administered programs paying benefits at least as high in relation to average wages as those proposed in the United States.

In the consideration of disability insurance during the present Congress, the views expressed by those who are intimately connected with programs of public welfare have been particularly important, it seems to us, because of their close association on the local level with such problems as disability determination, adjudication, and rehabilitation.

At a meeting in Washington in March of this year, the public assistance and welfare directors of the States expressed unanimous approval of the proposed disability insurance program.

Despite the plea by the Secretary of Health, Education, and Welfare for more time, we know that the Department of Health, Education, and Welfare has made exhaustive studies over the years, and we are convinced that it is prepared to conduct a sound disability benefits program. On this point, John W. Tramburg, who served as Commissioner of Social Security under the present administration, and now is president of the American Public Welfare Association, testified before this committee:

> The staff of the Social Security Administration has investigated every possible angle of this subject, such as the experi-

> ence of private insurance companies and the experience of foreign countries in the administration of disability benefits; they have studied the disability benefits experience of the Railroad Retirement Board and other Government agencies; they have studied and looked into the possible ways of administering a sound and efficient disability insurance benefit program.
>
> While Commissioner of Social Security I was responsible for the early stages of planning the administration of the disability freeze which your committee included in the 1954 social-security amendments. I know each of the officials responsible for the administration of the disability freeze program * * * they are as able and conscientious a group of public officials as can be found and in their hands the basic planning of the disability * * * benefit program will be wisely and efficiently carried out.

In the light of the experience now available from so many sources, and in view of the consideration given the question of disability insurance for almost 20 years, it seems to us that the continued objections regarding the uncertainties of such a program and the continued call for further study constitute a tactical maneuver on the part of those who basically are opposed to the idea.

It is true that all of the possible administrative problems are not known, and cannot possibly be known until the program is under way. Yet as the 1937 council reported:

> If the Social Security Act had not been launched until all administrative difficulties had been solved, this act would never have been put into operation.

COST OF DISABILITY BENEFITS

Much has been said about the cost aspects of the proposed disability-benefits program. Seldom is this cost explained in terms of additional insurance the worker is buying. American people are perfectly willing to pay a nominal increase in taxes to obtain this vital protection against expensive and unpredictable risk of a crippling illness or injury.

Under our proposal the top cost of buying this kind of protection for the employee paying on the full $4,200 would approximate $10 per year. (The approximate figure for employees is used because self-employed individuals contribute only 1½ times the employee rate and so the share for employers and employees is somewhat more than the level-premium cost.) In return he will recieve benefits of $108.50 per month if he is totally and permanently disabled after age 50, and meets the other qualifications. People with lower earnings will, of course, pay proportionately less.

These figures are based upon the intermediate cost estimates furnished to the committee which show that the level-premium cost of adding disability benefits for people 50 and over would be well under one-half percent of payroll—or 0.42 percent.

The predicated costs may indeed, be lower than the intermediate-cost estimate we have used. In our judgment the Chief Actuary of the Social Security Administration has made as good an estimate of the probable cost of these proposed new benefits, and of the benefits already provided under the old-age and survivors' insurance system,

as is humanly possible. But it is important to remember that, according to past experience, the estimates usually have been higher, rather than lower, than actual costs. They are based upon the assumption that there will be no future increase in the general level of earnings.

This is, of course, contrary to the actual experience in the past, particularly since 1939, since which time average weekly wages have trebled. As the actuary pointed out in his testimony before this committee, his present estimate of the cost of benefits now being paid, based on 1954 earnings, has been reduced by 0.26 percent of payroll as compared with his estimate based upon 1951-52 earnings. He also states that a "possibly lower cost" would result if the cost estimate were made on the basis of 1955 earnings.

In our opinion, there is no question that such a cost estimate would be lower because of the considerable increase in earnings in 1955 as compared with 1954 and the general trend of rising wage levels that the country has experienced and will continue to experience.

These figures are estimates, and costs could vary. But even on the remote possibility that the high cost figures prevail, we believe the American people would want to buy the kind of protection they will provide. According to these high-cost estimates, an employee with wages of $4,200 per year would have to pay an additional $14 per year, approximately. Under the low-cost estimates the annual cost to the same worker would be approximately $7 per year.

We doubt that the cost would approach the high-cost estimates, but even if, as some people have predicted, costs would greatly exceed the intermediate estimate used in our proposal, we believe that the families of this country would want the added protection.

ADMINISTRATION OF DISABILITY BENEFITS

Under our proposal the determination of disability will be made by the State agencies which make the determinations under the disability "freeze" provision enacted in 1954. The Department of Health, Education, and Welfare now has agreements with 36 States, the District of Columbia, and Puerto Rico to make such determinations. In all but 5 of these 38 jurisdictions, there are agreements with State vocational rehabilitation agencies.

Eleven additional States and two Territories have designated vocational rehabilitation agencies to enter into agreements for this purpose, and it is expected that these agreements will be completed in the near future. In the few States where the State agency designated is the public welfare agency rather than the rehabilitation agency, working relationships have been developed for the proper referral of individuals for rehabilitation purposes.

The use of these State agencies in making disability determinations for a program of disability benefits will avoid duplicating use of existing medical facilities and records and will utilize well-established relationships with the medical profession. The near-universality of the coverage of old-age and survivors insurance means that through its earnings reports and records the Bureau of Old Age and Survivors Insurance will have an automatic check on the earnings of the disabled.

In the future it may be found preferable that the determination of disability should be made by the Federal Government under its own

rules and regulations. If so, a simple amendment to the Social Security Act at a later date could provide for an orderly changeover. In the meanwhile, it will facilitate the beginning of the program to take advantage of the facilities and experience of the State agencies.

Field offices established for old-age and survivors insurance and for the disability freeze could continue to function for disability benefits. People could therefore go to one field office for all questions concerning earnings records, filing, etc., where facts established for one type of benefit—such as marriage or age—are on record for both programs. Employers would keep a single set of records for both programs.

The majority report stresses the difficulty of determining disability in a public program providing such benefits. But we know that disability determinations are being made successfully every day, not only in connection with the "disability freeze" provision of the old-age and survivors insurance system, but also in numerous public programs which pay benefits. As a matter of fact, some 420,000 people are now receiving disability benefits under the following federally administered programs:

Veterans with 70 percent or more disability:

World War I	41,000
Korean conflict	18,000
World War II	128,000
Regular Establishment	10,000
Railroad retirement	85,000
Federal civil service	57,000
Federal noncontributory	81,000
Total	420,000

Most State and local retirement systems also include benefits for persons who have been disabled prior to retirement. Of the 3 million members of State and local retirement systems, about 2.9 million have protection against service-connected disability and about 2.5 million are in systems which include protection against all disability.

Experience with a disability benefit plan in the railroad retirement system indicates that it would be equally effective in a social-security system, in the opinion of William J. Kennedy, former Chairman of the Railroad Retirement Board, who has written:

> Frankly, I have always been at a loss to understand these criticisms (that disability programs are difficult to administer) in the light of the existence of an obviously successful disability program under the railroad retirement system to say nothing of those under the Federal and the numerous State and municipal retirement systems for government employees or of the workmen's compensation laws in every State in the Union.
>
> While the administration of the disability part of our program has presented problems not involved in the payment of old-age retirement benefits, we have not found these problems insuperable or even particularly difficult * * * The standards, which have been strictly adhered to, are, in our opinion, in conformity with the statutory provisions and with the intent of Congress as reflected in the well-documented legislative history of the act * * * Our disability program has been kept well in hand not only administratively but financially as well. There has been

> no tendency for the number of disability retirements to increase beyond the bounds set by advance cost estimates * * * From our observation * * * we have come to the general conclusion that, under our system, retirement for disability has tended to be influenced by the same economic factors as retirement on account of age.

We submit that the experience with these well-established programs has demonstrated that the extent of disability can be determined with sufficient precision to make such a program administratively feasible and financially sound. We also wish to point out that the rehabilitation features of the program we propose make an important contribution in this respect because they bring into play other factors—such as attitude and work record—to supplement the medical diagnosis as to the extent of disability.

EFFECT ON REHABILITATION

The majority report takes the position that the payment of disability benefits might discourage rehabilitation. Belief that rehabilitation would be hindered or malingering encouraged seems to us to be unjustified in view of the stringent eligibility requirements, limited benefits, and positive stress on rehabilitation contained in the proposal to which we subscribe.

The eligibility requirements would require a substantial and recent attachment to the labor force, determined by a work history which would have to include covered employment in 6 out of the last 13 and 20 out of the last 40 quarters prior to disability.

The definition of disability contained in the proposal is a conservative one, limited to medically determinable physical or mental impairment which prevents the individual from engaging in any substantial gainful activity. Furthermore, a waiting period of 6 consecutive months of disability prior to eligibility for benefits is required.

Since benefits under our proposal would not be paid to the dependents of a disabled worker, the income available to a worker's family from disability insurance would not be sufficient to encourage persons on the borderline of total disablement to seek benefits if employment alternatives were open to them. A worker who had earned average wages of $350 per month would received only 31 percent of his former income, or $108.50 monthly. If his wages had averaged $100 monthly, his benefits would be 55 percent, or $55; if $150, they would be 45 percent, or $68.50. In addition to the fact that the worker probably would have been without income for the 6-month waiting period, such benefits would make it unprofitable for a person who could work not to do so.

The disability provisions which we support incorporate the rehabilitation process with the disability benefit plan. Refusal, without good cause, to accept rehabilitation would result in termination of the individual's benefits. At the same time, in order to avoid setting up barriers to vocational rehabilitation, our proposal specifically provides that a person who performs work while under a State rehabilitation program will not, solely by reason of this work lose his benefits during the first 12 months while he is testing a new earning capacity.

A great deal of emphasis must rightly be placed on rehabilitation. However, the fact must be recognized that a great many older dis-

abled workers cannot be rehabilitated successfully. Our best information indicates that it has not been possible to rehabilitate more than 25 percent of disabled persons who are age 50 or over. Furthermore, rehabilitation cannot be a substitute for income for the disabled worker.

Lowering the Eligibility Age for Women

We wholeheartedly agree with the provision of the Senate bill which lowers from 65 to 62 the age at which surviving widows may first become eligible for their benefits, but we believe this provision should also apply to working women, wives, and dependent mothers.

It is estimated that about 800,000 women would receive benefits immediately if our proposal is enacted into law, and another 400,000 women in this age group—who are working or are wives of workingmen—would become eligible to draw benefits in case they retire. In about 25 years, when a larger proportion of people will have qualified, an additional 1,800,000 women will be receiving benefits earlier than they would under existing law.

We believe that the policy adopted by the committee of excluding two groups of women—wives and women workers—from the same privilege which they extend to other women is a serious departure from a well-established principle of the old-age and survivors insurance system. Under such a provision, a widow who normally works and supports herself would be able to receive benefits if she lost her job at age 62, and was unable to find work, while a woman worker in the same circumstances would be forced to wait until her 65th birthday for benefits. This would be true even though she may have contributed throughout her working life to the old-age and survivors insurance system.

Any woman who loses her job between the ages of 62 and 65 cannot easily get other employment. The fact is that the overwhelming majority of women at the ages of 60 to 65 are not gainfully employed. When this age group is compared to the age group 55 to 64, we find that women go out of the labor force about 2½ times faster than men. This is not surprising, in view of the demand upon the strength of many older workingwomen resulting from the dual responsibility of job and home. They cannot be expected to be able to continue working as long as men.

All evidence shows that even if older women are able to work they find it more difficult to get and hold jobs than do older men. Recent studies by the Department of Labor show that age limits are more frequently placed on job openings for women than for men and that the age limits are lower in the case of women.

In many retirement systems the eligibility age for women is lower than for men and in many cases this earlier retirement age is compulsory. The waiting period for these women who are forced into early retirement is actually much longer than it is for men. It would be manifestly inequitable, in our view, to reduce the eligibility age to 62 for widows and for women workers but not for wives.

The majority report justifies its exclusion of the wife's benefits at age 62 on the ground that—

> An elderly couple has the husband's benefit in the interval between the time when he retires and the time when his wife becomes eligible for a wife's benefit.

This position, we believe, is contrary to a fundamental principle of the old-age and survivor insurance plan—the principle that the payment of a wife's benefit is justified because the elderly family needs both benefits.

To assume that the retired couple can maintain themselves without a substantial sacrifice to their standard of living on an amount designed for a single person is unreasonable. Even a worker with the highest possible earnings credit of $350 a month would receive only $108.50 per month for himself and his wife—or 30 percent of his full-time earnings—while his wife is under age 65. If the husband is entitled to only $50, or $60, or $70 a month the family income is pitifully inadequate. But many aged couples are striving to make ends meet on such miserable amounts. Our proposal would help to remedy this situation.

The couples who will be helped by a reduction in the eligibility age to 62 for wives will, as a rule, be those most in need of their benefits. Husbands do not always have the choice of delaying retirement until their wife reaches age 65.

Men almost universally retire because they become disabled, because they reach the retirement age in the industry in which they work, or because the employer terminates the employment for other reasons. Although lowering the eligibility age to 62 does not solve the problem for all elderly couples, we cannot overlook the fact that it would provide immediate benefits to over 20 percent more wives than at present and a shorter waiting period for the remainder.

It is not realistic to assume that an elderly wife will be able to go out and get a job when the family income is reduced because of the retirement of the husband. They experience the same problem of obtaining employment as do other older women. Over 90 percent of all wives between the ages of 62 and 65 are not in the labor force.

We feel that the omission of dependent female parents is unjustified. These older parents who have been dependent upon the wage earner for their needs are not in the labor force at the time of the wage earner's death. It will be just as hard for them to support themselves at age 62 as it is for widows and wives since they also have usually been homemakers during their married life.

The level premium cost of adding benefits for working women, wives, and dependent mothers, would be only 0.36 percent of payroll. These relatively small added costs are more than justified so that all women will have the right to retire at age 62, which committee bill grants only to widows.

Public Assistance

Nothing has been done by Congress to improve the lot of our needy aged and disabled since 1952, when the present formula of Federal assistance to the States was adopted as a result of the successful amendment sponsored by Senator Ernest McFarland. Under the present formula the Federal Government puts up four-fifths of the first $25 of a payment, plus half up to a maximum of $55 per month. The increased Federal matching funds thus made available have made it possible for the States, particularly those with low per capita in-

comes, to make considerable headway in meeting the tremendous problems of poverty among the aged and disabled needy.

Since 1952 not only has national income risen appreciably but benefits under old-age and survivors insurance have been increased by a significant proportion, even for those already retired. Average monthly payments under these three public-assistance titles, however, remain at low levels. For old-age assistance, aid to the blind, and aid to the permanently and totally disabled, monthly payments as of February 1956 amounted to $54, $58, and $56, respectively.

EFFECT OF PROPOSED REVISION

We propose revising and making permanent the formula contained in the McFarland amendment of 1951. We believe that the Federal share of each monthly payment for old-age assistance, aid to the blind, and aid to the permanently and totally disabled should be increased to five-sixths of $30 plus half up to $65.

An amendment to this effect was introduced earlier this year on behalf of 4 members of the Finance Committee and 43 other Senators.

The more liberal formula, we believe, should be made available only to States which pass on the additional funds through increases in payments to recipients.

Alabama	$6, 057, 524	New Hampshire	$568, 675
Arizona	1, 246, 914	New Jersey	2, 071, 152
Arkansas	3, 755, 189	New Mexico	798, 695
California	24, 548, 405	New York	12, 242, 794
Colorado	4, 773, 355	North Carolina	4, 102, 900
Connecticut	1, 685, 922	North Dakota	737, 631
Delaware	148, 751	Ohio	9, 535, 873
District of Columbia	456, 983	Oklahoma	8, 507, 302
Florida	5, 511, 196	Oregon	1, 909, 993
Georgia	6, 751, 900	Pennsylvania	5, 699, 156
Idaho	793, 496	Rhode Island	807, 133
Illinois	8, 676, 809	South Carolina	3, 188, 860
Indiana	2, 611, 337	South Dakota	694, 260
Iowa	3, 455, 871	Tennessee	4, 186, 820
Kansas	3, 099, 006	Texas	13, 827, 460
Kentucky	3, 506, 460	Utah	959, 803
Louisiana	8, 668, 225	Vermont	572, 604
Maine	1, 061, 792	Virginia	1, 487, 749
Maryland	1, 212, 425	Washington	5, 678, 057
Massachusetts	8, 723, 071	West Virginia	2, 017, 160
Michigan	6, 435, 485	Wisconsin	3, 613, 253
Minnesota	4, 351, 656	Wyoming	385, 656
Mississippi	4, 648, 660	Alaska	150, 578
Missouri	9, 069, 640	Hawaii	250, 653
Montana	906, 964		
Nebraska	1, 500, 124	Total United States	207, 894, 372
Nevada	242, 995		

Under our proposal, all States could immediately raise their individual payments by from $5 to $7.50 per month. Over 2,900,000 persons would receive sorely needed increases with which to purchase the necessities of life.

The proposal would make the following additional funds available in each State:

The cost of this proposal, at the present caseload level, would amount to $208 million annually, this estimate being based on the assumption that all States take advantage of the formula by maintaining their own expenditures for this purpose at about present levels.

OLD-AGE ASSISTANCE

Of those who would be benefited by our proposal, 2,552,000 are recipients of old-age assistance. Many of these individuals, who never had the opportunity to participate in the old-age and survivors insurance program, are people who have contributed in large measure to the development and growth of this Nation. The original Social Security Act took the welfare of these persons every bit as much into consideration as it did those who could become covered by old-age and survivors insurance. It was never intended that the old-age assistance program be neglected, for the two programs were conceived as being complementary to each other until the eventual time when virtually all of our aged population is covered under the insurance program.

In 1954 those who had already retired under the social security program saw their insurance benefits increased by from $5 to $13.50, not as a result of any increased contributions on their part, but because of official acknowledgment of the inadequacy of previous benefits. A modest increase in the payments to our neediest citizens would be well in line with the complementary aspect of the two programs. Not only did the majority of old age assistance recipients fail to be affected by the aforementioned increases, but those who receive supplemental old age assistance in addition to small benefits under social security saw their old age assistance checks reduced by the same amount as the increase in social security payments.

Our proposal will make possible further progress among the low per capita income, low-payment States through the automatic $5 increase. At the same time our amendment will meet another problem. States with higher per capita income, particularly those States with a large percentage of their aged population already protected by old age and survivors insurance, have found themselves able to advance public assistance payments beyond the $55 at which point Federal matching ceases.

To provide an extra $5 of Federal matching for those high-income States, States which make large contributions to Federal revenues, would not permit those States to benefit in any genuine way. If those States cared to advance payments to their public assistance recipients, the additional $5 of Federal matching would be offset by the fact that the additional contribution of the State above $55 would not be subject to Federal matching.

Therefore, in justice and fairness those States having a higher per capita income and a higher percentage of the Federal tax burden, should be entitled to expect that the Federal Government will match State contributions to public assistance at least to the extent of $65 per month.

The Secretary of the Department of Health, Education, and Welfare has opposed any increase in the Federal rate of contribution beyond the formula established by the McFarland amendment in 1952. We find it somewhat significant that in 1951 the then Secretary did not favor the McFarland amendment, nor did the previous Secretary favor the last previous increase in the Federal share of contributions toward State welfare programs.

One of the reasons advanced by the Secretary for opposing the amendment was that the Federal Government already bears a dis-

proportionately heavy share of the first $25 of welfare payments for old-age assistance, aid to the needy blind, and aid to the totally and permanently disabled. The argument completely overlooks the fact that States with low per capita income are those in which the most severe cases of need exist in the greatest number. It is those same States which have the greatest difficulty in providing the essential services of State government and raising sufficient revenues to provide adequately for the needy within their boundaries.

NEED FOR ADDITIONAL FUNDS

A recent survey by the Social Security Administration further determined that 67 percent of persons beyond the age of 65 had less than $1,000 per year income; 24 percent had no income whatever. Income for the purposes of this study included welfare payments. The cold hard facts are that many of the low-income States, for lack of sufficient funds, have been unable to provide for a large number of needy cases.

Furthermore, they have been unable to make adequate payments in cases where severe need exists. The following table clearly demonstrates that there is need for additional matching funds. It shows the percent of national average per capital income in each State, the percent of aged people over 65 who are receiving old age and survivors insurance benefits, percent receiving old age assistance grants under State public welfare plans, and the percent of persons who receive no income from either program. It will be seen that more than 45 percent of aged persons over 65 are not receiving payments from either source.

It should be particularly noted that in some States with low per capital income there are very high percentages of individuals who are not protected by old age and survivors insurance. Much of this result is due to the fact that those who were employed in agricultural endeavors in the past were not insured by social security. Such individuals have no privilege of electing to retire when they are no longer economically productive. They must exist by exhausting such meager resources as they have been able to save, obtaining help from relatives, or receiving public assistance.

State	Per capita income as percent of average per capita income for United States, 1954 ($1,770)	Population aged 65 and above 1954 (estimate)	Percent of aged receiving neither OAA nor OASI, 1954	Percent of aged on OASI rolls, 1954	Percent of aged on OAA rolls, 1954	Percent of aged receiving OASI or OAA or both 1954 [1]
Alabama	61.6	214,000	41.4	29.7	29.6	58.6
Arizona	72.4	53,000	40.0	40.1	26.2	60.0
Arkansas	55.3	163,000	42.4	27.1	32.3	57.6
California	122.2	1,044,000	39.4	44.2	26.0	60.6
Colorado	95.3	129,000	37.9	34.6	40.9	62.1
Connecticut	133.4	201,000	44.1	50.2	8.4	55.9
Delaware	134.0	29,000	50.9	44.2	5.8	49.1
District of Columbia	125.4	63,000	64.2	32.0	4.9	35.8
Florida	91.0	297,000	33.3	48.9	23.4	66.7
Georgia	69.9	243,000	36.9	26.3	40.1	63.1
Idaho	81.0	49,000	50.6	35.5	18.1	49.4
Illinois	121.8	854,000	59.9	40.0	11.4	49.1
Indiana	103.6	392,000	51.2	40.1	9.6	48.8
Iowa	94.2	293,000	58.6	29.5	14.5	41.4
Kansas	95.4	209,000	56.7	29.6	16.5	43.3
Kentucky	68.7	251,000	50.1	30.0	22.3	49.9
Louisiana	73.6	193,000	22.7	27.2	62.0	77.3
Maine	84.3	95,000	40.1	50.3	14.3	59.9
Maryland	109.6	181,000	54.3	40.8	5.9	45.7
Massachusetts	108.6	510,000	39.6	49.0	17.9	60.4
Michigan	114.0	534,000	45.0	44.3	14.3	55.0
Minnesota	92.9	304,000	52.7	33.1	17.1	47.3
Mississippi	49.3	159,000	39.2	20.4	42.6	60.8
Missouri	98.7	434,000	43.3	33.2	30.7	56.7
Montana	97.7	59,000	55.4	32.2	15.8	44.6
Nebraska	92.4	144,000	62.0	27.4	12.6	38.0
Nevada	136.4	13,000	47.7	40.3	20.4	52.3
New Hampshire	90.7	60,000	42.2	49.8	10.7	57.8
New Jersey	125.4	450,000	47.0	49.5	4.6	53.0
New Mexico	78.4	39,000	45.4	27.0	31.2	54.6
New York	122.2	1,430,000	48.8	45.8	7.3	51.2
North Carolina	67.2	253,000	53.2	28.0	20.4	46.8
North Dakota	67.0	54,000	67.6	18.8	15.3	32.4
Ohio	112.0	785,000	47.3	42.3	13.2	52.7
Oklahoma	82.9	209,000	35.1	26.6	25.7	64.9
Oregon	99.3	153,000	42.9	48.0	13.2	57.1
Pennsylvania	100.9	978,000	48.2	46.8	6.0	51.8
Rhode Island	103.0	78,000	37.5	54.9	10.7	62.5
South Carolina	60.1	130,000	43.0	25.5	33.1	57.0
South Dakota	75.3	63,000	61.7	23.2	17.4	38.3
Tennessee	68.5	254,000	48.2	27.2	26.6	51.8
Texas	88.9	591,000	40.1	27.0	37.6	59.9
Utah	83.8	49,000	46.7	37.4	36.9	53.3
Vermont	79.6	40,000	45.3	41.5	17.2	54.7
Virginia	83.6	237,000	59.9	33.2	7.3	40.1
Washington	110.1	240,000	37.2	45.3	25.3	62.8
West Virginia	69.6	152,000	41.9	42.6	16.7	58.
Wisconsin	96.4	346,000	49.9	40.2	12.8	50.1
Wyoming	100.5	22,000	54.0	32.4	18.5	46.0
Alaska	----------	4,742	27.2	47.6	25.2	72.8
Hawaii	----------	25,000	51.4	42.4	7.3	48.6
Puerto Rico	----------	85,578	32.0	15.7	52.5	68.0
Virgin Islands	----------	2,011	56.6	9.7	33.9	43.4
United States	100.0	13,729,000	45.3	39.7	18.7	54.7

[1] Net total, does not duplicate concurrent recipients of both.

Source: Department of Health, Education, and Welfare, Bureau of the Census.

Old-age assistance will largely be replaced eventually by old-age and survivors insurance when the latter program reaches full maturity. It is expected that the program will fall off sharply after the year 1980. In the meantime, however, it seems to us that it is an irresponsible attitude to overlook the immediate problems of the millions who sorely need additional income today.

ASSISTANCE TO DISABLED AND BLIND

The same essential problems exist with regard to assistance payments to the disabled and the blind. Most States have made considerable progress in initiating and improving programs for these groups. Encouragement is greatly needed, however, for them to continue their progress. It seems to us singularly inappropriate for those who oppose disability insurance provisions under social security to oppose further improvements in the public assistance programs for the disabled. We believe that the 244,000 disabled and 105,000 blind recipients of public assistance are in all justice entitled to the increased monthly payments which the revised formula would provide.

It is our earnest hope that the Congress will adopt our proposals in order to afford a modest measure of relief for our neediest citizens in a manner both humane and practical.

WALTER F. GEORGE.
RUSSELL B. LONG.
PAUL H. DOUGLAS.

INDIVIDUAL VIEWS ON H. R. 7225

While in general I agree with the views of the majority of the committee, I feel that the retirement age for working women, wives, and dependent mothers should have been lowered to age 62 in addition to the committee's action lowering the retirement age for widows to age 62.

It is also my feeling that the committee should have provided more liberal Federal matching funds to State welfare plans for aid to needy aged, blind, and totally and permanently disabled.

GEORGE A. SMATHERS.

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Calendar No. 2156

84TH CONGRESS
2D SESSION

H. R. 7225

[Report No. 2133]

IN THE SENATE OF THE UNITED STATES

JULY 19, 1955
Read twice and referred to the Committee on Finance

JUNE 5 (legislative day, JUNE 4), 1956
Reported by Mr. BYRD, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of ~~1955~~ *1956*".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

~~CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN~~

~~SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out "or attains the age of eighteen" and inserting in lieu thereof "attains the age of eighteen and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of eighteen".~~

CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act is amended to read as follows:

"(1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

"(A) has filed application for child's insurance benefits,

"(B) at the time such application was filed was

unmarried and either (i) had not attained the age of eighteen, or (ii) was under a disability (as defined in section 223) which began before he attained the age of eighteen, and

"(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of eighteen and is not under a disability (as defined in section 223) which began before he attained such age, or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen."

(b) (1) Paragraphs (3), (4), and (5) of section 202 (d) of such Act are each amended by striking out "A child" wherever it appears and inserting in lieu thereof "A child who has not attained the age of eighteen".

(2) Section 202 (d) of such Act is further amended by adding at the end thereof the following new paragraph:

"(6) A child who has attained the age of eighteen and who is under a disability (as defined in section 223) which began before he attained the age of eighteen shall be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or his stepmother at the time specified in paragraph (1) (C) if the child—

"(A) was or would, upon filing an application therefor, have been entitled to a child's insurance benefit on the basis of the wages and self-employment income of such father, mother, stepfather, or stepmother for any month before the month in which he attained the age of eighteen, or

"(B) was, at the time specified in (1) (C), receiving at least one-half of his support from such father, mother, stepfather, or stepmother."

(c) Section 202 (h) (1) of such Act (relating to parent's benefits) is amended by striking out "or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5)" and inserting in lieu thereof "an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), or an unmarried child who has attained the age of eighteen and is under a dis-

ability (as defined in section 223) which began before he attained such age and who is deemed dependent on such individual under subsection (d) (6)".

~~(b)~~ *(d)* The first sentence of section 203 (a) of such Act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224,".

~~(c)~~ *(e)* Section 203 (b) of such Act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following: "For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. ~~In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no~~ *No* deduction shall be made under this subsection from any child's insurance benefit for the month in which ~~he~~ *the child entitled to such benefit* attained the age of eighteen or any subsequent month."

~~(d)~~ *(f)* Section 203 (d) of such Act (relating occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)".

~~(e)~~ *(g)* Section 203 (h) of such Act (relating to cir-

cumstances under which deductions not required) is amended to read as follows:

"CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

"(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

(h) (1) Title II of such Act is amended by inserting after section 222 the following new sections:

"DEFINITION OF DISABILITY FOR PURPOSES OF CHILD'S INSURANCE BENEFITS

"SEC. 223. For purposes of sections 202 (d) and 225, the term 'disability' means inability to engage in any substan-

tial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined by any agency of the United States under any other law of the United States or under a system established by such agency that a periodic benefit is payable by such agency for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then such child's insurance benefit shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If the periodic benefit or benefits

referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall also be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a

reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d) may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual whose disability is subject to determination under an agreement with a State under sec-

tion 221 (b), the Secretary shall promptly notify the appropriate State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223."

(2) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an

individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act. Any individual who is a member or adherent of any recognized church or religious sect which teaches its members or adherents to rely solely, in the treatment and cure of any physical or mental impairment, upon prayer or spiritual means through the application and use of the tenets or teachings of such church or sect, and who, solely because of his adherence to the teachings or tenets of such church or sect, refuses to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act, shall, for the purposes of the preceding sentence of this subsection, be deemed to have done so with good cause.

"Services Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect

to any such services rendered after the eleventh month following the first month during which such services are rendered."

(3) (A) So much of section 215 (g) of such Act (relating to rounding of benefits) as appears within parentheses is amended by striking out "section 203 (a)" and inserting in lieu thereof "sections 203 (a) and 224".

(B) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(C) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223)".

(D) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223)" the first place it appears and "a disability (as so defined)" the second place it appears.

~~(f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e)~~

of the Social Security Act) who attained the age of eighteen after 1953, and then only with respect to monthly benefits under section 202 of such Act for months after December 1955; except that—

(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of eighteen, such amendment shall apply—

(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this Act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section 221 of such Act) at the time he files such application, and

(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

(2) for purposes of title II of such Act (other than section 202 (d) (1)), a child referred to in paragraph

~~(1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month determined as provided in paragraph (1) (B) of this subsection.~~

~~For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of eighteen after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such Act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age.~~

(i) (1) The amendments made by this section, other than subsection (c), shall apply with respect to monthly benefits under section 202 of the Social Security Act for months after August 1956, but only, except as provided in paragraph (2), on the basis of an application filed after August 1956. For purposes of title II of the Social Security Act, as amended by this Act, an application for wife's, child's, or mother's insurance benefits under such title II filed, by reason of this paragraph, by an individual who was entitled to benefits prior to, but not for, August 1956 and whose entitlement terminated as a result of a child's attainment of age eighteen

shall be treated as the application referred to in subsection (b), (d), and (g), respectively, of section 202 of such Act.

(2) In the case of an individual who was entitled, without the application of subsection (j) (1) of such section 202, to a child's insurance benefit under subsection (d) of such section for August 1956, such amendments shall apply with respect to benefits under such section 202 for months after August 1956.

(3) The amendment made by subsection (c) shall apply in the case of benefits under section 202 (h) of the Social Security Act based on the wages and self-employment income of an individual who dies after August 1956.

~~RETIREMENT AGE FOR WOMEN~~

~~SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:~~

~~"Retirement Age~~

~~"(a) The term 'retirement age' means—~~

~~"(1) in the case of a man, age sixty-five, or~~

~~"(2) in the case of a woman, age sixty-two."~~

~~(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under section~~

~~202 (i) of such Act with respect to deaths after December 1955.~~

~~(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this Act) ended with a month before January 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (c) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.~~

~~(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—~~

~~(A) a woman who attained age sixty-two prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty-two in 1956 or, if earlier, the year in which she died;~~

~~(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and~~

~~(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.~~

~~A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.~~

~~(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1955.~~

WIDOW'S INSURANCE BENEFITS AT AGE SIXTY-TWO

SEC. 102. (a) Section 202 (e) (1) of the Social Security Act (relating to widow's insurance benefits) is amended by striking out "retirement age" wherever it appears in such section and inserting in lieu thereof "age sixty-two".

(b) (1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for months after August 1956 on the basis of applications filed after August 1956.

(2) If an individual was entitled to wife's or mother's insurance benefits under section 202 of the Social Security

Act for August 1956, or any month thereafter, the amendment made by subsection (a) shall apply, for purposes of subsection (e) of such section 202, in the case of monthly benefits under such subsection for months after August 1956.

~~DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY~~

~~SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:~~

~~"DISABILITY INSURANCE BENEFIT PAYMENTS~~

~~"Disability Insurance Benefits~~

~~"SEC. 223. (a) (1) Every individual who—~~

~~"(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),~~

~~"(B) has attained the age of fifty and has not attained retirement age (as defined in section 216 (a)),~~

~~"(C) has filed application for disability insurance benefits, and~~

~~"(D) is under a disability (as defined in subsection (c) (2) and determined under section 221) at the time such application is filed,~~

~~shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending~~

with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such

month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (c)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensa-

tion law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduce (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit pay-

able to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under

such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,".

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such Act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to round-

ing of benefits) is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(6) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance

~~benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.~~

EXTENSION OF COVERAGE

~~Service In Connection With Gum Resin Products~~

~~SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:~~

~~"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".~~

Foreign Agricultural Workers

SEC. 103. (a) Section 210 (a) (1) (B) of the Social Security Act is amended to read as follows:

"(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies,

or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;".

~~Employees of Federal Home Loan Banks and of the Tennessee Valley Authority~~

~~(b) (1) Section 210 (a) (6) (B) (ii) of such Act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".~~

~~(2) Section 210 (a) (6) (C) (vi) of such Act is amended to read as follows:~~

~~"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".~~

Share-Farming Arrangements

~~(c)~~ *(b)* (1) Section 210 (a) of such Act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including

livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 211 (a) (1) of such Act is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 211 (c) (2) of such Act is amended to read as follows:

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);".

Professional Self-Employed

~~(d)~~ *(c)* Paragraph (5) of section 211 (c) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a ~~physician (determined without regard to section 1101 (a) (7)) or as a~~ *doctor of medicine, doctor of osteopathy, or* Christian Science practitioner; or the performance of such service by a partnership."

Certain State and Local Employees

(d) Section 218 (d) (6) of such Act is amended by adding at the end thereof the following new sentences: "For the purposes of this subsection, any retirement system established by the State of Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State or Territory, which, on, before, or after the date of enactment of this sentence is divided into two divisions or parts, one of which is composed of positions of members

of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. The position of any individual which is covered by any retirement system to which the preceding sentence is applicable shall, if such individual is ineligible to become a member of such system on the date of enactment of such sentence or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title. For the purposes of this subsection, in the case of any retirement system of the State of Georgia, North Dakota, Pennsylvania, Washington, or the Territory of Hawaii which covers positions of employees of such State or Territory who are compensated in whole or in part from grants made to such State or Territory under title III of the Social Security Act, there shall be deemed to be, if such State or Territory so desires, a separate retirement system with re-

spect to any of the following: (A) the positions of such employees; (B) the positions of all employees of such State or Territory covered by such retirement system who are employed in the department of such State or Territory in which the employees referred to in clause (A) are employed; or (C) employees of such State or Territory covered by such retirement system who are employed in such department of such State or Territory in positions other than those referred to in clause (A)."

Certain Nonprofessional School District Employees

(e) Notwithstanding the provisions of subsection (d) of section 218 of the Social Security Act, any agreement under such section entered into prior to the date of enactment of this Act by the State of Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, or the Territory of Hawaii shall if the State or Territory concerned so requests, be modified prior to July 1, 1957, so as to apply to services performed by employees of the respective public school districts of such State or Territory who, on the date such agreement is made applicable to such services, are not in positions the incumbents of which are required by State or Territorial law or regulation to have valid State or Territorial teachers' or administrators' certificates in order to receive pay for their services. The provisions of this subsection shall not

apply to services of any such employees to which any such agreement applies without regard to this subsection.

Policemen and Firemen in the States of North Carolina, South Carolina, and South Dakota

(f) Section 218 of such Act is amended by adding at the end thereof the following new subsection:

"(p) Any agreement with the State of North Carolina, South Carolina, or South Dakota entered into pursuant to this section prior to the date of enactment of this subsection may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), be modified pursuant to subsection (c) (4) to apply to service performed by employees of such State or any political subdivision thereof in any policeman's or fireman's position covered by a retirement system in effect on or after the date of the enactment of this subsection, but only upon compliance with the requirements of subsection (d) (3). For the purposes of the preceding sentence, a retirement system which covers positions of policemen or firemen, or both, and other positions shall, if the State concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be."

Ministers

(g) Paragraph (7) (B) of section 211 (a) of the Social Security Act is amended to read as follows:

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States".

Effective Dates

~~(c) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by subsections (a) and (b) shall apply with respect to service performed after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955.~~

(h) The amendments made by paragraph (1) of subsection (b) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years

ending after 1954. The amendment made by paragraph (2) of such subsection shall apply with respect to taxable years ending after 1955. The amendment made by subsection (a) shall apply with respect to service performed after 1956. The amendment made by subsection (c) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (g) shall apply with respect to the same taxable years with respect to which the amendment made by section 201 (e) of this Act applies.

AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR

SEC. 104. (a) Paragraph (2) of subsection (h) of section 209 of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (A) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (B) the employee performs agricultural labor for the employer on thirty days or more during such year for cash remuneration computed on a time basis;"

(b) Section 210 of such Act is amended by adding at the end thereof the following new subsection:

"Crew Leader

"(m) The term 'crew leader' means an individual who furnishes individuals to perform agricultural labor for an-

other person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. A crew leader shall, with respect to services performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person."

(c) Section 213 (a) (2) (B) (iv) of such Act (relating to quarters of coverage) is amended by striking out "if such wages are less than $200" and inserting in lieu thereof "if such wages equal or exceed $100 but are less than $200".

(d) The amendment made by subsection (a) of this section shall apply with respect to remuneration paid after 1956, and the amendment made by subsection (b) of this section shall apply with respect to service performed after 1956.

COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

SEC. 105. (a) Subsection (a) of section 211 of the Social Security Act is amended by striking out the last two

sentences and inserting in lieu thereof the following: "In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f)—

"(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

"(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue

Code of 1954 applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) of such Code derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

"(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in such section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property

which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business."

(b) The amendment made by subsection (a) shall be effective with respect to taxable years ending after 1956.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. ~~105~~ *106.* (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such Act for months in any

taxable year (of the individual entitled to such benefits) beginning after 1954.

(b) Section 205 (c) (1) (B) of such Act (relating to period of limitation for correcting records) is amended by striking out "two" and inserting in lieu thereof "three".

ALTERNATIVE INSURED STATUS

SEC. 107. Section 214 (a) (3) of the Social Security Act is amended to read as follows:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all but four of the quarters elapsing after 1954 and prior to (i) July 1, 1957, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if not fewer than six of such quarters so elapsing are quarters of coverage.".

DROP-OUT OF FIVE YEARS OF LOW EARNINGS

SEC. 108. (a) Section 215 (b) (4) of the Social Security Act is amended by striking out the last sentence and by striking out "four" in the first sentence and inserting in lieu thereof "five".

(b) The amendment made by subsection (a) shall apply in the case of monthly benefits under section 202 of the Social Security Act, and the lump-sum death payment under such

section, based on the wages and self-employment income of an individual—

(1) who becomes entitled to benefits under subsection (a) of such section on the basis of an application filed on or after the date of enactment of this Act; or

(2) who is (but for the provisions of subsection (f) (6) of section 215 of the Social Security Act) entitled to a recomputation of his primary insurance amount under subsection (f) (2) (A) of such section 215 based on an application filed on or after the date of enactment of this Act; or

(3) who dies without becoming entitled to benefits under subsection (a) of such section 202 and no individual was entitled to survivor's benefits and no lump-sum death payment was payable under such section 202 on the basis of an application filed prior to such date of enactment; or

(4) who dies on or after such date of enactment and whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215; or

(5) who dies prior to such date of enactment and (A) whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a

recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215, and (B) on the basis of whose wages and self-employment income no individual was entitled to survivor's benefits under such section 202, and no lump-sum death payment was payable under such section, on the basis of an application filed prior to such date of enactment and no individual was entitled to such a benefit, without the filing of an application for the month in which this Act is enacted or any month prior thereto.

SPECIAL STARTING AND CLOSING DATES FOR CERTAIN INDIVIDUALS

SEC. 109. In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1957 and with respect to whom not less than six of the quarters elapsing after 1955 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such Act, with a starting date of December 31, 1955, and a closing date of July 1, 1957, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an in-

dividual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1957, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1957, closing date, the total of his wages and self-employment income after December 31, 1956, shall, if it is in excess of $2,100, be reduced to such amount.

TIME LIMITATION ON FILING REQUESTS FOR HEARING

SEC. 110. (a) Section 205 (b) of the Social Security Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Upon request by any such individual or upon request by a wife, widow, former wife divorced, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision. Any such request with respect to such a decision must be filed within such period after such decision as may be prescribed in regulations of the Secretary,

except that the period so prescribed may not be less than six months after notice of such decision is mailed to the individual making such request."

(b) The amendment made by subsection (a) shall be effective upon enactment; except that the period of time prescribed by the Secretary pursuant to the third sentence of section 205 (b) of the Social Security Act, as amended by subsection (a) of this section, with respect to decisions notice of which has been mailed by him to any individual prior to the enactment of this Act may not terminate for such individual less than six months after the date of enactment of this Act.

EARNINGS TEST FOR BENEFICIARIES IN ACTIVE MILITARY OR NAVAL SERVICE OVERSEAS

SEC. 111. (a) Section 203 (e) (4) (C) of the Social Security Act is amended by inserting "or performed outside the United States in the active military or naval service of the United States" after "performed within the United States by the individual as an employee".

(b) The first sentence of section 203 (k) of such Act is amended by inserting "and are not performed in the active military or naval service of the United States" after "if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210".

(c) The amendments made by subsections (a) and (b) shall be applicable with respect to taxable years ending after 1955.

EFFECT OF REMARRIAGE IN CASE OF CERTAIN WIDOWS

SEC. 112. Section 202 (e) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph:

"(3) In the case of any widow of an individual—

"(A) who marries another individual, and

"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not his widow (as defined in section 216 (c)),

the marriage to the individual referred to in clause (A) shall, for purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) September 1956."

EXTENSION OF PERIOD FOR FILING PROOF OF SUPPORT AND APPLICATIONS FOR LUMP-SUM DEATH PAYMENT

SEC. 113. (a) Section 202 of the Social Security Act is

amended by inserting after subsection (n) the following new subsection:

"(o) In any case in which there is a failure—

"(1) to file proof of support under subparagraph (D) of subsection (c) (1), clause (i) or (ii) of subparagraph (E) of subsection (f) (1), or subparagraph (B) of subsection (h) (1), or under clause (B) of subsection (f) (1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

"(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection, and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(b) The amendment made by subsection (a) shall apply in the case of lump-sum death payments under title II of the Social Security Act, and monthly benefits under such title for months after August 1956, based on applications filed after August 1956.

COMPUTATION OF AVERAGE MONTHLY WAGE

SEC. ~~106~~ *114.* (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment

income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen."

(b) Section 215 (d) (5) of such Act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." and inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount."

(c) Section 215 (e) (4) of such Act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a) of such Act after the date of enactment of this Act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages and self-employment income an application for benefits or a lump-sum death payment under section 202 of such Act is filed after the date of enactment of this Act, or (3) ~~who becomes entitled to benefits under section 223 of such Act, or (4)~~ who files, after the date of enactment of this Act, an application for a disability determination which

is accepted as an application for purposes of section 216 (i) of such Act.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. ~~107~~ *115*. (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program.

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public.

(c) (1) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive com-

pensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

(e) Not earlier than three years and not later than two years prior to January 1 of the first year for which each ensuing scheduled increase (after 1960) in the tax rates is effective under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing with the same functions, and constituted in the same manner as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such sched-

uled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

INVESTMENT OF TRUST FUND

SEC. 116. Section 201 (c) of the Social Security Act is amended by striking out the fourth and succeeding sentences and inserting in lieu thereof the following: "The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate.

Such obligations shall be issued for purchase by the Trust Fund only if the Managing Trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest."

CORRECTION OF RECORDS OF SELF-EMPLOYMENT INCOME

SEC. 117. Section 205 (c) (5) of the Social Security Act is amended by striking out "in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individual in such taxable year" in subparagraph (F), striking out "or" at the end of subparagraph (H), striking out the period at the end of subparagraph (I) and inserting in lieu thereof "; or", and adding after subparagraph (I) the following new subparagraph:

"(J) to include self-employment income for any taxable year, up to, but not in excess of, the amount of wages deleted by the Secretary as payments erroneously included in such records as wages paid to such individual, if such income (or net earnings from self-employment), not already included in such records as self-employment income, is included in a return or statement (referred to in subparagraph (F)) filed before the expiration of the

time limitation following the taxable year in which such deletion of wages is made."

SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

SEC. 118. Section 202 of the Social Security Act is amended by adding after subsection (o) (added by section 113 of this Act) the following new subsection:

"SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

"(p) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States and prior to the first month thereafter for all of which such individual has been in the United States, unless such individual is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country, under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and under which individuals who are citizens of the United States but not citizens of such foreign country and

who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country for periods of three months or longer.

"(2) No person who is, or upon application would be, entitled to a monthly benefit under this section for June 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

"(3) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

"(4) Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

"(5) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and

cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection."

DEFINITION OF SECRETARY

SEC. ~~108~~ *119*. As used in this Act and in the provisions of the Social Security Act set forth in this Act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. ~~109~~ *120*. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof ~~"1955"~~ *"1956"*.

~~(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—~~

~~(1) by striking out "age sixty-five" each place it appears and inserting in lieu thereof "retirement age (as defined in section 216 (a) of the Social Security Act)"; and~~

~~(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II".~~

(b) Section (5) (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended by inserting "(age

sixty-two in the case of a widow)" after "age sixty-five" each place it appears therein.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

DISTRICT OF COLUMBIA CREDIT UNIONS

SEC. 201. (a) *(1)* Subchapter B of Chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

"Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26-516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111."

(2) The table of sections for such subchapter is amended by adding at the end thereof

"Sec. 3113. District of Columbia credit unions."

~~STANDBY PAY~~

~~(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:~~

~~"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—~~

~~"(A) in the case of a man, he attains the age of 65, or~~

~~"(B) in the case of a woman, she attains the age of 62,~~

~~if such employee did not work for the employer in the period for which such payment is made; or".~~

~~SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS~~

~~(c) Section 3121 (b) (1) of such Code is amended to read as follows:~~

~~"(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".~~

FOREIGN AGRICULTURAL WORKERS

(b) Section 3121 (b) (1) (B) of such Code is amended to read as follows:

"(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West

Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;".

~~EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY~~

~~(d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".~~

~~(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:~~

~~"(vi) by any individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".~~

SHARE-FARMING ARRANGEMENTS

~~(c)~~ *(c)* (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

PROFESSIONAL SELF-EMPLOYED

~~(f)~~ *(d)* Section 1402 (c) (5) of such Code is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a ~~physician or as a~~ *doctor of medicine, doctor of osteopathy, or* Christian Science practitioner; or the performance of such service by a partnership."

MINISTERS

(e) Paragraph (8) (B) of section 1402 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h)) or as a minister in a foreign

country who has a congregation which is composed predominantly of citizens of the United States".

AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR

(f) (1) Paragraph (8) (B) of section 3121 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (i) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (ii) the employee performs agricultural labor for the employer on 30 days or more during such year for cash remuneration computed on a time basis;"

(2) Section 3121 of such Code is amended by adding at the end thereof the following new subsection:

"(m) CREW LEADER.—For purposes of this chapter, the term 'crew leader' means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by

the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. For purposes of this chapter and chapter II, a crew leader shall, with respect to service performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person."

(3) Section 3102 (a) of such Code is amended by striking out "$100" in the last sentence thereof, and inserting in lieu thereof "$200 and the employee has not performed agricultural labor for the employer on 30 days or more in the calendar year for cash rumuneration computed on a time basis."

COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

(g) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out the last two sentences thereof and inserting in lieu thereof the following: "In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g)—

"(i) in the case of an individual, if the gross income derived by him from such trade or business is not

more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

"(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings for self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

"(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"(vi) in the case of any such trade or business in

which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business."

FOREIGN SUBSIDIARIES

(h) Subparagraph (A) of paragraph (8) of section 3121 (l) of the Internal Revenue Code of 1954 is amended to read as follows:

"(A) a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation; or".

FILING OF SUPPLEMENTAL LISTS BY NONPROFIT ORGANIZATIONS

~~(g)~~ *(i)* The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, ~~1958~~ *1959*, whichever is the later," after "the certificate is in effect,".

EFFECTIVE DATE FOR WAIVER CERTIFICATES FILED BY NONPROFIT ORGANIZATIONS

~~(h)~~ *(j)* The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,".

EFFECTIVE DATES

(k) (1) The amendments made by subsection (a) and paragraph (1) of subsection (f) shall apply with respect to remuneration paid after 1956. The amendments made by subsection (b) and paragraph (2) of subsection (f) shall apply with respect to service performed after 1956. The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by paragraph (2) of such subsection and by subsection (d) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (g) shall apply with respect to taxable years ending after 1956. The amendment made by subsection (j) shall apply with respect to certificates filed after 1956

under section 3121 (k) of the Internal Revenue Code of 1954.

(2) (A) Except as provided in subparagraph (B), the amendment made by subsection (e) shall apply only with respect to taxable years ending after 1956.

(B) Any individual who, for a taxable year ending after 1954 and prior to 1957, had income which by reason of the amendment made by subsection (e) would have been included within the meaning of "net earnings from self-employment" (as such term is defined in section 1402 (a) of the Internal Revenue Code of 1954), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such Code, may elect to have the amendment made by subsection (e) apply to his taxable years ending after 1954 and prior to 1957. No election made by any individual under this subparagraph shall be valid unless such individual has filed a waiver certificate under section 1402 (e) of such Code prior to the making of such election or files a waiver certificate at the time he makes such election.

(C) Any individual described in subparagraph (B) who has filed a waiver certificate under section 1402 (e) of such Code prior to the date of enactment of this Act, or who files a waiver certificate under such section on or before the

due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, must make such election on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, or before April 16, 1957, whichever is the later.

(D) Any individual described in subparagraph (B) who has not filed a waiver certificate under section 1402 (e) of such Code on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957 must make such election on or before the due date of his return (including any extension thereof) for his first taxable year ending after 1956. Any individual described in this subparagraph whose period for filing a waiver certificate under section 1402 (e) of such Code has expired at the time he makes such election may, notwithstanding the provisions of paragraph (2) of such section, file a waiver certificate at the time he makes such election.

(E) An election under subparagraph (B) shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe by regulations. Notwithstanding the provisions of paragraph (3) of section 1402 (e) of such Code, the waiver certificate filed by an individual who makes an election under subparagraph (B) (regardless of when filed) shall be effective for such individual's first taxable year ending after 1954 in which he had income which by reason of the

amendment made by subsection (e) would have been included within the meaning of "net earnings from self-employment" (as such term is defined in section 1402 (a) of such Code), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such Code, or for the taxable year prescribed by such paragraph (3) of section 1402 (e), if such taxable year is earlier, and for all succeeding taxable years.

(F) No interest or penalty shall be assessed or collected for failure to file a return within the time prescribed by law, if such failure arises solely by reason of an election made by an individual under subparagraph (B), or for any underpayment of the tax imposed by section 1401 of such Code arising solely by reason of such election, for the period ending with the date such individual makes an election under subparagraph (B).

(3) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (d), or paragraph (2) of subsection (c), of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the

amount of any tax due under such chapter solely by reason of the enactment of subsection (d), or paragraph (2) of subsection (c), of this section for any period before the day after the date of enactment of this Act.

~~(i) (1) The amendments made by subsections (a) and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsections (c) and (d) shall apply with respect to service performed after 1955. The amendments made by paragraph (1) of subsection (e) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.~~

~~(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (c) of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on~~

the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (c) of this section for any period before the day after the date of the enactment of this Act.

CHANGES IN TAX SCHEDULES

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to $3\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to $4\frac{1}{2}$ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to $5\frac{1}{4}$ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the

tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to $6\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such Code is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b)) —

"(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be $2\frac{1}{2}$ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be $3\frac{1}{2}$ percent;

"(4) with respect to wages received during the

calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent."

(c) Section 3111 of such Code is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

~~"(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent."~~

~~(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955.~~

TITLE III—PUBLIC ASSISTANCE AMENDMENTS

DECLARATION OF PURPOSE

SEC. 300. It is the purpose of this title (a) to promote the health of the Nation by assisting States to extend and broaden their provisions for meetings the costs of medical care for persons eligible for public assistance by providing for separate matching of assistance expenditures for medical care, (b) to reduce dependency and promote the well-being of the Nation by encouraging the States to place greater emphasis on helping to strengthen family life and helping needy families and individuals attain the maximum economic and personal independence of which they are capable, (c) to assist in improving the administration of public assistance programs (1) through making grants and contracts, and entering into jointly financed cooperative arrangements, for research or demonstration projects and (2) through Federal-State programs of grants to institu-

tions and traineeships and fellowships so as to provide training of public welfare personnel, thereby securing more adequately trained personnel, and (d) to improve aid to dependent children.

PART I—MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE

MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS

SEC. 301. (a) Clauses (1) and (2) of section 3 (a) of the Social Security Act are each amended by striking out "during such quarter as old-age assistance under the State plan" and inserting in lieu thereof "during such quarter as old-age assistance in the form of money payments under the State plan".

(b) Section 3 (a) (1) (A) of such Act is amended by striking out "who received old-age assistance for such month" and inserting in lieu thereof "who received old-age assistance in the form of money payments for such month".

(c) Section 3 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of

such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received old-age assistance under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO DEPENDENT CHILDREN

SEC. 302. (a) Clauses (1) and (2) of section 403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to dependent children under the State plan" and inserting in lieu thereof "during such quarter as aid to dependent children in the form of money payments under the State plan".

(b) Section 403 (a) (1) (A) of such Act is amended by striking out "with respect to whom aid to dependent children is paid for such month" and inserting in lieu thereof "with respect to whom aid to dependent children in the form of money payments is paid for such month".

(c) Section 403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A)

the product of $4 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) except in the case of Puerto Rico and the Virgin Islands, the product of $8 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO THE BLIND

SEC. 303. (a) Clauses (1) and (2) of section 1003 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the blind under the State plan" and inserting in lieu thereof "during such quarter as aid to the blind in the form of money payments under the State plan".

(b) Section 1003 (a) (1) (A) of such Act is amended by striking out "who received aid to the blind for such month" and inserting in lieu thereof "who received aid to the blind in the form of money payments for such month".

(c) Section 1003 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums

for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the blind under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO PERMANENTLY AND TOTALLY DISABLED

SEC. 304. (a) Clauses (1) and (2) of section 1403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the permanently and totally disabled under the State plan" and inserting in lieu thereof "during such quarter as aid to the permanently and totally disabled in the form of money payments under the State plan".

(b) Section 1403 (a) (1) (A) of such Act is amended by striking out "who received aid to the permanently and totally disabled for such month" and inserting in lieu thereof "who received aid to the permanently and totally disabled in the form of money payments for such month".

(c) Section 1403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (includ-

ing expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month".

EFFECTIVE DATE

SEC. 305. The amendments made by this part shall become effective July 1, 1957.

PART II—SERVICES IN PROGRAMS OF AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

AID TO DEPENDENT CHILDREN

SEC. 311. (a) The first sentence of section 401 of the Social Security Act is amended to read: "For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby

authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services (if any) which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to dependent children,".

(2) Clause (3) of such section 403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision), to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain

self-support or self-care, or which are provided to maintain and strengthen family life for such children".

AID TO THE BLIND

SEC. 312. (a) The first sentence of section 1001 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 1002 of such Act is amended by striking out "and" before clause (12) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (13) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the blind to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 1003 (a) of

such Act are each amended by striking out ", which shall be used exclusively as aid to the blind,".

(2) Clause (3) of such section 1003 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care".

AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 313. (a) The first sentence of section 1401 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 1402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection

and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 1403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to the permanently and totally disabled,".

(2) Clause (3) of such section 1403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care".

EFFECTIVE DATE

SEC. 314. The amendments made by sections 311 (b), 312 (b), and 313 (b) shall become effective July 1, 1957.

PART III—EXTENSION OF AID TO DEPENDENT CHILDREN

ADDITIONAL RELATIVES

SEC. 321. Section 406 (a) of the Social Security Act is amended by striking out "or aunt" and inserting in lieu thereof "aunt, first cousin, nephew, or niece".

REQUIREMENT OF SCHOOL ATTENDANCE ELIMINATED

SEC. 322. Such section 406 (a) is further amended by striking out "child under the age of sixteen, or under the age of eighteen if found by the State agency to be regularly attending school," and inserting in lieu thereof "child under the age of eighteen".

EFFECTIVE DATE

SEC. 323. The amendments made by this part shall become effective July 1, 1957.

PART IV—RESEARCH AND TRAINING

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

SEC. 331. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

"SEC. 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5,000,000 and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to

States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting coordination of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and programs related thereto, and (2) making contracts or jointly financed cooperative arrangements with States and public and other nonprofit organizations and agencies for the conduct of research or demonstration projects relating to such matters.

"(b) No contract or jointly financed cooperative arrangement shall be entered into, and no grant shall be made, under subsection (a), until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed projects as to soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research or demonstrations, and their relationship to other similar research or demonstrations already completed or in process.

"(c) Grants and payments under contracts or cooperative arrangements under subsection (a) may be made either in advance or by way of reimbursement, as may be

determined by the Secretary; and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of this section."

TRAINING GRANTS

SEC. 332. Title VII of the Social Security Act is amended by adding after section 704 the following new section:

"TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

"SEC. 705. (a) In order to assist in increasing the effectiveness and efficiency of administration of public assistance programs by increasing the number of adequately trained public welfare personnel available for work in public assistance programs, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1958, the sum of $5,000,000, and for each succeeding fiscal year such sums as the Congress may determine.

"(b) From the sums appropriated pursuant to subsection (a), the Secretary shall make allotments to the States on the basis of (1) population, (2) relative need for trained public welfare personnel, particularly for personnel to provide self-support and self-care services, and (3) financial need.

"(c) From each State's allotment under subsection (b), the Secretary shall from time to time pay to such State the Federal percentage of its expenditures in carrying out the

purposes of this section through (1) grants to public or other nonprofit institutions of higher learning for training personnel employed or preparing for employment in public assistance programs, (2) special courses of study or seminars of short duration conducted for such personnel by experts hired on a temporary basis for the purpose, and (3) establishing and maintaining, directly or through grants to such institutions, fellowships or traineeships for such personnel at such institutions, with such stipends and allowances as may be permitted under regulations of the Secretary. For purposes of this subsection, the Federal percentage for any State shall be 100 per centum during each fiscal year in the period beginning July 1, 1957, and ending June 30, 1967, and 80 per centum during the fiscal years thereafter.

"(d) Payments pursuant to subsection (c) shall be made in advance on the basis of estimates by the Secretary and adjustments may be made in future payments under this section to take account of overpayments or underpayments in amounts previously paid.

"(e) The amount of any allotment to a State under subsection (b) for any fiscal year which the State certifies to the Secretary will not be required for carrying out the purposes of this section in such State shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need

in carrying out such purposes for sums in excess of those previously allotted to them under this section and will be able to use such excess amounts during such fiscal year; such reallotments to be made on the basis provided in subsection (b) for the initial allotments to the States. Any amount so reallotted to a State shall be deemed part of its allotment under such subsection."

SEC. 333. Section 1101 (a) (1) of the Social Security Act is amended by striking out "titles I, IV, V, X, and XIV" and inserting in lieu thereof "titles I, IV, V, VII, X, and XIV".

PART V—TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

SEC. 341. Section 8 (e) of the Social Security Act Amendments of 1952 (66 Stat. 767, 780), as amended, is amended by striking out "September 30, 1956, and inserting in lieu thereof "June 30, 1959".

TITLE IV—MISCELLANEOUS PROVISIONS

SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 401. Section 403 of the Social Security Amendments of 1954 is amended to read as follows:

"*SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THE SOCIAL SECURITY AMENDMENTS OF 1956*

"*SEC. 403. (a) In any case in which—*

"*(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which is described in section 501 (c) (3) of the Internal Revenue Code of 1954 and which is exempt from income tax under section 501 (a) of such Code but which has failed to file prior to the enactment of the Social Security Amendments of 1956 a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;*

"*(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1957 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case*

may be, at the time such service was performed) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

"(4) part of such taxes have been paid prior to the enactment of the Social Security Amendments of 1956;

"(5) so much of such taxes as have been paid prior to the enactment of the Social Security Amendments of 1956 have been paid by such organization in good faith and upon the assumption that a valid waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954, as the case may be; and

"(6) no refund of such taxes has been obtained, the amount of such remuneration with respect to which such

taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be.

"(b) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which has filed a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

"(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid prior to the enactment of the Social Security Amendments of 1956 with respect to any part of the remuneration paid to such individual by such organization for such service; and

"(4) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1959, and in such form and manner, and with such official, as may be prescribed by regulations made under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954."

Amend the title so as to read: "An Act to amend title II of the Social Security Act to reduce to age sixty-two the age on the basis of which benefits are payable to certain widows, to provide for child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

Passed the House of Representatives July 18, 1955.

Attest: RALPH R. ROBERTS,

Clerk.

Calendar No. 2156

84TH CONGRESS
2D SESSION

H. R. 7225

[Report No. 2133]

AN ACT

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

JULY 19, 1955
Read twice and referred to the Committee on Finance

JUNE 5 (legislative day, JUNE 4), 1956
Reported with amendments

GPO 861-630

COMMITTEE ON FINANCE
UNITED STATES SENATE

Harry Flood Byrd, *Chairman*

MAJOR DIFFERENCES IN THE PRESENT SOCIAL SECURITY LAW AND H. R. 7225 AS REPORTED BY THE COMMITTEE ON FINANCE

RELATING TO

OLD-AGE AND SURVIVORS INSURANCE AND PUBLIC ASSISTANCE

(Compiled by Helen Livingston, Government Division, Fred Arner, American Law Division, Legislative Reference Service, Library of Congress, at the Direction of the Chairman and Printed for the Use of the Committee on Finance)

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1956

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PUBLIC ASSISTANCE

Major differences in the present social-security law and H. R. 7225 as reported by the Senate Committee on Finance relating to old-age and survivors insurance and public assistance

OLD-AGE AND SURVIVORS INSURANCE

I. COVERAGE

Items	Present law	H. R. 7225
A. Self-employed:		
1. Professional groups.	*Excludes* specific professional groups: physicians, lawyers, dentists, osteopaths, veterinarians, naturopaths, chiropractors, and optometrists.	Covers all professional groups now excluded except physicians and osteopaths. Effective date: Taxable years after 1955.
2. Farm operators and share farmers.	*Covers* farm operators on the same basis as other self-employed persons except for a special provision for farmers who report on a cash basis. Such farmers whose annual gross earnings are $1,800 or less may report either their actual net earnings or 50 percent of their gross earnings. Farmers who report on a cash basis and whose annual gross earnings are over $1,800 may report either their actual net earnings or, if these net earnings are less than $900, may report $900.	Permits farm operators who report on a cash basis and whose annual gross farm income is between $400 and $1,200 to report for OASI purposes either 100 percent of their gross farm income or their actual net earnings; farmers who report on a cash basis or on an accrual basis and whose gross income is over $1,200 and whose net earnings are less than $1,200 may report either their actual net earnings or $1,200; farmers whose gross income is over $1,200 and whose net earnings are also over $1,200 must report their actual net earnings. Makes optional reporting method applicable to members of farm partnerships.
	Rentals cannot be included as self-employment income.	Rentals will be credited as self-employment income in the situation in which the owner or tenant of the land participates materially with the individual working the land in the production of the agricultural or horticultural commodity.
	Covers share farmers as self-employed under current interpretation.	The language of the bill confirms the present interpretation of the law on this point by defining the services of a share farmer as self-employment rather than employment.
3. Ministers	*Covers* ministers (including Christian Science practitioners) and members of religious orders, other than those who have taken a vow of poverty, and those serving outside the United States who are citizens and working for United States employers on a voluntary self-employed basis regardless of whether they are employees or self-employed.	Also covers ministers outside the United States if they serve a congregation predominantly made up of United States citizens even though their employer may not be a United States employer.
B. Employees		
1. Agricultural workers.	*Covers* agricultural workers if paid $100 or more in cash wages by 1 employer in a calendar year.	Covers farm workers who either (1) are paid $200 or more in cash wages in a calendar year by an employer or (2) perform agricultural labor for an employer on 30 days or more during the calendar year for cash wages computed on a time basis. Farm workers who are recruited and paid by a crew leader shall be deemed to be employees of the crew leader if such crew leader is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor; under such circumstances the crew leader shall be deemed to be self-employed.

OLD-AGE AND SURVIVORS INSURANCE—Continued

I. COVERAGE—Continued

Items	Present law	H. R. 7225
B. Employees—Continued		
1. Agricultural workers—Continued	*But excludes:* a. Mexican contract workers b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other British West Indies on a temporary basis to perform agricultural labor.	a. No change. b. Provision broadened to exclude from coverage temporary agricultural workers from any other foreign country.
2. State and local government employees.	Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen) may be covered under State agreements under stated conditions one of which is that all members (with minor exceptions) of a retirement system coverage group must be covered if any are covered.	a. Authorizes Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii, at their option, to cover those persons now members of a State retirement system who wish to be covered, provided that new employees are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States. b. Authorizes Georgia, North Dakota, Pennsylvania, Washington, and Hawaii, at their option, to cover their employees who are paid wholly or partly from Federal funds under the Unemployment Compensation provisions of the Social Security Act—either by themselves or with the other employees of the department of the State in which they are employed—after complying with the referendum provisions. c. Authorizes Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii, at their option up until July 1, 1957, to include employees of public school districts who are under teachers' retirement system, but who are not required to have teachers' or school administrators' certificates (for example, school custodians), in the State's OASI agreement without a referendum and without including the certificated employees who are under the teachers' retirement system. d. Allows the States of North Carolina, South Carolina, and South Dakota to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.
C. Adjustment of benefit provisions for newly covered		
1. Insured status.	Special provision primarily for persons newly covered in 1955: Fully insured if all the quarters (but not less than 6) after 1954 and prior to later of (1) July 1, 1956, or (2) quarter of death or attainment of retirement age (whichever first occurs), are quarters of coverage.	Revised to make special provision applicable to persons covered in 1956: Fully insured if all but 4 (but not less than 6) of the quarters after 1954 and prior to later of (1) July 1, 1957, or (2) quarter of death or attainment of retirement age (whichever first occurs) are quarters of coverage.

OLD-AGE AND SURVIVORS INSURANCE—Continued

I. COVERAGE—Continued

Items	Present law	H. R. 7225
C. Adjustment of benefit provisions for newly covered—Continued		
2. Dropout of years of low or no earnings.	Up to 4 years of lowest or no earnings may be dropped in computation of average monthly wage; 5 years may be dropped if individual has 20 or more quarters of coverage.	5 years may be dropped in all cases, regardless of number of quarters of coverage. Effective for entitlements to benefits after enactment of bill.
3. Special starting and closing dates.	Special provision intended primarily for persons first covered in 1955: Individual who became entitled to old-age insurance benefits or died in 1956, and had at least 6 quarters of coverage after 1954, can have starting date of Dec. 31, 1954, and closing date of July 1, 1956, if that will yield a larger benefit amount.	Similar special provision primarily for persons first covered in 1956: Individual who becomes entitled or dies in 1957, and has at least 6 quarters of coverage after 1955, can have a starting date of Dec. 31, 1955 and closing date of July 1, 1957, if that will yield a larger benefit amount.
D. Geographical scope	*Excludes the following from coverage within the United States:* a. Nonresident aliens engaged in self-employment. b. Employees of foreign governments and their instrumentalities. c. Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act. d. Employees on foreign registered aircraft or ships who also perform services while the plane or ship is outside of the United States, if neither they nor their employer is citizen of the United States. *Coverage outside of the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands is limited to—* a. American citizens either self-employed or employed by an American employer. b. Citizens of the United States employed by foreign subsidiaries of American corporations are covered by voluntary agreements between the Federal Government and the parent American company. Defines a foreign subsidiary of a domestic corporation as a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation. The domestic corporation can include some or all of its foreign subsidiaries in the agreement and must agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included. c. Individuals, regardless of citizenship, who are employed on American registered ships and aircraft if either the contract of service was entered into in the United States or the plane or vessel touches a port in the United States.	No change, except: b. Makes coverage available to more United States citizens employed by foreign subsidiaries by redefining a foreign subsidiary of a domestic corporation as a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation.

OLD-AGE AND SURVIVORS INSURANCE—Continued

II. BENEFITS FOR DISABLED CHILDREN

Items	Present law	H. R. 7225
A. Benefits	No provision	Pays benefits to dependent disabled child of a deceased or retired insured worker if the child is permanently and totally disabled and has been so disabled since before he reached age 18. Payable after August 1956.
B. Definition of disability	For disability "freeze" an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death. An individual is disabled, within the meaning of the law, if he is blind, as that term is defined.	1. Same as for disability "freeze" except blindness is neither specified nor defined and is, therefore, not necessarily a disability.
C. Disability determination	In administering the disability "freeze"— (1) the Secretary enters into contractual agreements under which State vocational rehabilitation agencies, or other appropriate State agencies, make determinations of disability. (2) the Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements. (3) the Secretary may, on his own motion, review a State agency determination that a disability exists and may, as a result of such review, find that no disability exists or that the disability began later than determined by the State agency. (4) any individual who is dissatisfied with a determination, whether made by a State agency or by the Secretary, has the right to a hearing and to judicial review as provided in the law.	Uses same structure for disability determinations as is used for disability freeze.
D. Adjustment of duplicate benefits.	Not applicable	Reduces disabled child's benefit by the amount of any benefit payable— 1. Under another Federal law or by an agency of the United States (including wholly owned instrumentalities) where the payment is based in whole or in part on a physical or mental impairment; or 2. Under a workmen's compensation law or plan of a State on account of physical or mental impairment. Also reduces mother's or wife's benefit deriving from such child's benefit where the other Federal or State disability payment exceeds the child's OASI benefit.

OLD-AGE AND SURVIVORS INSURANCE—Continued

II. BENEFITS FOR DISABLED CHILDREN—Continued

Items	Present law	H. R. 7225
E. Rehabilitation	Under disability "freeze" the policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to vocational rehabilitation agencies for necessary rehabilitation services.	Extends existing provision to a person entitled as a disabled child and provides for deduction of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act in such amounts as the Secretary shall determine. A disabled child who is receiving rehabilitation services and returns to work shall not, for at least 1 year after his work first started, be regarded as able to engage in substantial gainful activity solely by reason of such work.
F. Suspension of benefits based on disability.	Not applicable	If the Secretary believes that the disability no longer exists, he may suspend benefits pending his disability determination or that of the appropriate State agency.

III. BENEFIT CATEGORIES

A. Old Age	Payable at age 65 to all fully insured individuals.	No change.
B. Wife	Payable to wife of old-age beneficiary if age 65 or regardless of her age if she has in her care a child entitled to benefits on her husband's record.	No change.
C. Child	Payable to unmarried child under age 18 of old-age beneficiary or of individual who died either currently or fully insured if child deemed dependent on such person.	No change except benefits will be paid to dependent disabled child of a deceased or retired insured worker if the child is permanently and totally disabled and has been so disabled since before he reached age 18. Payable after August 1956.
D. Widow	Payable at age 65 to widow of fully insured worker.	Payable at age 62. Otherwise no change. Effective date: Payable for months following August 1956.
E. Parent	Payable at age 65 to parent of deceased fully insured worker, if worker had furnished half or more of parent's support, and was not survived by widow, widower, or child eligible for benefits on his record.	No change.

IV. SUSPENSION OF BENEFITS FOR CERTAIN ALIENS WHO LEAVE THE UNITED STATES

Suspension of benefits for certain aliens.	No provision	Suspends the payments to any person not a citizen or national of the United States who first becomes eligible for benefits after June 1956 if such a person remains out of the country for 3 full and consecutive months. The payments would be resumed if such a person returns and remains in this country. However, payment of benefits to an alien is not suspended if his native country has a social insurance or pension system of general application which would permit benefit payments to United States citizens in the event they leave such foreign country.

OLD-AGE AND SURVIVORS INSURANCE—Continued

V. FINANCING

Items	Present law			H. R. 7225
		Employer and employee	*Self-employed*	
A. Tax rates	1954–59	2%	3%	No change.
	1960–64	2½	3¾	
	1965–69	3	4½	
	1970–74	3½	5¼	
	1975 and thereafter	4	6	
B. Advisory Council	No provision			Provides for the periodic establishment of an Advisory Council on Social Security Financing whose function will be to review the status of the OASI trust fund in relation to the long-term commitments of the program. The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the OASI tax rate, to the Board of Trustees of the OASI trust fund before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1 1959, in its annual report. Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary not earlier than 3 years nor later than 2 years prior to Jan. 1 of the years in which the OASI tax rates are scheduled to be increased. These advisory councils will report to the Board on Jan. 1 of the year before the tax increase will occur and the Board will report to Congress not later than Mar. 1 of the same year.
C. Investment of the Trust Fund.	Provides that the Managing Trustee (Secretary of the Treasury) shall invest such portion of the trust fund as is not, in his judgment, needed to meet current withdrawals. Investments must be made in interest-bearing obligations of the United States or in obligations guaranteed both as to interest and principal by the United States. Special obligations issued exclusively to the fund are required to bear an interest equal to the average rate borne by all interest-bearing obligations of the United States. This interest rate, if it is not a multiple of ⅛ of 1 percent, is reduced to the next lower multiple of ⅛ of 1 percent.			Increases interest rate on public debt obligations for purchase by the Trust Fund, by using average rate of interest-bearing obligations not due or callable until after the expiration of 5 years from the date of original issue. This interest rate, if not a multiple of ⅛ of 1 percent, is rounded to the nearest multiple of ⅛ of 1 percent.

PUBLIC ASSISTANCE

Item	Present law	H. R. 7225
I. Temporary extension of the MacFarland amendment.	Temporary increase in Federal matching shares for State public assistance programs expires Sept. 30, 1956. Under such temporary increase, formula for old-age assistance, aid to the blind, and aid to the permanently and totally disabled is ⅘ of the 1st $25 of a State's average monthly payment plus ½ of the remainder up to a maximum of $55. Under such temporary increase, formula for aid to dependent children is ⅘ of the 1st $15 of a State's average monthly payment plus ½ of the remainder within individual maximums of $30 for the adult, $30 for the 1st child, and $21 for each additional child in a family.	Expiration date for temporary increase postponed until June 30, 1959.
II. Medical care financing	Federal government shares in expenditures for medical care, including vendor payments, subject to limitation on individual maximums.	Separate dollar-for-dollar Federal sharing in matching State expenditures on vendor payments in behalf of recipients needing medical care in all 4 programs up to a maximum determined by multiplying $8 per month times the number of adults and $4 per month times the number of children.
III. For administrative costs	Separate dollar for dollar matching in costs for administration.	Clarifies that the amount expended in which the Federal Government will share in aid to blind and aid to permanently and totally disabled includes services for self-support and self-care, and for maintaining and strengthening family life under aid to dependent children program, effective July 1, 1957.
IV. Requirements for approval of a State plan.	13 requirements including those for financial participation by the State; a single State administrative agency; effective in all parts of the State; efficient administrative and personnel standards; opportunity to apply and receive assistance promptly, etc.	Adds requirement that if State decides to provide self-support or self-care services for persons receiving aid to the permanently and totally disabled and aid to the blind or, in aid to dependent children, to strengthen family life, a description of the services, *if any*, must be furnished to the Secretary including steps taken to assure use of other agency resources. Effective July 1, 1957.
V. Research and demonstration projects	No provision	Authorizes $5,000,000 for fiscal year 1957 (and such sums as Congress may authorize for later years) for grants to States, public and other nonprofit organizations for paying part of the cost of research or demonstration projects on prevention and reduction of dependency. Effective July 1, 1956.
VI. Training grants for public assistance personnel.	No provision	Authorizes $5,000,000 for fiscal year 1958 and such sums as Congress may determine for succeeding years for allotment to States on a variable basis to pay Federal percentage of grants to institutions of higher learning for training public welfare personnel, special courses of study, traineeship and fellowship programs, etc. Federal share to be 100 percent for the 1st 10 years and 80 percent thereafter.

PUBLIC ASSISTANCE—Continued

Items	Present law	H. R. 7225
VII. Aid to dependent children program:		
1. Definition of needy child.	A dependent child is a needy child under 16 or under 18 if attending school, deprived of parental care or support by death, absence, incapacity of parent.	Deletes requirement of school attendance for children between 16 and 18.
2. Definition of eligible relative.	Eligible relative includes father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle or aunt.	Adds first cousin, nephew or niece to specified relatives.

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GPO 861-630

AMENDMENTS OF SOCIAL SECURITY ACT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2156, House bill 7225.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7225) to amend the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

SOCIAL SECURITY AMENDMENTS OF 1956

Mr. JOHNSON of Texas Mr President. I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2156, H. R. 7225.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who had attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The PRESIDING OFFICER (Mr. PASTORE in the chair). Is there objection to the unanimous-consent request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Finance with amendments.

Mr. BYRD. Mr. President, I ask unanimous consent that the committee amendments to the pending bill be agreed to en bloc; and that the bill as so amended be considered as original text for the purpose of amendment.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Is there objection?

The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 1, line 4, after the word "of", to strike out "1955" and insert "1956"; on page 2, after line 2, to strike out:

"CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE 18

"SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out 'or attains the age of 18' and inserting in lieu thereof 'attains the age of 18 and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of 18'."

And, in lieu thereof, to insert:

"CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE 18

"SEC. 101. (a) Section 202 (d) (1) of the Social Security Act is amended to read as follows:

"'(1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

"'(A) has filed application for child's insurance benefits,

"'(B) at the time such application was filed was unmarried and either (i) had not attained the age of 18, or (ii) was under a disability (as defined in section 223) which began before he attained the age of 18, and

"'(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of 18 and is not under a disability (as defined in section 223) which began before he attained such age, or ceases to be under a disability (as so defined) on or after the day on which he attains age 18.'

"(b) (1) Paragraphs (3), (4), and (5) of section 202 (d) of such act are each amended by striking out 'A child' wherever it appears and inserting in lieu thereof 'A child who has not attained the age of 18.'

"(2) Section 202 (d) of such act is further amended by adding at the end thereof the following new paragraph:

"'(6) A child who has attained the age of eighteen and who is under a disability (as defined in section 223) which began before he attained the age of eighteen shall be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or his stepmother at the time specified in paragraph (1) (C) if the child—

"'(A) was or would, upon filing an application therefor, have been entitled to a child's insurance benefit on the basis of the wages and self-employment income of such father, mother, stepfather, or stepmother for any month before the month in which he attained the age of eighteen, or

"'(B) was, at the time specified in (1) (C), receiving at least one-half of his support from such father, mother, stepfather, or stepmother.'

"(c) Section 202 (h) (1) of such act (relating to parent's benefits) is amended by striking out 'or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5)' and inserting in lieu thereof 'an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), or an unmarried child who has attained the age of eighteen and is under a disability (as defined in section 223) which began before he attained such age and who is deemed dependent on such individual under subsection (d) (6)'."

On page 5, at the beginning of line 4, to strike out "(b)" and insert "(d)"; at the beginning of line 10, to strike out "(c)" and insert "(e)"; in line 16, after the word "child", to strike out "In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no" and insert "No"; in line 20, after the word "which", to strike out "he" and insert "the child entitled to such benefit"; at the beginning of line 22, to strike out "(d)" and insert "(f)"; at the beginning of line 25, to strike out "(e)" and insert "(g)"; on page 6, after line 19, to insert:

"(h) (1) Title II of such act is amended by inserting after section 222 the following new sections:

"'DEFINITION OF DISABILITY FOR PURPOSES OF CHILD'S INSURANCE BENEFITS

"'SEC. 223. For purposes of sections 202 (d) and 225, the term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"'REDUCTION OF BENEFITS BASED ON DISABILITY

"'SEC. 224. (a) If—

"'(1) any individual is entitled to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"'(2) either (A) it is determined by any agency of the United States under any other law of the United States or under a system established by such agency that a periodic benefit is payable by such agency for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individuals,

then such child's insurance benefit shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall also be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"'(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"'(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"'(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"'(e) For purposes of this section, the term "agency of the United States" means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"'SUSPENSION OF BENEFITS BASED ON DISABILITY

"'SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that a child who has attained the age of 18 and is entitled to benefits under section 202 (d) may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual whose disability is subject to determination under an agreement with a State under section 221 (b), the Secretary shall promptly notify the appropriate State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term "disability" has the meaning assigned to such term in section 223.'

"(2) Section 222 of such act is amended to read as follows:

"'REHABILITATION SERVICES

"'*Referral for rehabilitation services*

"'SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall

be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"'*Deductions on account of refusal to accept rehabilitation services*

"'(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month in which such individual, if a child who has attained the age of 18 and is entitled to child's insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act. Any individual who is a member or adherent of any recognized church or religious sect which teaches its members or adherents to rely solely, in the treatment and cure of any physical or mental impairment, upon prayer or spiritual means through the application and use of the tenets or teachings of such church or sect, and who, solely because of his adherence to the teachings or tenets of such church or sect, refuses to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act, shall, for the purposes of the preceding sentence of this subsection, be deemed to have done so with good cause.

"'*Services performed under rehabilitation program*

"'(c) For the purpose of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the 11th month following the first month during which such services are rendered.'

"(3) (A) So much of section 215 (g) of such Act (relating to rounding of benefits) as appears within parentheses is amended by striking out 'section 203 (a)' and inserting in lieu thereof 'sections 203 (a) and 224.'

"(B) The first sentence of section 216 (i) (1) of such act (defining 'disability' for purposes of preserving insurance rights during periods of disability) is amended by striking out 'The' at the beginning and inserting in lieu thereof 'Except for purposes of sections 202 (d), 223, and 225, the'.

"(C) The first sentence of section 221 (a) of such act (relating to determinations of disability by State agencies) is amended by striking out '(as defined in section 216 (i))' and inserting in lieu thereof '(as defined in section 216 (i) or 223)'.

"(D) Section 221 (c) of such act (relating to review by Secretary of determinations of disability) is amended by striking out 'a disability' the two places it appears and inserting in lieu thereof 'a disability (as defined in section 216 (i) or 223)' the first place it appears and 'a disability (as so defined)' the second place it appears."

On page 12, after line 23, to strike out:

"(f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e) of the Social Security Act) who attained the age of 18 after 1953, and then only with respect to monthly benefits under section 202 of such act for months after December 1955; except that—

"(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of 18, such amendment shall apply—

"(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section 221 of such act) at the time he files such application, and

"(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

"(2) for purposes of title II of such act (other than section 202 (d) (1)), a child referred to in paragraph (1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month determined as provided in paragraph (1) (B) of this subsection.

For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of 18 after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age."

And, in lieu thereof, to insert:

"(i) (1) The amendments made by this section, other than subsection (c), shall apply with respect to monthly benefits under section 202 of the Social Security Act for months after August 1956, but only, except as provided in paragraph (2), on the basis of an application filed after August 1956. For purposes of title II of the Social Security Act, as amended by this act, an application for wife's, child's, or mother's insurance benefits under such title II filed, by reason of this paragraph, by an individual who was entitled to benefits prior to, but not for, August 1956 and whose entitlement terminated as a result of a child's attainment of age 18 shall be treated as the application referred to in subsection (b), (d), and (g), respectively, of section 202 of such act.

"(2) In the case of an individual who was entitled, without the application of subsection (j) (1) of such section 202, to a child's insurance benefit under subsection (d) of such section for August 1956, such amendments shall apply with respect to benefits under such section 202 for months after August 1956.

"(3) The amendment made by subsection (c) shall apply in the case of benefits under section 202 (h) of the Social Security Act based on the wages and self-employment income of an individual who dies after August 1956."

On page 15, after line 12, to strike out:

"RETIREMENT AGE FOR WOMEN

"SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"'*Retirement age*

"'(a) The term "retirement age" means—

"'(1) in the case of a man, age 65, or

"'(2) in the case of a woman age 62.'

"(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under section 202 (i) of such act with respect to deaths after December 1955.

"(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this act) ended with a month before January 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (e) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.

"(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

"(A) a woman who attained age 62 prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such act (as in effect prior to the enactment of this act) for any month prior to 1956 shall be deemed to have attained age 62 in 1956 or, if earlier, the year in which she died;

"(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(4) For purposes of section 209 (i) of such act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1955."

And, in lieu thereof, to insert:

"WIDOW'S INSURANCE BENEFITS AT AGE 62

"SEC. 102. (a) Section 202 (e) (1) of the Social Security Act (relating to widow's insurance benefits) is amended by striking out 'retirement age' wherever it appears in such section and inserting in lieu thereof 'age 62.'

"(b) (1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for months after August 1956 on the basis of applications filed after August 1956.

"(2) If an individual was entitled to wife's or mother's insurance benefits under section 202 of the Social Security Act for August 1956, or any month thereafter, the amendment made by subsection (a) shall apply, for purposes of subsection (e) of such section 202, in the case of monthly benefits under such subsection for months after August 1956."

On page 18, after line 4, to strike out:

"DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE 50

"SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"'*Disability insurance benefit payments*

"'Disability Insurance Benefits

"'SEC. 223. (a) (1) Every individual who—

"'(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

"'(B) has attained the age of 50 and has not attained retirement age (as defined in section 216 (a)),

"'(C) has filed application for disability insurance benefits, and

"'(D) is under a disability (as defined in subsection (c) (2) and determined under section 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the

first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"'(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"'Filing of Application

"'(b) No application for disability insurance benefits which is filed more than 9 months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

"'Definitions

"'(c) For purposes of this section—

"'(1) An individual shall be insured for disability insurance benefits in any month if—

"'(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"'(B) he had not less than 20 quarters of coverage during the 40-quarter period ending with the quarter in which such first day occurred, not counting as part of such 40-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"'(2) The term "disability" means inability to engage in any substantial gainful activity by reason of any medically determinably physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"'(3) The term "waiting period" means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months.

"'(A) throughout which the individual who files such application has been under a disability, and

"'(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of 50.

"'REDUCTION OF BENEFITS BASED ON DISABILITY

"'SEC. 224. (a) If—

"'(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of 18 or any subsequent month, and

"'(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (e)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"'(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"'(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"'(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"'(e) For purposes of this section, the term "agency of the United States" means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"'SUSPENSION OF BENEFITS BASED ON DISABILITY

"'SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of 18 and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term "disability" has the meaning assigned to such term in section 223 (c) (2).'

"(b) Section 222 of such act is amended to read as follows:

"'REHABILITATION SERVICES

"'*Referral for rehabilitation services*

"'SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"'*Deductions on account of refusal to accept rehabilitation services*

"'(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of 18 and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"'*Service performed under rehabilitation program*

"'(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the 11th month following the 1st month during which such services are rendered.'

"(c) (1) Section 202 (a) (3) of such act (relating to old-age insurance benefits) is amended to read as follows:

"'(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,'.

"(2) Section 202 (k) (2) (B) of such act (relating to entitlement to more than one benefit) is amended by striking out 'who under the preceding provisions of this section' and inserting in lieu thereof 'who, under preceding provisions of this section and under the provisions of section 223,'.

"(3) Section 202 (n) (1) (A) of such act (relating to denial of benefits in certain cases of deportation) is amended by inserting 'or section 223' after 'this section.'

"(4) Section 215 (a) of such act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"'(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger.'

"(5) Section 215 (g) of such act (relating to rounding of benefits) is amended by striking out 'section 202' and inserting in lieu thereof 'section 202 or 223.'

"(6) The first sentence of section 216 (i) (1) of such act (defining 'disability' for purposes of preserving insurance rights during periods of disability) is amended by striking out 'The' at the beginning and inserting in lieu thereof 'Except for purposes of sections 202 (d), 223, and 225, the.'

"(7) The first sentence of section 221 (a) of such act (relating to determinations of disability by State agencies) is amended by striking out '(as defined in section 216

(i))' and inserting in lieu thereof '(as defined in section 216 (i) or 223 (c)).'

"(8) Section 221 (c) of such act (relating to review by Secretary of determinations of disability) is amended by striking out 'a disability' the two places it appears and inserting in lieu thereof 'a disability (as defined in section 216 (i) or 223 (c))' the first place it appears and 'a disability (as so defined)' the second place it appears.

"(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

"(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month."

On page 28, after line 7, to strike out:

"SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

"SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:

"'(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;'."

After line 17, to insert:

"FOREIGN AGRICULTURAL WORKERS

"SEC. 103. (a) Section 210 (a) (1) (B) of the Social Security Act is amended to read as follows:

"'(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;'."

On page 29, after line 2, to strike out:

"EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY

"(b) (1) Section 210 (a) (6) (B) (ii) of such act is amended by inserting 'a Federal Home Loan Bank,' after 'a Federal Reserve Bank,'.

"(2) Section 210 (a) (6) (C) (vi) of such act is amended to read as follows:

"'(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);'."

At the beginning of line 16, to strike out "(c)" and insert "(b)"; on page 31, at the beginning of line 8, to strike out "(d)" and insert "(c)"; in line 11, after the word "a", to strike out "physician (determined without regard to section 1101 (a) (7)) or as a" and insert "doctor of medicine, doctor of osteopathy, or"; after line 15, to insert:

"CERTAIN STATE AND LOCAL EMPLOYEES

"(d) Section 218 (d) (6) of such act is amended by adding at the end thereof the following new sentences: 'For the purposes of this subsection, any retirement system established by the State of Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State or Territory, which, on, before, or after the date of enactment of this sentence is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who became members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. The position of any individual which is covered by any retirement system to which the preceding sentence is applicable shall, if such individual is ineligible to become a member of such system on the date of enactment of such sentence or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title. For the purposes of this subsection, in the case of any retirement system of the State of Georgia, North Dakota, Pennsylvania, Washington, or the Territory of Hawaii which covers positions of employees of such State or Territory who are compensated in whole or in part from grants made to such State or Territory under title III of the Social Security Act, there shall be deemed to be, if such State or Territory so desires, a separate retirement system with respect to any of the following: (A) the positions of such employees; (B) the positions of all employees of such State or Territory covered by such retirement system who are employed in the department of such State or Territory in which the employees referred to in clause (A) are employed; or (C) employees of such State or Territory covered by such retirement system who are employed in such department of such State or Territory in positions other than those referred to in clause (A).'

"CERTAIN NONPROFESSIONAL SCHOOL DISTRICT EMPLOYEES

"(e) Notwithstanding the provisions of subsection (d) of section 218 of the Social Security Act, any agreement under such section entered into prior to the date of enactment of this act by the State of Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, or the Territory of Hawaii shall if the State or Territory concerned so requests, be modified prior to July 1, 1957, so as to apply to services performed by employees of the respective public-school districts of such State or Territory who, on the date such agreement is made applicable to such services, are not in positions the incumbents of which are required by State or Territorial law or regulation to have valid State or Territorial teachers' or administrators' certificates in order to receive pay for their services. The provisions of this subsection shall not apply to services of any such employees to which any such agreement applies without regard to this subsection.

"POLICEMEN AND FIREMEN IN THE STATES OF NORTH CAROLINA, SOUTH CAROLINA, AND SOUTH DAKOTA

"(f) Section 218 of such act is amended by adding at the end thereof the following new subsection:

"'(p) Any agreement with the State of North Carolina, South Carolina, or South Dakota entered into pursuant to this section prior to the date of enactment of this subsection may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), be modified pursuant to subsection (c) (4) to apply to service performed by employees of such State or any political subdivision thereof in any policeman's or fireman's position covered by a retirement system in effect on or after the date of the enactment of this subsection, but only upon compliance with the requirements of subsection (d) (3). For the purposes of the preceding sentence, a retirement system which covers positions of policemen or firemen, or both, and other positions shall, if the State concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be.'

"MINISTERS

"(g) Paragraph (7) (B) of section 211 (a) of the Social Security Act is amended to read as follows:

"'(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States.'"

On page 35, after line 10, to strike out:

"(e) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by subsections (a) and (b) shall apply with respect to service performed after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955."

And, in lieu thereof, to insert:

"(h) The amendments made by paragraph (1) of subsection (b) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by paragraph (2) of such subsection shall apply with respect to taxable years ending after 1955. The amendment made by subsection (a) shall apply with respect to service performed after 1956. The amendment made by subsection (c) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (g) shall apply with respect to the same taxable years with respect to which the amendment made by section 201 (e) of this act applies."

On page 36, after line 9, to insert:

"AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR

"SEC. 104. (a) Paragraph (2) of subsection (h) of section 209 of the Social Security Act is amended to read as follows:

"'(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (A) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (B) the employee performs agricultural labor for the employer on 30 days or more during such year for cash remuneration computed on a time basis;'

"(b) Section 210 of such act is amended by adding at the end thereof the following new subsection:

"*'Crew leader*

"'(m) The term "crew leader" means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. A crew leader shall, with respect to services performed in furnishing individuals to perform agricultural labor for another person and service performed as a

member of the crew, be deemed not to be an employee of such other person.'

"(c) Section 213 (a) (2) (B) (iv) of such act (relating to quarters of coverage) is amended by striking out 'if such wages are less than $2000' and inserting in lieu thereof 'if such wages equal or exceed $100 but are less than $200.'

"(d) The amendment made by subsection (a) of this section shall apply with respect to remuneration paid after 1956, and the amendment made by subsection (b) of this section shall apply with respect to service performed after 1956.

On page 37, after line 20, to insert:

"COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

"Sec. 105. (a) Subsection (a) of section 211 of the Social Security Act is amended by striking out the last two sentences and inserting in lieu thereof the following: 'In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f)—

"'(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

"'(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"'(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) of such code derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

"'(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) of such code derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in such section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"'(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"'(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection; and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.'

"(b) The amendment made by subsection (a) shall be effective with respect to taxable years ending after 1956."

On page 40, at the beginning of line 20, to change the section number from "105" to "106"; on page 41, after line 5, to insert:

"ALTERNATIVE INSURED STATUS

"Sec. 107. Section 214 (a) (3) of the Social Security Act is amended to read as follows:

"'(3) In the case of any individual who did not die prior to January 1, 1955, the term "fully insured individual" means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all but 4 of the quarters elapsing after 1954 and prior to (i) July 1, 1957, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if not fewer than 6 of such quarters so elapsing are quarters of coverage.'"

After line 17, to insert:

"DROPOUT OF 5 YEARS OF LOW EARNINGS

"Sec. 108. (a) Section 215 (b) (4) of the Social Security Act is amended by striking out the last sentence and by striking out 'four' in the first sentence and inserting in lieu thereof 'five.'

"(b) The amendment made by subsection (a) shall apply in the case of monthly benefits under section 202 of the Social Security Act, and the lump-sum death payment under such section, based on the wages and self-employment income of an individual—

"(1) who becomes entitled to benefits under subsection (a) of such section on the basis of an application filed on or after the date of enactment of this act; or

"(2) who is (but for the provisions of subsection (f) (6) of section 215 of the Social Security Act) entitled to a recomputation of his primary insurance amount under subsection (f) (2) (A) of such section 215 based on an application filed on or after the date of enactment of this act; or

"(3) who dies without becoming entitled to benefits under subsection (a) of such section 202 and no individual was entitled to survivor's benefits and no lump-sum death payment was payable under such section 202 on the basis of an application filed prior to such date of enactment; or

"(4) who dies on or after such date of enactment and whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215; or

"(5) who dies prior to such date of enactment and (A) whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215, and (B) on the basis of whose wages and self-employment income no individual was entitled to survivor's benefits under such section 202, and no lump-sum death payment was payable under such section, on the basis of an application filed prior to such date of enactment and no individual was entitled to such a benefit, without the filing of an application for the month in which this act is enacted or any month prior thereto."

On page 43, after line 10, to insert:

"SPECIAL STARTING AND CLOSING DATES FOR CERTAIN INDIVIDUALS

"Sec. 109. In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1957 and with respect to whom not less than six of the quarters elapsing after 1955 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such act, with a starting date of December 31, 1955, and a closing date of July 1, 1957, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1957, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1957, closing date, the total of his wages and self-employment income after December 31, 1956, shall, if it is in excess of $2,100, be reduced to such amount."

On page 44, after line 10, to insert:

"TIME LIMITATION ON FILING REQUESTS FOR HEARING

"Sec. 110. (a) Section 205 (b) if the Social Security Act is amended by striking out the second sentence and inserting in lieu thereof the following: 'Upon request by any such individual or upon request by a wife, widow, former wife divorced, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision. Any such request with respect to such a decision must be filed within such period after such decision as may be prescribed in regulations of the Secretary, except that the period so prescribed may not be less than 6 months after notice of such decision is mailed to the individual making such request.'

"(b) The amendment made by subsection (a) shall be effective upon enactment; except that the period of time prescribed by the Secretary pursuant to the third sentence of section 205 (b) of the Social Security Act, as amended by subsection (a) of this section, with respect to decisions notice of which has been mailed by him to any individual prior to the enactment of this act may not terminate for such individual less than 6 months after the date of enactment of this act."

On page 45, after line 12, to insert:

"EARNINGS TEST FOR BENEFICIARIES IN ACTIVE MILITARY OR NAVAL SERVICE OVERSEAS

"Sec. 111. (a) Section 203 (e) (4) (C) of the Social Security Act is amended by inserting 'or performed outside the United States in the active military or naval service of the United States' after 'performed within the United States by the individual as an employee'.

"(b) The first sentence of section 203 (k) of such act is amended by inserting 'and are not performed in the active military or naval service of the United States' after 'if he performs services outside the United States as an employee and such services do not con-

stitute employment as defined in section 210'.

"(c) The amendments made by subsections (a) and (b) shall be applicable with respect to taxable years ending after 1955."

On page 46, after line 3, to insert:

"EFFECT OF REMARRIAGE IN CASE OF CERTAIN WIDOWS

"SEC. 112. Section 202 (e) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph:

"'(3) In the case of any widow of an individual—

"'(A) who marries another individual, and

"'(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not his widow (as defined in section 216 (c)),

the marriage to the individual referred to in clause (A) shall, for purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the 12th month before the month in which such widow files application for purposes of this paragraph, or (iii) September 1956.'"

On page 46, after line 21, to insert:

"EXTENSION OF PERIOD FOR FILING PROOF OF SUPPORT AND APPLICATIONS FOR LUMP-SUM DEATH PAYMENT

"SEC. 113. (a) Section 202 of the Social Security Act is amended by inserting after subsection (n) the following new subsection:

"'(o) In any case in which there is a failure—

"'(1) to file proof of support under subparagraph (D) of subsection (c) (1), clause (i), or (ii) of subparagraph (E) of subsection (f) (1), or subparagraph (B) of subsection (h) (1), or under clause (B) of subsection (f) (1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

"'(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection,

and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within 2 years following such period or within 2 years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.'

"(b) The amendment made by subsection (a) shall apply in the case of lump-sum death payments under title II of the Social Security Act, and monthly benefits under such title for months after August 1956, based on applications filed after August 1956."

On page 48, line 7, to change the section number from "106" to "114"; on page 50, at the beginning of line 22, to strike out "who becomes entitled to benefits under section 223 of such Act, or (4)"; on page 51, line 4, to change the section number from "107" to "115"; on page 53, after line 5, to insert:

"INVESTMENT OF TRUST FUND

"SEC. 116. Section 201 (c) of the Social Security Act is amended by striking out the fourth and succeeding sentences and inserting in lieu thereof the following: 'The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the trust fund. Such obligations issued for purchase by the trust fund shall have maturities fixed with due regard for the needs of the trust fund and bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt that are not due or callable until after the expiration of 5 years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such obligations shall be the multiple of one-eighth of 1 percent nearest such average rate. Such obligations shall be issued for purchase by the trust fund only if the managing trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.'"

On page 54, after line 6, to insert:

"CORRECTION OF RECORDS OF SELF-EMPLOYMENT INCOME

"SEC. 117. Section 205 (c) (5) of the Social Security Act is amended by striking out 'in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individual in such taxable year in subparagraph (F), striking out 'or' at the end of subparagraph (H), striking out the period at the end of subparagraph (I) and inserting in lieu thereof '; or', and adding after subparagraph (I) the following new subparagraph:

"'(J) to include self-employment income for any taxable year, up to, but not in excess of, the amount of wages deleted by the Secretary as payments erroneously included in such records as wages paid to such individual, if such income (or net earnings from self-employment), not already included in such records as self-employment income, is included in a return or statement (referred to in subparagraph (F)) filed before the expiration of the time limitation following the taxable year in which such deletion of wages is made.'"

On page 55, after line 2, to insert:

"SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

"SEC. 118. Section 202 of the Social Security Act is amended by adding after subsection (o) (added by section 113 of this act) the following new subsection:

"'*Suspension of benefits of aliens who are outside the United States*

"'(p) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States and prior to the first month thereafter for all of which such individual has been in the United States, unless such individual is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country, under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and under which individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country for periods of 3 months or longer,

"'(2) No person who is, or upon application would be, entitled to a monthly benefit under this section for June 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

"'(3) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

"'(4) Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

"'(5) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection.'"

On page 57, line 5, to change the section number from "108" to "119"; in line 12, to change the section number from "109" to "120"; in line 14, after the word "thereof", to strike out "1855" and insert "1956"; after line 14, to strike out:

"(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

"(1) by striking out 'age 65' each place it appears and inserting in lieu thereof 'retirement age (as defined in section 216 (a) of the Social Security Act)'; and

"(2) by striking out 'section 202' each place it appears and inserting in lieu thereof 'title II'."

And in lieu thereof to insert:

"(b) Section (5) (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended by inserting '(age 62 in the case of a widow)' after 'age 65' each place it appears therein."

On page 58, line 6, after "(a)", to insert "(1)"; after line 16, to insert:

"(2) The table of sections for such subchapter is amended by adding at the end thereof:

"'Sec. 3113. District of Columbia credit unions.'"

After line 18, to strike out:

"STANDBY PAY

"(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"'(A) in the case of a man, he attains the age of 65, or

"'(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or'.

"SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

"(c) Section 3121 (b) (1) of such Code is amended to read as follows:

"'(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West

Indies on a temporary basis to perform agricultural labor'."

On page 59, after line 16, to insert:

"FOREIGN AGRICULTURAL WORKERS

"(b) Section 3121 (b) (1) (B) of such Code is amended to read as follows:

"'(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor; '."

On page 60, after line 3, to strike out:

"EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY

"(d) (1) Section 3121 (b) (6) (B) (ii) of such code is amended by inserting 'a Federal home loan bank,' after 'a Federal Reserve bank,'.

"(2) Section 3121 (b) (6) (C) (vi) of such code is amended to read as follows:

"'(vi) by any individual to whome the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);'."

In line 18, to change the subsection letter from "(e)" to "(c)"; on page 62, line 10, to change the subsection letter from "(f)" to "(d)"; in line 13, after the word "a", to strike out "physician or as a" and insert "doctor of medicine, doctor of osteopathy, or"; after line 16, to insert:

"MINISTERS

"(e) Paragraph (8) (B) of section 1402 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in sec. 3121 (h)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States'."

On page 63, after line 2, to insert:

"AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR

"(f) (1) Paragraph (8) (B) of section 3121 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (i) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (ii) the employee performs agricultural labor for the employer on 30 days or more during such year for cash remuneration computed on a time basis;'

"(2) Section 3121 of such code is amended by adding at the end thereof the following new subsection:

"'(m) Crew leader: For purposes of this chapter, the term "crew leader" means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. For purposes of this chapter and chapter II, a crew leader shall, with respect to service performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person.'

"(3) Section 3102 (a) of such code is amended by striking out '$100' in the last sentence thereof, and inserting in lieu thereof '$200 and the employee has not performed agricultural labor for the employer on 30 days or more in the calendar year for cash remuneration computed on a time basis'."

On page 64, after line 13, to insert:

"COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

"(g) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out the last two sentences thereof and inserting in lieu thereof the following: 'In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g)—

"'(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

"'(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings for self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"'(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

"'(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

"'For purposes of the preceding sentence, gross income means—

"'(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"'(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business.'"

On page 67, after line 10, to insert:

"FOREIGN SUBSIDIARIES

"(h) Subparagraph (A) of paragraph (8) of section 3121 (l) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(A) a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation; or',"

In line 20, to change the subsection letter from "(g)" to "(i)"; in line 22, after "January 1", to strike out "1958" and insert "1959"; on page 68, line 3, to change the subsection letter from "(h)" to "(j)"; after line 10, to insert:

"(k) (1) The amendments made by subsection (a) and paragraph (1) of subsection (f) shall apply with respect to remuneration paid after 1956. The amendments made by subsection (b) and paragraph (2) of subsection (f) shall apply with respect to service performed after 1956. The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by paragraph (2) of such subsection and by subsection (d) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (g) shall apply with respect to taxable years ending after 1956. The amendmade by subsection (j) shall apply with respect to certificates filed after 1956 under section 3121 (k) of the Internal Revenue Code of 1954.

"(2) (A) Except as provided in subparagraph (B), the amendment made by subsection (e) shall apply only with respect to taxable years ending after 1956.

"(B) Any individual who, for a taxable year ending after 1954 and prior to 1957, had income which by reason of the amendment made by subsection (e) would have been included within the meaning of 'net earnings from self-employment' (as such term is defined in section 1402 (a) of the Inernal Revenue Code of 1954), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such code, may elect to have the amendment made by subsection (e) apply to his taxable years ending after 1954 and prior to 1957. No election made by any individual under this subparagraph shall be valid unless such individual has filed a waiver certificate under section 1402 (e) of such code prior to the making of such election or files a waiver certificate at the time he makes such election.

"(C) Any individual described in subparagraph (B) who has filed a waiver certificate under section 1402 (e) of such code prior to the date of enactment of this act, or who files a waiver certificate under such section on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, must make such election on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, or before April 16, 1957, whichever is the later.

"(D) Any individual described in subparagraph (B) who has not filed a waiver certificate under section 1402 (e) of such code on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957 must make such election on or before the due date of his return (including any extension thereof) for his first taxable year ending after 1956. Any individual described in this subparagraph whose period for filing a waiver cer-

tificate under section 1402 (e) of such code has expired at the time he makes such election may, notwithstanding the provisions of paragraph (2) of such section, file a waiver certificate at the time he makes such election.

"(E) An election under subparagraph (B) shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe by regulations. Notwithstanding the provisions of paragraph (3) of section 1402 (e) of such code, the waiver certificate filed by an individual who makes an election under subparagraph (B) (regardless of when filed) shall be effective for such individual's first taxable year ending after 1954 in which he had income which by reason of the amendment made by subsection (e) would have been included within the meaning of "net earnings from self-employment" (as such term is defined in section 1402 (a) of such code), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such code, or for the taxable year prescribed by such paragraph (3) of section 1402 (e), if such taxable year is earlier, and for all succeeding taxable years.

"(F) No interest or penalty shall be assessed or collected for failure to file a return within the time prescribed by law, if such failure arises solely by reason of an election made by an individual under subparagraph (B), or for any underpayment of the tax imposed by section 1401 of such code arising solely by reason of such election, for the period ending with the date such individual makes an election under subparagraph (B).

"(3) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (d), or paragraph (2) of subsection (c), of this section, for any taxable year ending on or before the date of the enactment of this act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of subsection (d), or paragraph (2) of subsection (c), of this section for any period before the day after the date of enactment of this act."

On page 72, after line 4, to strike out:

"(i) (1) The amendments made by subsections (a) and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsection (c) and (d) shall apply with respect to service performed after 1955. The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.

"(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (c) of this section, for any taxable year ending on or before the date of the enactment of this act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (c) of this section for any period before the day after the date of the enactment of this act."

On page 73, after line 4, to strike out:

"CHANGES IN TAX SCHEDULES

"SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"'SEC. 1401. Rate of tax.

"'In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"'(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year;

"'(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

"'(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"'(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"'(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year.'

"(b) Section 3101 of such code is amended to read as follows:

"'SEC. 3101. Rate of tax.

"'In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"'(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"'(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"'(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"'(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"'(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent.'

"(c) Section 3111 of such code is amended to read as follows:

"'SEC. 3111. Rate of tax.

"'In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"'(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"'(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"'(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"'(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"'(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent.'

"(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955."

On page 76, after line 7, to insert:

"TITLE III—PUBLIC ASSISTANCE AMENDMENTS

"Declaration of purpose

"SEC. 300. It is the purpose of this title (a) to promote the health of the Nation by assisting States to extend and broaden their provisions for meeting the costs of medical care for persons eligible for public assistance by providing for separate matching of assistance expenditures for medical care, (b) to reduce dependency and promote the well-being of the Nation by encouraging the States to place greater emphasis on helping to strengthen family life and helping needy families and individuals attain the maximum economic and personal independence of which they are capable, (c) to assist in improving the administration of public assistance programs (1) through making grants and contracts, and entering into jointly financed cooperative arrangements, for research or demonstration projects and (2) through Federal-State programs of grants to institutions and traineeships and fellowships so as to provide training of public welfare personnel, thereby securing more adequately trained personnel, and (d) to improve aid to dependent children."

On page 77, after line 4, to insert:

"PART I—MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE

"Medical care for old-age assistance recipients

"SEC. 301. (a) Clauses (1) and (2) of section 3 (a) of the Social Security Act are each amended by striking out 'during such quarter as old-age assistance under the State plan' and inserting in lieu thereof 'during such quarter as old-age assistance in the form of money payments under the State plan'.

"(b) Section 3 (a) (1) (A) of such act is amended by striking out 'who received old-age assistance for such month' and inserting in lieu thereof 'who received old-age assistance in the form of money payments for such month'.

"(c) Section 3 (a) of such act is further amended by inserting the following new clause immediately before the period at the end thereof: ', and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received old-age assistance under the State plan for such month'."

On page 78, after line 3, to insert:

"MEDICAL CARE FOR RECIPIENTS OF AID TO DEPENDENT CHILDREN

"SEC. 302. (a) Clauses (1) and (2) of section 403 (a) of the Social Security Act are each amended by striking out 'during such quarter as aid to dependent children under the State plan' and inserting in lieu thereof 'during such quarter as aid to dependent children in the form of money payments under the State plan.'

"(b) Section 403 (a) (1) (A) of such act is amended by striking out 'with respect to whom aid to dependent children is paid for such month' and inserting in lieu thereof 'with respect to whom aid to dependent children in the form of money payments is paid for such month.'

"(c) Section 403 (a) of such act is further amended by inserting the following new clause immediately before the period at the end thereof: '; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such

quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of $4 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) except in the case of Puerto Rico and the Virgin Islands, the product of $8 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month.'"

On page 79, after line 7, to insert:

"MEDICAL CARE FOR RECIPIENTS OF AID TO THE BLIND

"SEC. 303. (a) Clauses (1) and (2) of section 1003 (a) of the Social Security Act are each amended by striking out 'during such quarter as aid to the blind under the State plan' and inserting in lieu thereof 'during such quarter as aid to the blind in the form of money payments under the State plan.'

"(b) Section 1003 (a) (1) (A) of such act is amended by striking out 'who received aid to the blind for such month' and inserting in lieu thereof 'who received aid to the blind in the form of money payments for such month.'

"(c) Section 1003 (a) of such act is further amended by inserting the following new clause immediately before the period at the end thereof: '; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the blind under the State plan for such month'."

On page 80, after line 4, to insert:

"MEDICAL CARE FOR RECIPIENTS OF AID TO PERMANENTLY AND TOTALLY DISABLED

"SEC. 304. (a) Clauses (1) and (2) of section 1403 (a) of the Social Security Act are each amended by striking out 'during such quarter as aid to the permanently and totally disabled under the State plan' and inserting in lieu thereof 'during such quarter as aid to the permanently and totally disabled in the form of money payments under the State plan.'

"(b) Section 1403 (a) (1) (A) of such act is amended by striking out 'who received aid to the permanently and totally disabled for such month' and inserting in lieu thereof 'who received aid to the permanently and totally disabled in the form of money payments for such month.'

"(c) Section 1403 (a) of such act is further amended by inserting the following new clause immediately before the period at the end thereof: '; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month'."

On page 81, after line 6, to insert:

"EFFECTIVE DATE

"SEC. 305. The amendments made by this part shall become effective July 1, 1957.

After line 9, to insert:

"PART II—SERVICES IN PROGRAMS OF AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

"AID TO DEPENDENT CHILDREN

"SEC. 311. (a) The first sentence of section 401 of the Social Security Act is amended to read: 'For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.'

"(b) Subsection (a) of section 402 of such act is amended by striking out 'and' before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: 'and (12) provide a description of the services (if any) which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.'

"(c) (1) Clauses (1) and (2) of section 403 (a) of such act are each amended by striking out ', which shall be used exclusively as aid to dependent children,'.

"(2) Clause (3) of such section 403 (a) is amended by striking out 'which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose' and inserting in lieu thereof 'including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision), to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children'."

On page 83, after line 2, to insert:

"AID TO THE BLIND

"SEC. 312. (a) The first sentence of section 1001 of the Social Security Act is amended to read: 'For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.'

"(b) Subsection (a) of section 1002 of such act is amended by striking out 'and' before clause (12) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: 'and (13) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the blind to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.'

"(c) (1) Clauses (1) and (2) of section 1003 (a) of such act are each amended by striking out ', which shall be used exclusively as aid to the blind,'.

"(2) Clause (3) of such section 1003 (a) is amended by striking out 'which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose' and inserting in lieu thereof 'including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care'."

On page 84, after line 11, to insert:

"AID TO THE PERMANENTLY AND TOTALLY DISABLED

"SEC. 313. (a) The first sentence of section 1401 of the Social Security Act is amended to read: 'For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals 18 years of age and older who are permanently and totally disabled and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereof authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.'

"(b) Subsection (a) of section 1402 of such act is amended by striking out 'and' before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: 'and (12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services.'

"(c) (1) Clauses (1) and (2) of section 1403 (a) of such act are each amended by striking out ', which shall be used exclusively as aid to the permanently and totally disabled,'.

"(2) Clause (3) of such section 1403 (a) is amended by striking out 'which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose' and inserting in lieu thereof 'including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care'."

On page 85, after line 21, to insert:

"EFFECTIVE DATE

"SEC. 314. The amendments made by sections 311 (b), 312 (b), and 313 (b) shall become effective July 1, 1957."

At the top of page 86, to insert:

"PART III—EXTENSION OF AID TO DEPENDENT CHILDREN

"Additional relatives

"SEC. 321. Section 406 (a) of the Social Security Act is amended by striking out 'or aunt' and inserting in lieu thereof 'aunt, first cousin, nephew, or niece.'"

After line 5, to insert:

"Requirement of school attendance eliminated

"SEC. 322. Such section 406 (a) is further amended by striking out 'child under the age of 16, or under the age of 18 if found by the State agency to be regularly attending school,' and inserting in lieu thereof 'child under the age of 18.'"

After line 11, to insert:

"EFFECTIVE DATE

"SEC. 323. The amendments made by this part shall become effective July 1, 1957."

After line 14, to insert:

"PART IV—RESEARCH AND TRAINING

"Cooperative research or demonstration projects

"SEC. 331. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"'Cooperative research or demonstration projects

"'SEC. 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5 million and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting coordination of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and programs related thereto, and (2) making contracts or jointly financed cooperative arrangements with States and public and other nonprofit organizations and agencies for the conduct of research or demonstration projects relating to such matters.

"'(b) No contract or jointly financed cooperative arrangement shall be entered into, and no grant shall be made, under subsection (a), until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed projects as to soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research or demonstrations, and their relationship to other similar research or demonstrations already completed or in process.

"'(c) Grants and payments under contracts or cooperative arrangements under subsection (a) may be made either in advance or by way of reimbursement, as may be determined by the Secretary; and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of this section.'"

On page 88, after line 3, to insert:

"TRAINING GRANTS

"SEC. 332. Title VII of the Social Security Act is amended by adding after section 704 the following new section:

"'Training grants for public welfare personnel

"'SEC. 705. (a) In order to assist in increasing the effectiveness and efficiency of administration of public assistance programs by increasing the number of adequately trained public welfare personnel available for work in public assistance programs, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1958, the sum of $5 million, and for each succeeding fiscal year such sums as the Congress may determine.

"'(b) From the sums appropriated pursuant to subsection (a), the Secretary shall make allotments to the States on the basis of (1) population, (2) relative need for trained public welfare personnel, particularly for personnel to provide self-support and self-care services, and (3) financial need.

"'(c) From each State's allotment under subsection (b), the Secretary shall from time to time pay to such State the Federal percentage of its expenditures in carrying out the purposes of this section through (1) grants to public or other nonprofit institutions of higher learning for training personnel employed or preparing for employment in public assistance programs, (2) special courses of study or seminars of short duration conducted for such personnel by experts hired on a temporary basis for the purpose, and (3) establishing and maintaining, directly or through grants to such institutions, fellowships or traineeships for such personnel at such institutions, with such stipends and allowances as may be permitted under regulations of the Secretary. For purposes of this subsection, the Federal percentage for any State shall be 100 percent during each fiscal year in the period beginning July 1, 1957, and ending June 30, 1967, and 80 percent during the fiscal years thereafter.

"'(d) Payments pursuant to subsection (c) shall be made in advance on the basis of estimates by the Secretary and adjustments may be made in future payments under this section to take account of overpayments or underpayments in amounts previously paid.

"'(e) The amount of any allotment to a State under subsection (b) for any fiscal year which the State certifies to the Secretary will not be required for carrying out the purposes of this section in such State shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need in carrying out such purposes for sums in excess of those previously allotted to them under this section and will be able to use such excess amounts during such fiscal year; such reallotments to be made on the basis provided in subsection (b) for the initial allotments to the States. Any amount so reallotted to a State shall be deemed part of its allotment under such subsection.'"

On page 90, after line 7, to insert:

"SEC. 333. Section 1101 (a) (1) of the Social Security Act is amended by striking out 'titles I, IV, V, X, and XIV' and inserting in lieu thereof 'titles I, IV, V, VII, X, and XIV'."

After line 11, to insert:

"PART V—TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

"SEC. 341. Section 8 (e) of the Social Security Act Amendments of 1952 (66 Stat. 767, 780), as amended, is amended by striking out 'September 30, 1956,' and inserting in lieu thereof 'June 30, 1959'."

After line 17, to insert:

"TITLE IV—MISCELLANEOUS PROVISIONS

"Service for certain tax-exempt organizations prior to enactment of this act

"SEC. 401. Section 403 of the Social Security Amendments of 1954 is amended to read as follows:

"'Service for certain tax-exempt organizations prior to enactment of the Social Security Amendments of 1956

"'SEC. 403. (a) In any case in which—

"'(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which is described in section 501 (c) (3) of the Internal Revenue Code of 1954 and which is exempt from income tax under section 501 (a) of such code but which has failed to file prior to the enactment of the Social Security Amendments of 1956 a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

"'(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1957 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

"'(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

"'(4) part of such taxes have been paid prior to the enactment of the Social Security Amendments of 1956;

"'(5) so much of such taxes as have been paid prior to the enactment of the Social Security Amendments of 1956 have been paid by such organization in good faith and upon the assumption that a valid waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954, as the case may be; and

"'(6) no refund of such taxes has been obtained, the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be.

"'(b) In any case in which—

"'(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which has filed a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

"'(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"'(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid prior to the enactment of the Social Security Amendments of 1956 with respect to any part of the remuneration paid to such individual by such organization for such service; and

"'(4) no refund of such taxes has been obtained, the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1959, and in such form and manner, and with such official, as may be prescribed by regulations made under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954.'"

HOUSING FOR AMERICA'S OLD FOLKS

Mr. WILEY. Mr. President, it is my earnest hope that the House Rules Committee will reconsider its position and will revive the omnibus housing bill which it tabled on June 29.

To me, it seems unthinkable that this Congress would go home without passing comprehensive legislation—to help bolster this great cornerstone of our free economy.

As my colleagues will recall, we in the Senate had approved S. 3855. The House Rules Committee has before it H. R. 11742.

There are many provisions of this legislation which command our deep interest. Housing for our servicemen, for example, which is completely inadequate to meet the needs of our armed defenders and their families, particularly the families of the men who serve in that most crucial of all military arms, the Strategic Air Command.

But there are other phases of the bill which merit prompt approval. One such is represented in the new provisions, under which FHA Insuring Authority is extended specifically on behalf of a new category, so to speak, the category of America's senior citizens.

In speech, in article, in letter, by every means available—yes, by legislation which I have introduced, I have sought to focus attention on the housing and other needs of old folks.

The plain fact of the matter is, that while we rightfully boast the greatest housing of any major nation in the world, we simply do not have the tiniest fraction of enough housing, adapted to meet the special needs of our elderly citizens.

The other day, a good friend in my State sent to me a clipping from the Milwaukee Sentinal of July 9 entitled "Oldsters' Housing Units Are Heaven." The clipping describes the inspiring pioneering program established by the State of Massachusetts on behalf of its elderly citizens.

This newspaper clipping is like a breath of fresh air in a subject which has almost totally been ignored.

Fortunately, under the bill which we approved, we are making provision for Federal action, as well. We are providing for both sales and rental housing for old folks. For example, a son or a daughter will be permitted to go on a note for his or her parent.

Rental housing would be broken down in both profit-making and nonprofit-making categories. Ninety percent of a mortgage could be insured by FHA in the profit-making category; 100 percent in the nonprofit-making category.

I am most anxious that this provision be enacted and that work promptly be begun under it.

I feel sure that the great American housing, lumber, carpentry, plumbing, and related industry will respond to this need if we but give it the "green light."

Like anyone else, I am, of course, interested in both permanent housing and in resort housing. Representing as I do what we regard as America's greatest vacation State—Wisconsin—I am thinking of satisfying the resort housing needs of folks who could enjoy the magnificent vacation attractions of my State.

After all, we are reminded of what the poet said: "Grow old with me, the best is yet to be." That means that old folks are entitled to enjoy the good things of life. Summertime is here, and they should enjoy as happy a summertime as anyone else. If suitable housing were available to them in the great vacation areas of Wisconsin, for example, I am sure that they would flock there in vast numbers. And a great lift would be provided for the housing industry itself—a lift for construction, for lumber, for all the crafts that go into modern housing.

But this is not simply a matter of 3 or so months a year. I am thinking of the needs, as well, of our elderly citizens for 12 months' housing, for permanent residence.

Lastly, I should like to make one observation. It concerns the issue of what constitutes an "aged" citizen.

The old saying is, "You are as young as you feel." We know that mere chronological age is not genuinely significant. We know that there is no real age to man's spirit, that every man's spirit can ever be at "meridian," at noontime, so to speak, if he or she but wills it.

Under the Senate version of the Housing bill, an arbitrary age level of 60 is chosen. Under the House bill, it is 65. I, for one, would certainly prefer the age of 60 to be designated.

But that certainly does not mean that this or 65, 70, 75, or even 80 should be regarded as an age at which men's and women's contributions need stop.

On the contrary, there should not be any arbitrary age set up for shutting off men's and women's constructive contributions.

It is a fact, however, that elderly citizens are discriminated against when they pass some arbitrary age limit. Indeed, the discrimination can result as early as the age of 45, or even in the case of women, at the age of 35.

I have in my hands, for example, the text of an article which was carried on the front page of the July 11 issue of the Wall Street Journal. It pointed out the job problem faced by citizens in the middle ages, much less in the old ages.

Obviously, we Americans have to think this problem through. We don't want to put old people "on the shelf," and we certainly don't want to put middle aged people on the shelf. And yet, today, there are 47½ million citizens aged 45 and over facing this problem.

I want a fair break for them, but I want a particularly fair break for those who are less able to protect themselves in their more advanced years, and that is aged 60 and beyond.

I ask unanimous consent that the two articles be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Milwaukee Sentinel of July 9, 1956]

OLDSTERS' HOUSING UNITS ARE HEAVEN

WALTHAM, MASS., July 8.—A $15 million housing program for elderly Massachusetts residents is making some of the State's senior citizens feel they're "sharing a bit of heaven."

The first of 37 projects designed for residents over 65 years old opened its 24 apartment doors to 30 persons last January. Known as Carey Court, it is a 2-story brick building nestled in a settled neighborhood on a shady street two blocks from the main thoroughfare.

The oldest tenant is 87; the youngest 65. The average age of 5 married couples, 18 widows and 1 widower is 74.

SPRING TONIC

Since moving into their compact, comfortable three-room apartments the old folks at home say their new environment is "like a spring tonic."

"I'm 81," says Mrs. Gertrude Hodge, a retired watchmaker, "but for the last 5 months I haven't felt a day over 30."

The Massachusetts State Housing Board, already possessed with smoothly running know-how after its work with 200 millions of housing for veterans, put its housing design for the elderly on the drawing boards 2 years ago after studying plans for older age housing in all parts of the world.

NO NEGLECTION

"Massachusetts has no intention of neglecting its senior citizens," says Charles A. Lawless, executive director of the Waltham Housing Board. "Our golden age citizens have always given us their best. This is a small way, but the right way, for us to say 'thanks.' "

In its survey the housing board learned that its plans must contain sound psychological as well as solid building aspects.

Chief among the psychological factors, the board discovered, was the older person's tenacity to cling to old associations. As they grow older, their pictures, furniture, friends, and habits become ever more important.

FAMILIAR SETTINGS

Carey Court is built in familiar surroundings. The old folks can still shop at the old store, visit the same library and worship in their own church.

"Everything has changed, but nothing is different, only newer and nicer," says Mrs. Helen Chamberlain, 70, a retired nurse.

The Bay State plan for pleasant housing for older residents calls for a maximum rental of $41.50 a month on each apartment. Rent includes heat and water. The annual income ceiling is $3,125 for single persons and $3,750 for couples.

Each apartment is similar, but color schemes vary.

A LOT OF GLASS

Older folks don't see so well, thus glass has been used abundantly throughout the development. Entrance halls are glass enclosed, and king-size picture windows invite up to three times normal daylight into living and bedrooms.

Each apartment is laid out like the numeral seven. Entering, a visitor steps into the living room, which runs the length of the 7. To the left is a kitchen, across the hall is a bedroom and beyond that is a bathroom. A fire escape leads from the bedroom of each upstairs apartment.

The housing board discovered that old folks frequently have difficulty climbing stairs—not so at Carey Court. Steps are lower and residents are not required to lift their feet more than 7 inches. Exclusive of front entrances, thresholds have been abolished.

Bathtubs have built-in seats and grab bars.

Kitchens have sink, stove, and refrigerator arranged side by side within a 5-foot area. Under the sink is a handy disposal; to the right of the refrigerator is a roomy pantry closet with low shelves.

Because older people often have difficulty detecting odors, all appliances are electric.

Other safeguards are luminous light switches, triple lighting, and "trouble bells."

The trouble bells, one in the bedroom, another in the living room, are the apartment watchdogs. If a tenant is suddenly stricken or a suspicious noise is heard, he can summon outside help merely by pressing the bell button.

So far the trouble bell hasn't been used, but "it gives you a nice feeling to know that help is as near as the next apartment," says Mrs. Isabelle McQuillan, 74, a retired watchmaker.

Bill Burke, 71, a retired fruit and produce dealer, thinks the development's major asset is the "feeling of independence it gives us."

"Most people our age," says Burke, "have little to look forward to, but we have a bright, busy life. We know we haven't been forgotten. Yes, we've been helped, but they haven't taken any of our freedom away."

[From the Wall Street Journal of July 11, 1956]

AGE BARRIER: MORE COMPANIES SHUN JOBSEEKERS OVER 45, FRET ABOUT PENSIONS—MIDDLE-AGED MEN DON'T FIT IN, CLAIMS OIL FIRM; BIG CHICAGO STORE DISAGREES—UNCLE SAM MAPS A CAMPAIGN

(By Jerry Flint)

Remember Tantalus, the character in Greek mythology who suffered from a burning thirst even though he stood in a lake with the water up to his chin?

Tantalus was unable to drink, a punishment imposed by the gods because he slew his own son. But many a manpower-hungry company is today suffering similar pangs—by choice. While suffering from shortages of executive talent and many other types of skilled workers, they are turning away a steady stream of experienced applicants. The reason for this paradox: The jobseekers are over 45.

"They think when a guy is in his forties he's ready for the scrap heap," complains an officer of Chicago's 40-Plus Club, a nonprofit group devoted to finding jobs for executives and white-collar workers in their forties and fifties. Partial confirmation is found in a still-unreleased Labor Department survey which shows that 3 out of every 4 employer requests at public employment agencies ban middle-aged men.

PROBLEM GROWS

This scrap-heap problem is growing with rocket speed. One reason is that medical advances are bringing an increase in the proportion of the population in the over-45 bracket. At the turn of the century there were 13.5 million men and women over 45. Today there are 47.4 million. And by 1975 there will be 64 million, or half the adult population. While the United States population has slightly more than doubled since 1900, the over 45's have more than tripled.

A second factor aggravating the problem is the recent upsurge in employer-paid pension and insurance programs, which are convincing many firms it's too costly to hire middle-aged executives and workers. These developments are reinforcing the widespread prejudice against hiring workers over 45 on grounds they are allegedly less efficient, are less flexible to change and have higher absenteeism—charges which many companies and medical authorities dispute.

The growth of the over-45 problem will be put into the public spotlight by both the Federal Government and the States in coming months. Present plans call for a national publicity campaign by the Labor Department, perhaps a presidential appeal, and other efforts to induce businessmen to hire middle-aged jobseekers.

Just this month, antiage discrimination laws are going into effect in Pennsylvania and Rhode Island, banning such things as age limits in help-wanted ads. Massachusetts already has a similar law. And efforts to legislate a solution to the problem seem sure to spread. New York State has scheduled hearings for this fall on such a measure, and Illinois State Senator Robert Cherry says he "might sponsor such a measure in Illinois."

A PUBLIC PROGRAM?

Unless business shifts its hiring accent from youth, warns Secretary of Labor James P. Mitchell, the growing number of middle-aged unemployed will become the most potent group this country has ever known and force some kind of public program for their own survival.

The worry isn't that the middle-aged are in danger of losing their jobs because of their years. But if Mr. 45 and over is merged out, closed down, laid off, fired, or resigns his position, he is in for real trouble getting another job. If he is an executive or skilled worker, he may well find the labor shortage in these fields only applies to younger applicants; if he is an auto worker, farm equipment worker, or in some other industry or locality where there is widespread unemployment, he will likely find it is harder and takes longer for him to search out another job than for his younger buddies.

Census Bureau studies show long-term unemployment of 26 weeks or more among job seekers aged 45 to 64 is twice as prevalent as among men 25 to 44. Even these statistics understate the problem. After weeks of fruitless job hunting, say employment officials, many older workers tend to give up the search, live from their diminishing savings and drop from the active unemployment rolls.

Few hiring officials openly admit age restrictions. Instead, says Paul P. Connole, St. Louis manager of Missouri's Employment Security Division, a velvet curtain exists at a great many firms where workers just aren't hired beyond the age of 35 for women and 45 for men.

"We just don't hire middle-aged workers," says the Chicago personnel director of a national insurance company, "even though we have no written policy. The actuaries get jittery every time they see the average age go up."

PENSION PLAN

"Ever since our pension plan came in about 8 years ago," says the plant manager of an Oklahoma glass factory, "we usually don't hire men over 45."

"It's hard to fit a man over 40 into a large corporation," says a Midwestern oil company's industrial relations manager. "Besides pension costs, we like to promote from within."

A New York City department store vice president says hiring middle-aged employees causes a community relations problem. He explains: "Suppose an employee works here 10 or 15 years and retires without much of a pension. His neighbors think we're tightwads."

Larger corporations, the Government claims, are more likely to slap on age limits for their openings. The still-unpublished Labor Department survey shows that 88.4 percent of openings in firms employing 1,000 or more have age restrictions; firms with 50 to 99 employees put restrictions on 75.5 percent of their openings.

There are 800,000 persons over 45 looking for work now, according to the Census Bureau. This indicates "a persistent problem in getting and holding a job, despite a general condition of relatively full employment," says Charles Odell, Labor Department specialist on older workers.

In Illinois, with employment at record monthly highs, "32,000 men and women between 45 and 64 are costing the State $2 million monthly in compensation because of age discrimination when they search for work," claims Senator Cherry of the State's commission on aged and aging.

GOVERNMENTAL DISCRIMINATION

Even governmental bodies sometimes discriminate against the middle-aged job applicant.

In Detroit, the Wayne County Civil Service Commission calls for librarians, radio technicians, and elevator operators, all under 46, and nurses, hospital attendants, and psychologists, not past 51. At the same time, however, the commission has lifted age barriers on stenographers (from 35 up to 55), scarce civil engineers (up from 41 to no age limitation), and other positions.

Referring to the recent relaxing of some age barriers, but not mentioning those remaining the commission's personnel director, Eugene C. Mathivet, Jr., says:

"Along with other employers the commission believed in the old theory that younger workers should be hired in preference to older workers, other factors being equal, because they would have more stamina and drive and would produce more, and because they would be available for work for a greater period of time after the training was complete."

Employers are quick to defend their hiring policies.

"The fellow over 40 may be a grasshopper who has held 8 different jobs in the last year or two," says one Midwest farm machinery maker. A labor relations supervisor for a New Jersey chemical company calls many middle-aged workers unstable. Men that can't find work at 45 often couldn't find jobs at 30 either, he maintains.

Other young personnel managers and interviewers call older workers slow, cranky, and unable to get along with younger supervisors. An electronics engineer in his fifties, looking for work since February, admits he lost one job opportunity when he told his potential manager, "I would prefer not to work under that boy designated as my superior."

"I've tried hiring an older secretary myself," says Eugene Shea, vice president of Chicago's Cadillac Employment Agency, "but 9 times out of 10 she isn't what we wanted. The younger person we can train, but often an older person is just trying to put in time or has a know-it-all attitude."

Some other employers also note the middle-aged workers often have an inflated idea of their salary worth. An executive who had been with one company 20 years and was making, say, $15,000 a year, may have been worth that much to the company, partly because of his familiarity with its work, but a new company hiring him as an untried worker may put his value to start at considerably less. Most job applicants resist downgrading, not unnaturally.

Despite such complaints about jobseekers over 45, there are a good many companies that dispute them. They consider middle-aged workers a bargain for several reasons.

TURNOVER, ABSENTEEISM

Carson Pirie Scott & Co., a block-long Chicago department store, hired 555 of its 4,333 employees at 50 or above. Says a Carson official: "We think the older person puts a higher value to working. We've found our turnover and absenteeism among people hired at older ages is generally less. They may learn a bit more slowly but once they have learned they do as good or better a job as younger people."

Since the Wayne County Civil Service Commission upped some age limits it has found newly hired older workers more stable, adaptable and just as productive as younger persons employed, county officials report.

"Hiring employees over 40 is good business" reports Bell & Howell Co., Chicago maker of photographic equipment. Except in a few jobs, any slowing of speed by older workers is usually more than made up by added experience and higher quality of work, this company says.

An insurance company personnel director who doesn't hire the middle aged calls his own firm's policy "obsolete." He explains that higher costs in recruiting young office girls, higher training costs because of automation plus the quick turnover of young people make the policy too costly.

Chicago's Office Management Association polled 170 companies asking the results of hiring new employees in the middle-age brackets. In the 40-to-50 age group, 138 companies reported excellent or good results while 8 firms said fair and 1 firm said poor. Between the ages of 50 and 60, 17 companies claimed excellent results, 82 firms said "good," 18 had "fair" results and 2 said "poor."

"Companies that insist on promoting from within when they don't have anyone worth promoting are making a mistake turning down qualified middle-aged people," says John Gagnon, personnel director for Olin Mathieson Chemical Corp.

FEWER INJURIES

Labor Department surveys also show older workers have less absenteeism and injuries than younger men.

The pension and insurance costs, however, bring more complicated problems. An insurance consultant says an employer would pay $285 to insure the lives of 100 men for $5,000 apiece for 1 year if they are all 35. The cost jumps to $407 if half the men are 35 and half are 47 years old.

For an annuity of $100 per month at 65, says the Labor Department, a typical insurance firm would charge a man of 30 half the amount it charges a man of 45 and one-fourth the amount it charges a man of 55.

For some firms, however, the pension costs aren't considered important. "The pension situation is overrated as a deterrent to hiring," says an International Harvester Co. executive. "In a tight labor market it may be cheaper to hire the old man and absorb any piddling pension costs than to let him go."

Employers and union leaders have already made a few suggestions for overcoming the pension cost hurdle. One answer is high minimum eligibility requirements for a pension. This way employers won't have to worry about paying pensions to newly hired "over 45's." Other solutions include a voluntary waiver of pension rights by older workers in return for a job and early "vesting" of pension rights.

When a pension is vested and an employee leaves his job, he takes with him some or all of the equity in the pension plan represented by his employer's contribution. If all pension plans had an early vesting right, says Arthur Larson, Under Secretary of Labor, the older worker applying for a new job would come armed with a substantial vested pension right and the new employer's obligation would be merely to keep him current.

MOBILE PENSIONS

On the west coast, the Teamsters Union, AFL–CIO, is pushing the mobile pension plan. Under this program, employers pay pension costs into a central fund administered by the union. The employee takes his pension rights with him wherever he goes, so long as the teamsters are his bargaining agent.

The Labor Department in Washington hopes to put the national spotlight on the older worker problem soon. In addition to a study on pension and insurance costs, a survey is being made on hiring policies and the work potential of the older unemployed. When complete, the Department hopes to know just how serious the problem is, and be able to prove that newly hired older workers can be as effective as younger men.

Special counseling and placement services for older workers are being watched to see their results. But the main hope is an educational drive on employers. Illinois Employment Security Department officials say the national campaign will probably be patterned on the drives to employ handicapped workers. These included publicity, "Hire a Handicapped Worker" weeks and appeals from the Labor Department and the President.

But in Memphis, Tenn., after asking 2,000 firms for openings for "45's and over," the State Department of Employment Security admitted the response in terms of job offers was slow, meager and disheartening.

If education fails, other more controversial moves may be in the wind, such as the spreading State efforts to ease the problem by legislation.

Employers don't like the sound of these antiage discrimination laws. "The idea that I can't ask an applicant his age is dangerous and silly," warns one personnel manager.

Few believe such laws would end discrimination, "but it will remove the current sanction of discrimination as a legitimate employment practice," says State Senator Thomas C. Desmond of New York. "It will force unrealistic personnel policies to be reexamined." He says these laws are likely to spread unless industry "steps in and opens up new opportunities to older workers."

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability-insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. LONG. Mr. President, I call up my amendment which is at the desk; it is identified as "6–6–56—B." The amendment is submitted by me, on behalf of myself and a number of other Senators. I ask that the amendment be printed at this point in the RECORD, without being read.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment submitted by Mr. LONG (for himself, Mr. GEORGE, Mr. BARRETT, Mr. BENDER, Mr. BIBLE, Mr. BUSH, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DANIEL, Mr. DOUGLAS,

Mr. EASTLAND, Mr. ELLENDER, Mr. GREEN, Mr. HENNINGS, Mr. HILL, Mr. HOLLAND, Mr. HUMPHREY of Minnesota, Mr. JACKSON, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KENNEDY, Mr. KERR, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MONRONEY, Mr. MORSE, Mr. MURRAY, Mr. NEELY, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. PAYNE, Mr. PURTELL, Mr. SCHOEPPEL, Mr. SCOTT, Mr. SMATHERS, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. WELKER, and Mr. YOUNG) was ordered to be printed in the RECORD, as follows:

On page 90, beginning with line 12, strike out all down to and including line 17 and insert in lieu thereof the following:

"PART V—AMENDMENTS TO MATCHING FORMULAS

"AMENDMENTS TO MATCHING FORMULA FOR OLD-AGE ASSISTANCE

"SEC. 341. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"'SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"'(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"'(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.'

"(b) Section 3 of such act is amended by adding at the end thereof the following new subsection:

"'(c) (1) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing July 1, 1956—

"'(A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"'(B) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955.

"'(2) A State which has qualified under paragraph (1) of this subsection to receive the amount provided by the formula contained in subsection (a) (1) (A) for not less than four consecutive quarters shall be qualified to receive such amount for all subsequent quarters.'

"AMENDMENTS TO MATCHING FORMULA FOR AID TO THE BLIND

"SEC. 342. (a) Section 1003 (a) of the Social Security Act, as amended by section 312 (c) of this act, is amended to read as follows:

"'SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"'(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"'(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such months; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for the recipients of aid to the blind to help them attain self-support or self-care.'

"(b) Section 1003 of such act is amended by adding at the end thereof the following new subsection:

"'(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter beginning with the quarter commencing July 1, 1956—

"'(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"'(2) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955.'

"AMENDMENTS TO MATCHING FORMULA FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

"SEC. 343. (a) Section 1403 (a) of the Social Security Act, as amended by section 313 (c) of this act, is amended to read as follows:

"'SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing July 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"' (i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such months; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts extended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"'(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care."

"(b) Section 1403 of such act is amended by adding at the end thereof the following new subsection:

"'(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing July 1, 1956—

"'(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calender year commencing January 1, 1955; and

"'(2) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955.'

"EFFECTIVE DATE

"SEC. 344. The amendments made by this part shall become effective July 1, 1956."

Mr. JOHNSON of Texas. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. JOHNSON of Texas. Do I correctly understand that the Senator from Louisiana does not intend to ask that action be taken today on the amendment?

Mr. LONG. No; but I hope the amendment will be voted on early in the day when the Senate next meets.

Mr. JOHNSON of Texas. Mr. President, the Senate has a schedule for Monday a call of the calendar, the Executive calendar, and then we shall proceed to resume the consideration of the social security bill. That may take Monday or Tuesday, or perhaps even later in the week.

I wish to make it abundantly clear that we have given assurances to all Senators that there will be no other votes today.

I wonder whether the Senator from Louisiana will yield to me, so that I may suggest the absence of a quorum, in order that we can have a quick quorum call, so that we can notify all Senators that the Senator from Louisiana is about to speak, in order that they may have the benefit of hearing him state his views.

Mr. LONG. Mr. President, the Senator from Texas is very kind. However, I am content to speak to those present and rely upon others to read my remarks in the RECORD over the weekend.

Mr. President, the amendment I have called up was introduced earlier this year on behalf of four members of the Finance Committee and 43 other Senators, is explained fully beginning on page 135 of the committee report on H. R. 7225. Although the amendment was rejected by a majority of the Committee, those of us who submitted the minority views indicate our belief that the amendment is sound economics and simple justice for more than 2,900,000 needy individuals in our country.

The amendment would revise the matching formula for Federal-State welfare programs for the needy aged, blind and disabled, along the lines of previous revisions in 1946, 1948, and 1952. Instead of the present formula under which the Federal Government pays four-fifths of the first $25, it would require a Federal payment of five-sixths of the first $30.

In other words, instead of $20 out of the first $25, the Federal share would be $25 out of the first $30 per month. Above $30, there would be dollar-for-dollar matching up to a maximum of $65, instead of the present maximum of $55.

The effect of this amendment would be to enable all States to increase their monthly payments under old-age assistance, aid to the blind, and aid to the permanently and totally disabled by at least $5. States which at present have average payments of $57.50 or more could raise their average payments by $7.50 per month. This would be a meaningful, if modest increase in view of the fact that average monthly payments to the needy aged, blind and disabled now amount to $54, $58 and $56 respectively.

The increased funds which would be available to each State for the three public assistance programs under our amendment are shown on page 136 of the committee report.

I ask unanimous consent to have printed in the RECORD at this point a table listing these amounts.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Alabama	$6,057,524
Arizona	1,246,914
Arkansas	3,755,189
California	24,548,405
Colorado	4,773,355
Connecticut	1,685,922
Delaware	148,751
District of Columbia	456,983
Florida	5,511,196
Georgia	6,751,900
Idaho	793,496
Illinois	8,676,809
Indiana	2,611,337
Iowa	3,455,871
Kansas	3,099,006
Kentucky	3,506,460
Louisiana	8,668,225
Maine	1,061,792
Maryland	1,212,425
Massachusetts	8,723,071
Michigan	6,435,485
Minnesota	4,351,656
Mississippi	4,648,660
Missouri	9,069,640
Montana	906,964
Nebraska	$1,500,124
Nevada	242,995
New Hampshire	568,675
New Jersey	2,071,152
New Mexico	798,695
New York	12,242,794
North Carolina	4,102,900
North Dakota	737,631
Ohio	9,535,873
Oklahoma	8,507,302
Oregon	1,909,993
Pennsylvania	5,699,156
Rhode Island	807,133
South Carolina	3,188,860
South Dakota	694,260
Tennessee	4,186,820
Texas	13,827,460
Utah	959,803
Vermont	572,604
Virginia	1,487,749
Washington	5,678,057
West Virginia	2,017,160
Wisconsin	3,613,253
Wyoming	385,656
Alaska	150,578
Hawaii	250,653
Total, United States	207,894,372

Mr. LONG. The cost to the Government of this proposal is estimated to be just under $208 million annually. This cost estimate is based on the assumption that States will continue to spend from their own funds at about the present rate for public assistance. It is also based on the assumption that every State will qualify for the increased benefits under the special provision which we have included in the amendment to insure that the additional funds would in fact be used to increase individual payments.

Under the amendment, a State would be required for 1 year from the effective date to maintain its average contribution per recipient as high as the State contribution was in calendar 1955 in order to receive the additional funds. In other words, we would require that there be no action on the part of a State to reduce its own contribution to programs of public assistance for the first year during which it receives the benefit of the revised formula.

If a State were to reduce its own average contribution to public welfare programs under its 1955 level, that State would receive matching on the basis of the presently-existing formula.

On the basis of past experience, it is not expected that after paying increased amounts to recipients for a year a State would reduce its share of expenditure other than to reflect a genuine reduction in need for a particular program, such as might happen eventually in the case of old age assistance because of the growth of old age and survivors insurance coverage.

NEED FOR ADDITIONAL FUNDS

Since the time when I last addressed my colleagues on this subject, the Social Security Administration has published a revealing study of income distribution among persons aged 65 or above in our Nation. The study reveals that in 1955, almost 67 percent of our aged population had annual incomes of less than $1,000. Twenty-four percent had no money income whatsoever—from public assistance or any other source. That is over nine million persons with incomes

of less than $1,000, and a million and a half with no money income. I should like to request that a table showing income distribution among our aged population, which is taken from the April 1956, Social Security Bulletin, be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Percentage distribution of persons aged 65 and over, by sex and by money income, 1948 and 1954

[Continental United States; noninstitutional population]

Annual money income	Total			Men			Women		
	1948	1954		1948	1954		1948	1954	
		1948 prices [1]	Current prices		1948 prices [1]	Current prices		1948 prices [1]	Current prices
Total number [2] (in thousands)	11,590	13,630	13,630	5,500	6,340	6,340	6,100	7,290	7,290
Total percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than $1,000 [3]	73.7	69.0	66.6	55.6	50.5	46.8	89.9	85.2	83.7
0	31.8	23.8	23.8	10.9	7.6	7.6	50.6	37.8	37.8
$1 to $499	21.1	22.2	18.2	20.7	18.9	14.3	21.4	25.2	21.6
$500 to $999	20.6	23.0	23.9	23.7	24.0	23.5	17.8	22.2	24.2
$1,000 to $1,999	13.1	14.9	15.3	20.0	22.0	22.1	6.8	9.3	9.5
$1,000 to $1,499	8.5	8.9	9.4	12.7	12.5	13.1	4.6	5.8	6.2
$1,500 to $1,999	4.6	6.0	5.9	7.3	9.5	9.0	2.2	3.5	3.3
$2,000 to $2,999	6.8	7.1	7.7	12.3	11.8	12.6	1.7	2.6	3.4
$3,000 to $4,999	4.3	6.1	6.9	8.1	10.6	12.4	1.0	1.9	2.0
$5,000 and over	2.2	2.9	3.6	3.9	5.1	6.1	.5	1.0	1.4

[1] Estimated roughly in the Division of Research and Statistics by converting the limits of each income class in 1954 to 1948 dollars on the basis of the change in the BLS consumer price index and then recalculating the number of persons at each revised income level.

[2] Estimated number at the survey dates, April 1949 and April 1955, respectively. April 1949 estimates adjusted to conform to the most recent population estimates.

[3] Includes a small number of persons who reported a net loss for the year. The proportion with zero income is probably overstated; see text, p. 11.

Source: Bureau of the Census, Current Population Reports, Consumer Income, Series P-60, Nos. 6 and 19, and Population Estimates, Series P-25, No. 98.

Mr. LONG. Mr. President, of the nearly 14 million persons aged 65 and above in the country, over 2,500,000 are recipients of old-age assistance. Individuals who must depend on this program have not been able to accumulate personal savings on which to subsist during their later years. They have not had an opportunity to become covered under old-age and survivors insurance, for the most part, especially in those States where agriculture has been the predominant source of livelihood. Since the median age of a recipient under this program is 75 years, there is little chance for him to engage in gainful employment. He is dependent upon the small monthly check he receives from the State department of welfare. The size of that check, experience has shown, depends upon what we in the Congress are willing to do.

The Secretary of Health, Education, and Welfare has opposed this amendment on the grounds of cost. I should like to quote the Secretary in this regard:

> Measured against other social needs we believe that the cost is excessive and that many of the effects of the proposed increases are undesirable.

I think it might be rewarding if we examine some of the other social needs for which the Federal Government has been and is continuing to disburse the taxpayers' money.

First, let us consider some of the things which we have done just in this Congress.

We led off last year by voting to raise our own salaries here in the Congress by 50 percent. Legislative and judicial pay increases were voted which cost the Government $8 million per year. Sixty-two of us voted for this increase.

We then agreed to raise the pay of the Nation's postal workers. We originally voted to spend $173 million annually for this purpose, but after a Presidential veto, settled for increases which amount to $165 million annually.

Next in order was a pay raise for other employees of the Federal Government—classified civil service workers and our own employees here in the legislative branch. We voted increases which will cost $325 million annually in order to improve the lot of these Government employees.

We also voted increases in military pay and allowances for members of the Armed Forces which are estimated to cost $745 million annually.

We have also during this Congress begun to authorize and appropriate sums of money to enlarge our quarters in the two Houses of Congress and in the Capitol. It is proposed to spend around $25 million for the Senate Office Building, $64 million for the House building, and $42 million here in the Capitol—a total of $131 million for our own additional comfort and working space.

We hope to increase the income of the Nation's farmers through the soil-bank program. The Congress was not reluctant to approve expenditure of $1.2 billion for this purpose during the coming year.

We have voted large sums for foreign military and economic aid throughout the earth.

We have increased the minimum wage from 75 cents to $1 per hour.

We are about to pass a bill which would increase benefits to survivors of our military personnel by $205 million annually.

We have considered legislation this year which would further increase the benefits under civil-service retirement, foreign service retirement, and railroad retirement programs. We are proposing to make liberal benefits available to the survivors of Federal judges.

These, then, are some of the social needs for which we are willing to make vast outlays.

I wish to make it clear that I am not against all of the expenditures and proposals which I have mentioned. In fact, I have supported most of them heartily. Most of them are designed to improve living conditions for many groups of our people. Such improvements are proposed in recognition of the fact that our national production, national income, and standard of living are constantly expanding. In short, we can afford them.

But it is against the perspective of such expenditures proposed during the 84th Congress that we must consider the charge of the administration that adding $5 to an old-age assistance check is an excessive expense, which must be sacrificed for other social needs.

Mr. President, of those who would be benefited by our proposal, 2,552,000 are recipients of old-age assistance. Many of these individuals, who never had the opportunity to participate in the old-age and survivors insurance program, are people who have contributed in large measure to the development and growth of this Nation. The original Social Security Act took the welfare of these persons every bit as much into consideration as it did those who could become covered by old-age and survivors insurance. It was never intended that the old-age assistance program be neglected, for the two programs were conceived as being complementary to each other until the eventual time when virtually all of our aged population is covered under the insurance program.

In 1954 those who had already retired under the social security program saw their insurance benefits increased by from $5 to $13.50, not as a result of any increased contributions on their part, but because of official acknowledgment of the inadequacy of previous benefits. A modest increase in the payments to our neediest citizens would be well in line with the complementary aspect of the two programs. Not only did the majority of old age assistance recipients fail to be affected by the aforementioned increases, but those who receive supplemental old age assistance in addition to small benefits under social security saw their old age assistance checks reduced by the same amount as the increase in social security payments.

Our proposal will make possible further progress among the low per capita income, low-payment States through the automatic $5 increase. At the same time our amendment will meet another problem. States with higher per capita income, particularly those States with a large percentage of their aged population already protected by old-age and survivors insurance, have found themselves able to advance public assistance payments beyond the $55 at which point Federal matching ceases.

To provide an extra $5 of Federal matching for those high-income States, States which make large contributions

to Federal revenues, would not permit those States to benefit in any genuine way. If those States cared to advance payments to their public assistance recipients, the additional $5 of Federal matching would be offset by the fact that the additional contribution of the State above $55 would not be subject to Federal matching.

Therefore, in justice and fairness those States having a higher per capita income and a higher percentage of the Federal tax burden, should be entitled to expect that the Federal Government will match State contributions to public assistance at least to the extent of $65 per month.

The Secretary of the Department of Health, Education, and Welfare has opposed any increase in the Federal rate of contribution beyond the formula established by the McFarland amendment in 1952. We find it somewhat significant that in 1951 the then Secretary did not favor the McFarland amendment, nor did the previous Secretary favor the last previous increase in the Federal share of contributions toward State welfare programs.

One of the reasons advanced by the Secretary for opposing the amendment was that the Federal Government already bears a disproportionately heavy share of the first $25 of welfare payments for old-age assistance, aid to the needy blind, and aid to the totally and permanently disabled. The argument completely overlooks the fact that States with low per capita income are those in which the most severe cases of need exist in the greatest number. It is those same States which have the greatest difficulty in providing the essential services of State government and raising sufficient revenues to provide adequately for the needy within their boundaries.

NEED FOR ADDITIONAL FUNDS

The cold hard facts are that many of the low-income States, for lack of sufficient funds, have been unable to provide for a large number of needy cases.

Furthermore, they have been unable to make adequate payments in cases where severe need exists. The following table clearly demonstrates that there is need for additional matching funds. It shows the percent of national average per capita income in each State, the percent of aged people over 65 who are receiving old-age and survivors insurance benefits, percent receiving old-age assistance grants under State public welfare plans, and the percent of persons who receive no income from either program. It will be seen that more than 45 percent of aged persons over 65 are not receiving payments from either source.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table showing the per capita income of each State in comparison to the average per capita income for the United States, 1954; population aged 65 and above, 1954; percent of aged receiving old-age assistance or old-age and survivors insurance, 1954; and the percent of aged receiving neither. The table appears in the committee report.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

State	Per capita income as percent of average per capita income for United States, 1954 ($1,770)	Population aged 65 and above, 1954 (estimate)	Percent of aged receiving neither OAA nor OASI, 1954	Percent of aged on OASI rolls, 1954	Percent of aged on OAA rolls, 1954	Percent of aged receiving OASI or OAA or both, 1954 [1]
Alabama	61.6	214,000	41.4	29.7	29.6	58.6
Arizona	72.4	53,000	40.0	40.1	26.2	60.0
Arkansas	55.3	163,000	42.4	27.1	32.3	57.6
California	122.2	1,044,000	39.4	44.2	26.0	60.6
Colorado	95.3	129,000	37.9	34.6	40.9	62.1
Connecticut	133.4	201,000	44.1	50.2	8.4	55.9
Delaware	134.0	29,000	50.9	44.2	5.8	49.1
District of Columbia	125.4	63,000	64.2	32.0	4.9	35.8
Florida	91.0	297,000	33.3	48.9	23.4	66.7
Georgia	69.9	243,000	36.9	26.3	40.1	63.1
Idaho	81.0	49,000	50.6	35.5	18.1	49.4
Illinois	121.8	854,000	59.9	40.0	11.4	49.1
Indiana	103.6	392,000	51.2	40.1	9.6	48.8
Iowa	94.2	293,000	58.6	29.5	14.5	41.4
Kansas	95.4	209,000	56.7	29.6	16.5	43.3
Kentucky	68.7	251,000	50.1	30.0	22.3	49.9
Louisiana	73.6	193,000	22.7	27.2	62.0	77.3
Maine	84.3	95,000	40.1	50.3	14.3	59.9
Maryland	109.6	181,000	54.3	40.8	5.9	45.7
Massachusetts	108.6	510,000	39.6	49.0	17.9	60.4
Michigan	114.0	534,000	45.0	44.3	14.3	55.0
Minnesota	92.9	304,000	52.7	33.1	17.1	47.3
Mississippi	49.3	159,000	39.2	20.4	42.6	60.8
Missouri	98.7	434,000	43.3	33.2	30.7	56.7
Montana	97.7	59,000	55.4	32.2	15.8	44.6
Nebraska	92.4	144 000	62.0	27.4	12.6	38.0
Nevada	136.4	13,000	47.7	40.3	20.4	52.3
New Hampshire	90.7	60,000	42.2	49.8	10.7	57.8
New Jersey	125.4	450,000	47.0	49.5	4.6	53.0
New Mexico	78.4	39,000	45.4	27.0	31.2	54.6
New York	122.2	1,430.000	48.8	45.8	7.3	51.2
North Carolina	67.2	253,000	53.2	28.0	20.4	46.8
North Dakota	67.0	54,000	67.6	18.8	15.3	32.4
Ohio	112.0	785.000	47.3	42.3	13.2	52.7
Oklahoma	82.9	209,000	35.1	26.6	25.7	64.9
Oregon	99.3	153,000	42.9	48.0	13.2	57.1
Pennsylvania	100.9	978,000	48.2	46.8	6.0	51.8
Rhode Island	103.0	78,000	37.5	54.9	10.7	62.5
South Carolina	60.1	130,000	43.0	25.5	33.1	57.0
South Dakota	75.3	63,000	61.7	23.2	17.4	38.3
Tennessee	68.5	254,000	48.2	27.2	26.6	51.8
Texas	88.9	591,000	40.1	27.0	37.6	59.9
Utah	83.8	49,000	46.7	37.4	36.9	53.3
Vermont	79.6	40,000	45.3	41.5	17.2	54.7
Virginia	83.6	237,000	59.9	33.2	7.3	40.1
Washington	110.1	240,000	37.2	45.3	25.3	62.8
West Virginia	69.6	152,000	41.9	42.6	16.7	58.0
Wisconsin	96.4	345,000	49.9	40.2	12.8	50.1
Wyoming	100.5	22,000	54.0	32.4	18.5	46.0
Alaska		4,742	27.2	47.6	25.2	72.8
Hawaii		25,000	51.4	42.4	7.3	48.6
Puerto Rico		85,578	32.0	15.7	52.5	68.0
Virgin Islands		2.011	56.6	9.7	33.9	43.4
United States	100.0	13,729,000	45.3	39.7	18.7	54.7

[1] Net total, does not duplicate concurrent recipients of both.

Source. Department of Health, Education, and Welfare, Bureau of the Census.

Mr. LONG. Mr. President, it should be particularly noted that in some States with low per capita income there are very high percentages of individuals who are not protected by old age and survivors insurance. Much of this result is due to the fact that those who were employed in agricultural endeavors in the past were not insured by social security. Such individuals have no privilege of electing to retire when they are no longer economically productive. They must exist by exhausting such meager resources as they have been able to save, obtaining help from relatives, or receiving public assistance.

Old-age assistance will largely be replaced eventually by old-age and survivors insurance when the latter program reaches full maturity. It is expected that the program will fall off sharply after the year 1980. In the meantime, however, it seems to us that it is an irresponsible attitude to overlook the immediate problems of the millions who sorely need additional income today.

ASSISTANCE TO DISABLED AND BLIND

The same essential problems exist with regard to assistance payments to the disabled and the blind. Most States have made considerable progress in initiating and improving programs for these groups. Encouragement is greatly needed, however, for them to continue their progress. It seems to us singularly inappropriate for those who oppose disability insurance provisions under social security to oppose further improvements in the public assistance programs for the disabled. We believe that the 244,000 disabled and 105,000 blind recipients of public assistance are in all justice entitled to the increased monthly payments which the revised formula would provide.

It is our earnest hope that the Congress will adopt our proposals in order to afford a modest measure of relief for our neediest citizens in a manner both humane and practical.

SOCIAL SECURITY AMENDMENTS OF 1956

Mr. MORSE. Mr. President, before the debate on the social security bill is concluded, I shall submit an amendment which I hope the chairman of the committee will find it possible to accept and take to conference. The amendment will seek to provide disability insurance benefits for certain disabled individuals who have attained the age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

I shall offer the amendment at the request of firemen and policemen groups in Oregon, groups which wish to participate, under a voluntary arrangement, in social-security benefits. The amendment will be offered on behalf of my colleague, the junior Senator from Oregon [Mr. NEUBERGER] and myself.

RESOLUTIONS AND BILLS PASSED OVER

The bill (H. R. 7225) to amend the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, was announced as next in order.

Mr. BIBLE. Mr. President, this is the unfinished business, and should be passed over at this time.

The PRESIDING OFFICER. The bill will be passed over.

and is the pending question on the social security bill, by making a number of technical corrections, and also one substantive correction or change.

The PRESIDENT pro tempore. The modifications will be made.

SOCIAL SECURITY AMENDMENTS OF 1956

The PRESIDING OFFICER. The hour of 11:30 having arrived, the morning hour is concluded, and the Chair lays before the Senate the unfinished business, which will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 7225) to amend title II of the Social Security Act to provide disability-insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. LONG. Mr. President, I modify my amendment, which is at the desk,

SOCIAL SECURITY AMENDMENTS OF 1956

The PRESIDING OFFICER (Mr. FREAR in the chair). The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, on behalf of the minority leader and myself, I send to the desk a proposed unanimous-consent agreement.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read, for the information of the Senate.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That during the further consideration of the amendment of the Senator from Louisiana [Mr. LONG] to H. R. 7225, the social security bill, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader of some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement?

Mr. LEHMAN. Mr. President, reserving the right to object—and I shall not object—may I ask whether under the unanimous-consent agreement, it is intended to——

Mr. JOHNSON of Texas. I am going to make a statement about the plan of the leadership.

Mr. LEHMAN. Very well.

Mr. JOHNSON of Texas. It is not the intention of the leadership to have any votes tonight other than a vote on the Long amendment. Under the order previously entered, the Senate will meet at 10 o'clock tomorrow morning. It is our

hope that by coming early and staying late tomorrow night, and doing the same on Wednesday, we can complete consideration of the social security bill and send it to conference. We shall spend all day and evening tomorrow on the bill, and all day and evening Wednesday, if that is necessary.

I had stated to the sponsors of the Fryingpan-Arkansas project bill and the authors of the Hells Canyon project that we would try to accommodate each group on a day that would suit them for a vote on their respective proposals. The Senate has already voted on the Fryingpan-Arkansas project. I should like a vote on the Hells Canyon project on Wednesday, if possible, or at least on Thursday, but we shall have to let the bill go to conference with the House. For that reason, if we can get to a vote on the Long amendment tonight, we want to do so.

Mr. LEHMAN. The reason I raised a question is that I have some remarks I wish to make. I have already sent the text of the remarks to the gallery earlier in the day. While I certainly do not want to interfere in anyway with the early disposition of the bill——

Mr. JOHNSON of Texas. The unanimous consent agreement applies only to the Long amendment.

Mr. LEHMAN. That is satisfactory. I did not understand.

Mr. JOHNSON of Texas. The agreement applies only to that amendment.

The PRESIDING OFFICER. Is there objection to the proposed unanimous consent agreement? The Chair hears none, and the agreement is entered.

Mr. LONG. Mr. President, I call up my amendment, identified as 6-6-56-B, as modified.

The amendment, as modified, proposed by Mr. LONG for himself and Mr. GEORGE, Mr. BARRETT, Mr. BENDER, Mr. BIBLE, Mr. BUSH, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DANIEL, Mr. DOUGLAS, Mr. EASTLAND, Mr. ELLENDER, Mr. GREEN, Mr. HENNINGS, Mr. HILL, Mr. HOLLAND, Mr. HUMPHREY, Mr. JACKSON, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KENNEDY, Mr. KERR, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MONRONEY, Mr. MORSE, Mr. MURRAY, Mr. NEELY, Mr. NEUBERGER, Mr. O'MAHONEY, Mr. PASTORE, Mr. PAYNE, Mr. PURTELL, Mr. SCHOEPPEL, Mr. SCOTT, Mr. SMATHERS, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. WELKER, and Mr. YOUNG, is as follows:

On page 90, beginning with line 12, strike out all down to and including line 17 and insert in lieu thereof the following:

"PART V—AMENDMENTS TO MATCHING FORMULAS

"Amendments to matching formula for old-age assistance

"SEC. 341. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

" 'SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

" '(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

" '(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

" '(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

" '(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.'

"(b) Section 3 of such act is amended by adding at the end thereof the following new subsection:

" '(c) (1) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

" '(A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

" '(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955.

" '(2) A State which has qualified under paragraph (1) of this subsection to receive the amount provided by the formula contained in subsection (a) (1) (A) for not less than 4 consecutive quarters shall be qualified to receive such amount for all subsequent quarters.'

"Amendments to matching formula for aid to the blind

"SEC. 342. (a) Section 1003 (a) of the Social Security Act, as amended by section 312 (c) of this act, is amended to read as follows:

" 'SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing October 1, 1956 (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

" '(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

" '(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

" 'four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month; plus

" '(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care.'

"(b) Section 1003 of such act is amended by adding at the end thereof the following new subsection:

" '(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

" '(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

" '(2) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such

plan for the calendar year commencing January 1, 1955.'

"Amendments to matching formula for aid to the permanently and totally disabled

"SEC. 343. (a) Section 1403 (a) of the Social Security Act, as amended by section 313 (c) of this act, is amended to read as follows:

"'SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"'(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such months; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts extended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"'(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care.'

"(b) Section 1403 of such act is amended by adding at the end thereof the following new subsection:

"'(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"'(1) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"'(2) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955.'

"Temporary extension of 1952 matching formula with respect to dependent children

"SEC. 344. Section 8 (e) of the Social Security Act Amendments of 1952 (66 Stat. 767, 780), as amended, is amended to read as follows:

"'(e) The amendments made by subsections (a), (c), and (d) of this section shall be effective for the period beginning October 1, 1952, and ending with the close of September 30, 1956, and the amendment made by subsection (b) shall be effective for the period beginning October 1, 1952, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this act had not been enacted.'

"Effective date

"SEC. 345. The amendments made by this part shall become effective October 1, 1956."

Mr. LONG. Mr. President, the amendment which is printed at the desk has been modified to advance the effective date from July 1 to October 1. This modification was necessary, because the quarter commencing on July 1 has already begun, and it would not be administratively practical to put the proposed amendment into effect before October 1 of this year. The amendment would do three things:

First. It would liberalize Federal aid to State welfare programs for old-age assistance, assistance to needy blind, and assistance to needy permanently and totally disabled persons. Under existing law, a State contribution of $5 is matched by a Federal contribution of $20. It is proposed by the bill, as reported by the Finance Committee, to continue that matching formula for another 2 years. The amendment which I am offering, together with 45 other Senators, would liberalize the matching formula by requiring the Federal Government to match a State contribution of $5 with a contribution of $25 of Federal funds. This should make it possible for almost 3 million needy people to have an additional $5 per month added to their welfare payments.

In the second place, the amendment would advance the maximum figure which the Federal Government will match. At present a State contribution of $20 will be matched by a Federal contribution of $35 for a maximum figure of $55, at which point Federal matching ceases. The amendment before us would change this formula to provide that a State contribution of $22.50 would be matched by a Federal contribution of $42.50, thereby advancing the maximum figure subject to Federal matching to a total payment of $65 for a needy welfare recipient.

The third thing that the amendment would accomplish is that it would require a State benefiting from the liberalized matching formula to pass the increase in Federal funds along to the persons presently on the welfare rolls. This provision is necessitated by the fact that in earlier years a considerable number of States have taken advantage of liberalized Federal matching for welfare purposes to reduce their State contributions. In seeking to benefit the 3 million needy aged, blind, and disabled persons of this country we wish to insist that the States should not shirk their responsibilities and shift the burden to the Federal Government, while reducing their State contributions. It is for that reason that the "pass on" provision would require that a State should not reduce its average per capita contribution to welfare clients below the average monthly State contribution for the calendar year 1955. The "pass on" provision applies for only one year, recognizing that in future years States may find it increasingly difficult to comply with this requirement, particularly in view of the fact that there is an increase in the tendency to make supplemental welfare payments to recipients of small social security payments. In such cases, the average State contribution tends to decline on a per capita basis, because the welfare payments must be reduced by the amount of social security payments that the individual receives.

Mr. GORE. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER (Mr. SCOTT in the chair). Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. LONG. I yield.

Mr. GORE. Is the Senator from Louisiana convinced that this provision of his amendment would prevent the States from accepting the larger sum of money and, instead of using it to increase the stipend for those who now are on the rolls of the welfare program, using the money to put more people on the rolls?

Mr. LONG. Yes. If the State did that, it would not have the benefit of the liberalized matching formula; in other words, the State could continue with the present formula, but would not have the advantage of sharing in the new matching formula.

Mr. GORE. Mr. President, will the Senator from Louisiana yield further?

Mr. LONG. I yield.

Mr. GORE. Do I correctly understand that the Senator from Louisiana is not, by means of his amendment, undertaking to reach a determination that there are within a given State more persons who should be added to the welfare rolls; but, instead, that he is proposing that the Federal Government increase the amount of funds to be matched by the States, in order to give an increased monthly payment to those who presently are on the rolls?

Mr. LONG. That is correct.

Mr. GORE. Mr. President, will the Senator from Louisiana yield further to me?

Mr. LONG. I yield.

Mr. GORE. Then, I understand that the Senator from Louisiana has reached the determination that the amount which the recipients of welfare assistance are

now receiving is inadequate. Is that correct?

Mr. LONG. Yes; there is no doubt that they need increased assistance. This amendment would provide additional funds as a Federal expenditure, to increase Federal matching for welfare purposes.

Mr. GORE. Will the Senator from Louisiana state how much a month the increase would amount to, under his amendment?

Mr. LONG. The amendment would provide that if a welfare recipient were receiving less than $55, his welfare payment would be increased by $5. If he is now receiving as much as $57.50—in other words, if the State is going beyond the point at which Federal matching ceases, and is putting up in addition, as much as $2.50 or more, which is not at present subject to Federal matching—then that individual's welfare check could be increased by as much as $7.50, because Federal matching is extended to $65, instead of $55, as under the present law.

Another thing that the amendment would accomplish is to continue the present matching formula as established by the McFarland amendment of 1952 for those States which failed to comply with the "pass on" provision. Senators will recall that the McFarland amendment in 1952 liberalized Federal matching for State welfare purposes. Prior to that time, a State contribution of $5 was matched by a Federal contribution of $15 for the first $20, and an additional State contribution of $15 was to be matched by a Federal contribution of an additional $15, to a maximum payment of $50, at which point the Federal matching ceased. The McFarland amendment established the present matching formula of $20 Federal money to match the first $5 of State contribution, and with an additional $15 of State funds to be matched by $15 of Federal funds to a maximum payment of $55 per recipient. The McFarland amendment was adopted as a 2-year provision. It has subsequently been extended, and it will be extended again if the committee bill is passed without amendment.

The difference between my amendment and the committee amendment in this respect is that my amendment would make the matching formula permanent, insofar as the McFarland amendment is concerned, for States which failed to comply with the "pass on" provision. My amendment would also make permanent the liberalized matching formula for States which complied with the "pass on" provision.

The cost of this amendment is estimated to be $208 million annually, assuming that all 48 States and the territories of Hawaii and Alaska comply with the "pass on" provision in order to take advantage of the liberalized matching formula.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. HUMPHREY of Minnesota. So as to make the record clear, let me ask whether the Senator from Louisiana is saying that the cost he has mentioned—namely, $208 million annually—would be for the $65 maximum.

Mr. LONG. Yes.

Mr. HUMPHREY of Minnesota. Is that correct?

Mr. LONG. Yes.

Mr. HUMPHREY of Minnesota. Because the "pass on" provision to which the Senator from Louisiana refers is for the formula in the Long amendment, which goes beyond the formula now in effect; is that correct?

Mr. LONG. The amendment includes both; it also includes increasing the maximum to $65. The entire cost of the program for the aged, the disabled, and the blind, would be $208 million annually.

Mr. HUMPHREY of Minnesota. But the second formula the Senator from Louisiana has mentioned—that in connection with the $65—is where there is a passing on of the increased Federal contribution, plus a continuation of the State's contribution to the recipient; is that correct?

Mr. LONG. Yes; that is correct.

As a practical matter, the amendment means that 2,552,000 needy, aged persons over 65 years of age, together with 105,000 needy blind persons, and 250,000 totally and permanently disabled persons, would receive at least $5 additional in their monthly welfare payments, beginning October 1 of this year.

Mr. President, there are many reasons why the amendment should be adopted. In the first place, the cost of living has advanced since the so-called McFarland amendment of 1952. Furthermore, after the steel strike of this year, the cost of living will advance again.

In the second place, the low-income States have never been able to provide adequately for the needy persons in those States. The studies which I have placed in the RECORD on earlier occasions demonstrate that 24 percent of all aged persons over the age of 65 have no money income whatsoever—none. Think of that, Mr. President. Even taking welfare payments into consideration, 24 percent of our aged persons beyond age 65 have no money income whatsoever. Sixty-seven percent of aged persons beyond 65 years have less than $1,000 a year of income. This is taking into consideration the welfare and social security payments as a part of income. Even so, 67 percent have less than $1,000 a year of income. There are more than 9 million people in this category. Of these 9 million people, the 2,500,000 who for the most part represent the least of them all, the most unfortunate, and the most needy, are receiving welfare payments under State programs with Federal aid. There are approximately 250,000 disabled persons and 105,000 needy blind persons who find themselves in a similar situation.

Mr. President, I regard this amendment as good government, good economics, and good Christian charity. The millions of people who would be benefited by this amendment have worked hard during their early years to help build this great Nation. Now they are no longer productive. At a modest additional cost, we can assist them in a way that will be genuine and meaningful, although the increase is modest.

A person attempting to exist on a $40 welfare check will be greatly assisted by an additional $5 per month.

While the amount is small to a United States Senator, it is large and important to these individuals.

I am sure Senators would want to vote for the amendment if we consider it in its perspective. During this Congress nothing substantial has been done to assist the category of people for whom I am pleading at this moment. Great things have been done for others who are more fortunate. For example, we have increased pay and allowances for Federal civil service, military, and legislative employees by a total that exceeds $1,200,000,000. We led the way with a 50 percent pay raise for Members of the United States Senate and House of Representatives. I hardly think any Member of this body who voted to increase his own pay by $7,500 per year on an annual basis could find it in his conscience to vote to deny a mere $5 monthly increase in welfare payments to the 3 million needy persons. As a practical matter, I would like to suggest to my colleagues that those 3 million needy persons would never understand it.

The figure we have appropriated in this Congress for the soil bank exceeds six times the cost of this proposed amendment. The amount we have provided in this Congress for Federal pay raises exceeds six times the cost of this amendment. The amount by which we increased the authorization for the foreign-aid program over last year's appropriation exceeds by nine times the cost of this amendment. As a matter of fact, the cost of this amendment to benefit 3 million needy persons in the United States is approximately the same as the annual cost of the aid to Tito's Communist Government of Yugoslavia.

I hardly believe that any Member of this body who has held the prevailing view that the minimum wage should be increased, that highway workers and other Federal workers should have major pay raises, that social security payments should be advanced, and that the Federal Government should increase its contribution for survivors of civil and military personnel of the Government and retired Government workers by an amount that almost doubles the cost of the present amendment—I hardly believe that such Senators will want to vote to deny 3 million needy people in America the opportunity to live about 10 percent better.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SYMINGTON. I have an amendment which I shall offer on behalf of my colleague, the distinguished senior Senator from Missouri [Mr. HENNINGS] and myself. I have discussed it with the distinguished Senator from Louisiana. I should like to make a brief statement with respect to that amendment.

Mr. LONG. I yield sufficient time for that purpose.

Mr. SYMINGTON. To assure that the States will not reduce their present contributions by the amount the Federal Government increases its contributions, the Senator from Louisiana

[Mr. LONG] has included the "pass along provision" in his amendment for 1 year.

I completely agree with the philosophy of this provision. Additional Federal funds should be passed along to the old age assistance recipients for whom they are intended.

In my State, however, and I am sure in many other States, this "pass along provision" may create some serious problems. Because of the recent broadening of old age and survivors insurance program, many people are now coming on the OASI rolls for the first time as they reach 65 at a very small monthly pension. Many of these senior citizens, on the basis of need, also receive assistance. Therefore average old age assistance payment may fluctuate and, in fact, may be reduced.

This reduction could come in some States where the best of faith is being observed. Missouri has always passed on to the old age assistance recipient every dollar of assistance possible. But our legislature does not meet again until next January 1, and this program goes into effect on October 1.

The same must be true in other States. Before Missouri could guarantee that the average payment from State funds would not go down, even slightly, the State Legislature would have to meet, perhaps change some of our law, and probably provide some additional State matching funds.

As a statement of Missouri policy, Mr. Proctor R. Carter, our State director of welfare since the initiation of the social security program 20 years ago, has written as follows:

> Here in Missouri we are very anxious that the full additional Federal money be passed on to every Old Age Assistance recipient immediately.

States acting in good faith should not be penalized. Therefore, Mr. President, I am offering an amendment to the Long amendment which will provide a basis for determining whether a decrease in average State contributions arises from good faith performance under the program or represents an unwillingness at the State level to pass on the additional Federal funds for the benefit of those for whom they are intended.

Our amendment would add needed flexibility to his worthwhile proposal without adding one iota to the Federal cost.

I offer this amendment to the Long amendment on behalf of the senior Senator from Missouri [Mr. HENNINGS] and myself.

Mr. MAGNUSON. Mr. President, will the Senator from Louisiana yield in order that I may ask the Senator from Missouri a question?

Mr. LONG. I yield.

Mr. MAGNUSON. I am glad the Senator is offering his amendment. In my State, after Congress had adopted the so called McFarland amendment, for some reason the money did not find its way into the checks of the pensioners. I think this amendment would correct that situation.

Mr. SYMINGTON. I thank the distinguished Senator from Washington.

Mr. MAGNUSON. I should like to ask the Senator from Louisiana a question. The Senator will recall that I submitted an amendment with respect to the blind and disabled. The Senator from Louisiana accepted that amendment. I now understand that the gist of the amendment which I submitted on behalf of the blind and disabled is now included in the modified amendment offered by the Senator from Louisiana.

Mr. LONG. The Senator is correct. The Magnuson amendment is included in the amendment I am offering for myself and 45 other Senators. The Senator from Washington is one of the sponsors of the amendment.

With regard to the amendment offered by the Senator from Missouri [Mr. SYMINGTON], I believe the Senator has devised a practical amendment which meets the intention of the "pass on" provision. The effect is this: If there is a genuine reduction of need—for example, if more and more of the aged people are receiving social security income, as the State takes additional people onto the welfare rolls, there is a tendency for the State to reduce the average State contribution, because the need of the recipient is not so great as it was previously.

Mr. SYMINGTON. That is correct.

Mr. LONG. If, as a result of that set of circumstances a per capita reduction in the contribution is called for, the State can show that it is acting in good faith by passing on the additional contribution. But if, because of a change in condition, with new recipients coming on the rolls as they reach 65, there is a slight reduction in the State contribution, which is not the result of a change in the State policy, or a desire to reduce its contribution, the State will not be penalized because the State contribution is somewhat smaller. I believe that the amendment of the Senator from Missouri is carefully drawn. I consulted with the Senator from Missouri about it. I spent many hours in correspondence with the director of welfare of the State of Missouri. I am convinced that the Missouri authorities have every intention of complying with the "pass on" provision. If a reduction in the State contribution should result because of the change of circumstances as described above, and not because of any change in State policy or State administration, the State should not be penalized if it can prove its good faith in that regard.

Mr. SYMINGTON. I thank the Senator for expressing the purpose of the amendment so ably and so clearly. He is properly recognized as an authority in this field.

Mr. LONG. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. AIKEN. In reading the Senator's amendment I find that, in order to understand exactly what it does, one would have to be familiar with the old-age assistance laws. So I ask the Senator if he can tell us, in a few words, how much this amendment would increase the payment to old-age assistance recipients.

Mr. LONG. As a practical matter, it seems that if the 2,500,000 aged persons, the quarter of a million disabled persons, and the 105,000 needy blind persons are at present receiving $55 or less in welfare payments, they will receive a $5 increase, because of additional Federal matching, and the State will be required, in effect, to pass it on to them.

If they are receiving more than $55, if they are in one of the 20-odd high-payment States which are already paying their welfare assistance recipients a greater figure than the Federal Government will match—for example, certain States have gone to $60 or $65, whereas the Federal matching stops at $55—the Federal matching will continue up to $65. In the high-payment States the recipient would receive $7.50 additional, because the matching would continue on up to the higher figure.

Mr. AIKEN. I suppose the Senator from Louisiana has explained all this before I came on the floor. However, I should like to ask him whether it is possible for a State to pass on the Federal payment and reduce the State's own payment to the recipient of old-age assistance.

Mr. LONG. No. That is the reason for the pass-on provision which I have discussed.

Mr. AIKEN. Then if a State reduces its own payment, it would not be entitled to the additional Federal payment. Is that correct?

Mr. LONG. That is correct. The State would not be entitled to participate in the amount of the matching.

Mr. AIKEN. The Senator's amendment applies to the totally disabled and to the blind and——

Mr. LONG. It applies to the aged, the totally disabled, and the totally blind. The total is approximately 3 million people.

Mr. AIKEN. It would amount to a Federal increase of, we will say, in most cases, of from $5 to $7.50 a month. Is that correct?

Mr. LONG. Yes; it would vary from $5 to $7.50 a month. For most persons, it would amount to a $5 increase.

Mr. AIKEN. However, the State is not required to match that increase. Is that correct?

Mr. LONG. No; but the State would have to continue the average per capita contribution which the State was making.

Mr. AIKEN. Which the State is already making, but it would be required to pass on any additional Federal fund. However, in the event the coverage is expanded, as in the case of many States, would that mean that the total amount available to a State would have to be divided among all the recipients?

Mr. LONG. If the State wished to add additional persons to the rolls in any substantial number, it would be necessary for the State to put up additional funds to match the additional Federal funds which would then be available.

Mr. AIKEN. That is provided in the Senator's amendment. Is that correct?

Mr. LONG. That would be the effect of the amendment.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Missouri to the amendment of the Senator from Louisiana will be printed in the RECORD at this point.

The amendment offered by Mr. SYMINGTON to the amendment of Mr. LONG is as follows:

On page 4, line 15, insert "(i)" after "(A)."

On page 5, line 1, strike out "(B)" and insert in lieu thereof "(ii)."

On page 5, line 8, strike out the period and insert in lieu thereof "; or."

On page 5, between lines 8 and 9, insert the following new paragraph:

"(B) if the Secretary of Health, Education, and Welfare determines that neither the Governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for old-age assistance under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for old-age assistance which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

On page 7, line 24, insert "(A)" after "(1)".

On page 8, line 10, strike out "(2)" and insert in lieu thereof "(B)."

On page 8, line 17, strike out "1955.'" and insert in lieu thereof "1955; or."

On page 8, between lines 17 and 18, insert the following new paragraph:

"(2) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the social-security amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for aid to the blind under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for aid to the blind which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

On page 11, line 3, insert "(A)" after "(1)."

On page 11, line 13, strike out "(2)" and insert in lieu thereof "(B)."

On page 11, line 20, strike out "1955.'" and insert in lieu thereof "1955; or."

On page 11, between lines 20 and 21, insert the following new paragraph:

"(2) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the social-security amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for aid to the permanently and totally disabled under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for aid to the permanently and totally disabled which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

Mr. LONG. Mr. President, I am willing to accept the amendment of the Senator from Missouri. I so modify my amendment, to include the Symington amendment.

The PRESIDING OFFICER. The Senator from Louisiana has the right to so modify his amendment.

Mr. MARTIN of Pennsylvania. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Pennsylvania will state it.

Mr. MARTIN of Pennsylvania. As I understand, the amendment of the junior Senator from Louisiana [Mr. LONG] has been modified by the amendment suggested by the Senator from Missouri [Mr. SYMINGTON]. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. LONG. Yes.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CAPEHART. So that we may have a clear understanding of the situation, am I correct in understanding that the only provision in the amendment offered by the Senator from Louisiana is that which has been discussed during the colloquy between him and the senior Senator from Vermont [Mr. AIKEN]? Is that all that the amendment does? In other words, what the amendment does is to increase the payment to about 3 million people by approximately $5 each?

Mr. LONG. The Senator is correct.

Mr. CAPEHART. Is that all that the amendment would do?

Mr. LONG. It does that. Let me state it clearly to the Senator. The present law provides a matching formula of $20 of Federal money for the first $5 of State money. The amendment would increase that amount to $25 of Federal money to match the first $5 of State money.

The present law provides that then the Federal Government would match on a 50–50 basis the next $15, with a maximum payment of $55. My amendment would advance that figure to $65. It would mean that $22.50 of State money would be matched by $42.50 of Federal money.

Mr. CAPEHART. That is all that the amendment does. Is that correct?

Mr. LONG. There is one more step. The amendment further provides that to enable a State to take advantage of this liberalized matching formula, the State must not have reduced its per capita contribution to the welfare program.

Mr. CAPEHART. When was the last time that these 3 million people received an increase in their payments?

Mr. LONG. In 1952.

Mr. CAPEHART. By how much was the amount increased?

Mr. LONG. By $5.

Mr. CAPEHART. It was increased by $5 at that time?

Mr. LONG. That is correct.

Mr. CAPEHART. They have had no increase since 1952?

Mr. LONG. That is correct.

Mr. CAPEHART. That is all that the Senator's amendment does; it does only that one thing?

Mr. LONG. That is correct.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MARTIN of Pennsylvania. From what fund would this payment come?

Mr. LONG. It would come from the general revenues.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Colorado.

Mr. ALLOTT. As I understood the Senator's explanation, the first $5 of the State effort is matched by $20 of Federal effort. Is that correct?

Mr. LONG. That is correct. That is the present law.

Mr. ALLOTT. Then, beyond that and up to a total of $55, it is on a 50–50 matching basis. Is that correct?

Mr. LONG. That is correct.

Mr. ALLOTT. In other words, for every one-fifth of effort by a State, the Federal Government now makes four times that effort to match it. Is that correct?

Mr. LONG. That is correct; on the first $5. I am sure the Senator realizes why that is so. It is because it is very difficult for States with a low per capita income, such as Mississippi, Alabama, Arkansas, South Carolina, to find sufficient funds with which to provide for their needy, even though that is where the greatest need exists. It is for that reason that the matching is very liberal at that point.

Mr. ALLOTT. Perhaps the Senator has stated it, but I do not find any information in the record on that point, namely, as to the effort that is being made by the low-pension States to contribute to this amount. Can the Senator direct me to that information?

Mr. LONG. The State of Louisiana is a good example of that. Louisiana ranks third in the Nation on the per capita contribution to its welfare program. It makes nearly as great a per capita contribution, I might say to the Senator from Colorado, as the State of Colorado, which is one of the most outstanding States in that regard.

Mr. ALLOTT. For example, can the Senator tell me how the State of Colorado, since he has mentioned that State, will be affected in this instance? The State of Colorado has just received a notice from the Department of Health, Education and Welfare that it is in imminent danger of having the Federal contribution decreased or stopped, because its pensions are so generous that they exceed the need qualifications prescribed in the Federal statute.

Mr. LONG. My reaction toward the need qualifications in the Federal statute is that that is a relative matter. I believe in States rights, and therefore I believe that it is a matter which the States themselves can decide. If the State of Colorado wishes to do more for its aged people than the Federal law would match it in doing, it seems to me that that is completely the privilege of the State of Colorado.

As a matter of fact, the State of Louisiana to a lesser degree does the same thing. In Louisiana we have also advanced our welfare payments to aged persons beyond the $55, at which point the Federal matching ceases.

I might also say to the Senator from Colorado that there are at least 27 States which have felt there was a greater need for welfare assistance to their people than at the point at which the Federal Government would match State funds. The Senator's State, like mine, is among that number.

The amendment I have offered, so far as the Senator's State is concerned, means that aged persons who are drawing welfare payments, assuming the States comply with the pass-on provision, will receive an additional $7.50. That is the intention of the amendment.

Mr. ALLOTT. Mr. President, let me ask the Senator another question. Our people are receiving, from Federal and State sources, a total of $100 a month, or in excess of $100 a month. I cannot give the exact figure in dollars and cents, but it is at least $100 a month at the present time. The Senator's amendment would add $7.50, the Senator says, to that amount. The Department of Health, Education, and Welfare has already notified my State—and I have the correspondence in my file to that effect—that it is in imminent danger of having the Federal contribution stopped, because its assistance to our aged people is already in excess of the need formula.

Mr. LONG. I should like to make the prediction that they will not do it before the next election; and they should not do it at all.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HUMPHREY of Minnesota. Might it be that the need formula needs to be revised?

Mr. LONG. As a matter of fact, the State of Colorado, insofar as its recipients are concerned, is one of the most liberal in making such payments. It has dedicated some of its revenue sources—as a matter of fact, all of its excise taxes—to this purpose and they are getting a great deal more revenue than anyone had anticipated the State would receive from those sources. It is true that in Colorado certain persons do receive a higher payment.

Mr. ALLOTT. Not merely certain persons, if I may add a word to what the Senator has said. I do not believe he means that. All our elder citizens who are on old-age assistance are receiving this amount. To do that, we assess a 2 percent sales tax, and all excise taxes except the gaoline tax are devoted to this purpose.

Mr. HUMPHREY of Minnesota. What is the amount?

Mr. LONG. Mr. President, I am not quarreling with the Colorado situation. That is Colorado's problem. If it wants to pay more than the Federal Government wishes to match, the State has a right to do that. If the Senator does not like the law in Colorado, I suggest that he take the matter up with the Governor of Colorado and with the State Legislature of Colorado.

I should like to suggest also that in his State 40 percent of the aged persons are receiving assistance. That does not make it the most liberal State. There are other States which are far more liberal in their eligibility requirements than is Colorado. Louisiana is one of them.

Mr. ALLOTT. Is there any State whose payments exceed those of Colorado?

Mr. LONG. Louisiana is much more liberal on eligibility requirements. We also make nearly as great a per capita contribution as Colorado does to the welfare program.

Mr. ALLOTT. Higher for whom? For the citizens or for those who are eligible?

Mr. LONG. For the citizens. The average citizen of Louisiana pays more money for the welfare program than does the average citizen of Colorado. There are far more needy people. We have a lower per capita income. Therefor, Louisiana provides very liberally under its welfare requirements and permits a much higher percentage of welfare payments than does the State of Colorado. The taxpayers of Louisiana are picking up a heavier end of the load than do the taxpayers in every State except Colorado and California, although I must say that the average payment is considerably higher in Colorado.

Mr. ALLOTT. It is high enough to bring a great many people into Colorado. I have no quarrel with the Colorado laws. I am for them, but I wish to make it perfectly clear that what the Senator is espousing is a proposal which will affect States which make less effort to take care of their senior citizens and give such States the benefit of Federal reimbursement and put a burden upon the States which already make a great effort to take care of their citizens.

Mr. LONG. Let me inform the Senator how this amendment will benefit his State to the exclusion of the low-payment States. The Senator is complaining about applying a more liberal Federal contribution against the first $5. On the other hand, when we consider the provision that extends matching up to the $65 figure the State of Mississippi has a right to complain. In Mississippi the average payment runs to $28.85. So that Mississippi will not get any benefit from advancing the maximum to 65. That will benefit States like Colorado.

Mr. ALLOTT. I should like to have the Senator explain to me how it will benefit Colorado. I am not speaking merely for Colorado, because there may be other States in the same situation. But when Colorado is already in such a situation that the Department of Health, Education, and Welfare is telling it that the Federal contributions may cease because it is, in effect, exceeding the needs formula, I should like to know how the Senator's amendment will affect the State of Colorado.

Mr. LONG. The beneficiaries are going to get an additional $7.50. If the Secretary of Health, Education, and Welfare, who is opposing this amendment, wants to tell Colorado he will cut off her matching welfare money, I rather doubt that Dwight D. Eisenhower will be willing to see the people denied Federal funds for welfare purposes. After all, he is the Executive, and he is Secretary Folsom's boss.

Mr. ALLOTT. Does not the Senator from Louisiana think the Secretary of HEW is compelled to comply with the law? The law provides that payments must be on a needs basis.

Mr. LONG. Is the Senator saying that his State has advanced payments beyond the point where he thinks it is wise?

Mr. ALLOTT. No.

Mr. LONG. It does not make the least bit of difference unless the recipients are not in need of the money. The Senator is saying that the Department is forced to comply with the law, and that the people do not need the money——

Mr. ALLOTT. Mr. President, will the Senator from Louisiana further yield?

Mr. LONG. I would rather the Senator would argue against the amendment on the time allotted to the opponents. I shall be glad to yield to the Senator, however.

Mr. ALLOTT. I do not like to have the Senator put words into my mouth which I have not said and which express no thought I have ever held in my life. I have not said here or anywhere else that the people of Colorado, the old people who are receiving old-age assistance, are receiving money in excess of what they deserve or what they need. I have never said that in my entire history. My purpose has been to fight for the peoples' rights and for a good old-age program for them. What the Senator says I have stated is not borne out by what I have said on the floor nor by my past actions.

Mr. LONG. I thought the Senator was opposed to the amendment.

Mr. ALLOTT. I am opposed to the amendment.

Mr. LONG. That is all I wanted to know.

Mr. ALLOTT. But I am not opposed to what the Senator says I am opposed to, which is an adequate program for aged people in Colorado.

Mr. LONG. It means an additional $7.50 for the average aged citizen in Colorado, and I hope they will get it. I shall do what I can to see that they do get it.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. HUMPHREY of Minnesota. It means an average of $7.50 for any recipient, does it not?

Mr. LONG. Yes.

Mr. HUMPHREY of Minnesota. And it would mean that in any State, would it not?

Mr. LONG. That is correct.

Mr. HUMPHREY of Minnesota. Where does the standard of the needs test find its way into this discussion? Is it Federal law or State law?

Mr. LONG. If I correctly understand the suggestion of the Senator from Colorado, there are some bureaucrats sitting in the Department of Health, Education, and Welfare who do not approve of a Federal matching for welfare purposes. Four years ago they opposed such an amendment, and they have steadily opposed all liberalizing of Federal matching. Some of them are Democrats, and some of them are Republicans, no doubt, and they are still opposing the matching formula and suggesting that the needy aged do not need the money. I believe that the need should be a question for State determination. I think the Federal Government should cooperate. I say that as a practical matter the needs are relative. If the State of Colorado thinks it should put up more of its own funds,

I doubt whether the Federal Government will cease making its contributions.

Mr. HUMPHREY of Minnesota. Is not the so-called needs test established by State law in each and every State and is it not more or less buried in counties within the States. The needs test is provided for by State law. The Federal Government has some general idea as to a medium of needs, but as I recall the statute—I may be in error—I do not think there is any particular dollar figure that indicates that over and above this point there is no need. I just took a look at the chart and saw, for example, that the State of Colorado has an average payment of $82.07. The State of Minnesota has an average payment of $70.13. I wonder if there is any Member of the Senate who thinks that is too much. I have never seen anyone get along on less money. If someone gets a few extra groceries on the side or a little extra rental, that is figured in the $70.13. It seems to me that if we were as generous with our own citizens as we have been recently with the citizens of Cambodia and other nations, it would be a good thing. As a matter of fact, $100 a month ought to be the minimum old-age assistance payment. If anyone thinks that is too much, I remember when the late Senator from Ohio, Mr. Taft, was talking in terms of $100 a month. That was several years ago. I cannot imagine anyone possibly subsisting on less, but people do subsist on less, apparently.

Mr. LONG. The national average is $54.

Mr. President, I am ready to yield the floor——

Mr. CURTIS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. CURTIS. If I understood the Senator correctly, he said that all this amendment did was to give the recipients of old-age assistance $7.50 a month more. Is that correct?

Mr. LONG. The Senator is oversimplifying the situation.

Mr. CURTIS. I thought I was repeating the colloquy.

Mr. LONG. Under the matching formula—I have discussed this many times—it means an additional $5 of Federal matching against the first $5 of State money. It also means that the figure at which the Federal matching would cease would be advanced from $55 to $65.

Mr. CURTIS. The formula does change the system of Federal matching, does it not?

Mr. LONG. Yes.

Mr. CURTIS. And it makes it permanent law.

Mr. LONG. Of course, as the Senator realizes, any law can be changed by Congress.

Mr. CURTIS. Originally under the Social Security Act the matching formula was 50–50, was it not?

Mr. LONG. Yes.

Mr. CURTIS. In 1946 Congress changed the formula to two-thirds of the first $15 and one-half of the next $30, did it not?

Mr. LONG. That is correct.

Mr. CURTIS. In 1948 the formula was changed to three-fourths of the first $20 and one-half of the next $30.

Mr. LONG. That is correct; and in 1952 the formula was advanced to four-fifths of the first $25.

Mr. CURTIS. And one-half of the next $30.

It is true, is it not, that the Federal law provides that the payments shall be made to individuals who are needy and who are 65 years of age? That is the Federal law, is it not?

Mr. LONG. Yes.

Mr. CURTIS. If a State observes the Federal law—I am not suggesting whether it is good or bad—and uses all the Federal money to pay needy cases, should that State be called upon to furnish its share of Federal funds to pay to a State which does not have a needs test?

Mr. LONG. The Senator will find that the 20 high-payment States which exceed the $55, at which the Federal matching ceases, are States which make a disproportionately large distribution to the support of the Federal Government. They are also States which get back a much smaller percentage of the money they put up than the low-income States. For these reasons, the high-payment States have a right to insist that the Federal Government go along with them somewhat beyond the point where they are making payments.

There is no reason why the program should completely favor the low-payment States rather than the high-payment States. In other words, the amendment would favor the low-payment States in that it would increase the Federal matching against the first $5. It would favor the high-payment States in that it advances the point at which the Federal matching ceases from $55 to $65.

Mr. CURTIS. I am fully aware of the reasons behind the two sides to the amendment. The point I raise is that some States qualify almost everyone for old-age assistance; other States follow the Federal law and require a needs test.

Mr. LONG. If I may interrupt the Senator at that point, I must differ with those persons who think that needy persons are simply living on velvet. The fact is that 24 percent of the people over 65 years of age have no money income whatsoever. In other words, there are many people who are not being assisted in any way who should be entitled to assistance. I should like to see them receive such assistance, but that is a matter for the States to decide.

Mr. CURTIS. The Senator from Nebraska is not disputing the fact that old people need benefits. What I am trying to say is that if the needs test should be abolished, it should be abolished in the Federal law.

Mr. LONG. I am not proposing to abolish the needs test by the amendment.

Mr. CURTIS. In the Senator's State of Louisiana, there are about 193,000 individuals who are over the age of 65. Is that not correct?

Mr. LONG. Yes; that is correct.

Mr. CURTIS. How many of them receive old-age assistance?

Mr. LONG. About 65 percent.

Mr. CURTIS. Let us consider another State which has about the same population of aged persons. Kansas has 203,000 individuals who are over the age of 65. Does the Senator from Louisiana know how many of them receive old-age assistance?

Mr. LONG. Thirty-three thousand. I hope to benefit those 33,000. I would have no objection if Kansas wanted to put more aged persons on the rolls, but that is for Kansas to determine.

Mr. CURTIS. The Senator says that that is for Kansas to determine.

Mr. LONG. That is their right.

Mr. CURTIS. But is it not the concern of the Federal Government if two States have about the same aged population and one State puts 3 times as many aged persons on the rolls as does the other State?

Mr. LONG. The Senator well knows that the situation in Kansas is different from that in Louisiana. He knows that Louisiana is one of the lower-income States. Kansas has large farms. The farmers tend to own their farms. There is a higher per capita income in Kansas, and I assume that the average person in that State has more assets.

I feel certain the Senator from Kansas, who I believe is one of the sponsors of the amendment, could explain why Kansas has not seen fit to put as many people on the welfare rolls as has Louisiana.

But Louisiana ranks third in the Nation in the effort which its own people are making to look after their welfare clients. Many of the people on the welfare rolls were born in reconstruction days. Many of them suffered from malnutrition during their early years.

Mr. CURTIS. Would not the Senator agree that it is not necessarily the ability of a State to pay or its ability to raise revenue, but rather the desire and the political philosophy which determines the question? In other words, Louisiana has made an effort to do this.

Mr. LONG. It has made a very considerable effort.

Mr. CURTIS. It depends upon the political philosophy and the desire of the State, rather than the need.

Mr. LONG. The Senator is entirely correct.

Mr. CURTIS. But from the standpoint of the Federal Government, a discrepancy is created so far as the cost to the Federal Treasury is concerned.

Mr. LONG. The only way whereby there could be uniformity would be for the Federal Government to take over the welfare program rather than to have the States operate the program. That would cost a great amount of money. If that is ever done, it will be done far in the future. I have not heard anyone sugfest such a plan now.

Mr. CURTIS. The Senator from Nebraska is not suggesting it. All I am suggesting is that the States which follow the Federal law and make payments only to the needy are receiving less money and are having to pay a proportionately greater share in Federal funds, because other States are not following the Federal law in regard to paying only to the needy.

Mr. LONG. The Senator will find that State efforts vary greatly and are dependent upon many circumstances.

California is a State which provides very liberally for its aged. A very substantial number of its aged persons receive welfare payments. The Senator will find that many of the high-incomes States are high-payment States. Some of those States have a high percentage of their aged drawing welfare payments. Some of them are low-payment States.

The same thing tends to be true of the low-payment States. Some having low income are liberal, while some are extremely strict. There is simply no uniformity in that regard.

Mr. CURTIS. What will the Senator's amendment cost the Federal Treasury?

Mr. LONG. I will cost $208 million, which is in the ratio of about $1 to every $6 in the Federal pay raises which have been voted during this Congress.

Mr. CURTIS. Will it apply to the program for the aged?

Mr. LONG. It will apply to all three categories—the aged, the disabled, and the blind.

Mr. BYRD. Mr. President, for many reasons the Senate Committee on Finance after very careful consideration rejected the amendment of the Senator from Louisiana. The amendment provides an increase in the Federal share for public assistance from four-fifths of the first $25 to five-sixths of the first $30, and for an increase in the maximum from $55 to $65.

I want the Senate to understand that the committee bill continues in effect the so-called McFarland amendment, which expired June 30 of this year. That is not included in the so-called Long amendment.

Our reasons for rejecting the Long amendment are these:

First, by increasing the Federal share of old-age assistance, aid to the blind and to the disabled expenditures and requiring the States to pass the increase on to recipients, Congress would be moving in the direction of converting the State-Federal public-assistance program into a pension program without regard for the need of individuals. State-Federal public assistance has always been a program administered by the States and they determine both eligibility and the amount of payments.

Second, this increase in the maximum for Federal sharing from $55 to $65, would result in the greatest increase to the high-income States. It would give the most money to States with the least need for Federal aid.

Third, the committee bill as reported to the Senate increases expenditures for public-assistance payments through additional grants for medical care. The Kerr-George amendment, adopted by the committee, provides additional Federal matching above the existing maximums for medical expenses up to $8 for each adult on the rolls and up to $4 for each child. It provides, in effect, a pool of combined Federal-State-local funds for paying medical care costs of as much as $200 a month or more on behalf of a recipient and would increase Federal payments to the States $76 million a year. Under existing law, Federal matching applies only within the $55 maximum for each individual case.

The amendment proposed by the junior Senator from Louisiana would add an additional $208 million a year in costs to the Federal Government for public assistance, which, when added to the increase for public assistance under the bill as reported by the Committee on Finance, would make a total of $284 million a year being added to the cost to the Federal Government for grants to States for public assistance.

Perhaps the most important reason for rejecting this amendment is that the growth and development of the old-age and survivors insurance program has materially relieved States of the need for aiding many persons because they now receive old-age and survivors insurance benefits, rather than public assistance checks. Prior to the effective date of the 1950 amendments—in August 1950—the total amount of benefit payments under old age and survivors insurance was $61.7 million on a monthly basis. By December of 1955, this total was about 7 times as much, or $411.6 million a month. This represents an increase of around $350 million a month, or $4.2 billion a year, in the amount of money going into the States in the form of social security benefits.

The records in each of the States show similar increases in the amount of money which is being paid in old age and survivors insurance benefits—reducing the need for public assistance. I shall cite just a few.

In Louisiana, the amount being paid under old-age and survivors insurance in August 1950 was $578,563. By December 1955 it had increased about 7 times to a total of $4,016,302—an increase of about $3.5 million per month.

In Michigan, old-age and survivors insurance benefits for the month of August 1950 totalled $2.9 million. By December of 1955, they had increased about 7 times to $19.1 million for the month.

In Illinois, the total of old-age and survivors insurance benefits for the month of August 1950 was $4.1 million. By December of 1955 this amount had increased by $22.2 million to a total of $26.4 million.

Pennsylvania shows a similar increase from a total of $6.1 million in August of 1950 to $35.1 million in December of last year—a total increase of some $29 million in payments per month, being made under old-age and survivors insurance in that State.

In California the increase was about the same—from $5.2 million in August, 1950 to $34.2 million in December 1955.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the increase from August 1950, to December 1955, in the number of people and the amounts paid in benefits in each State under the old-age and survivors insurance program.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Old-age and survivors insurance

	August 1950		December 1955		Increase	
	Number	Amount	Number	Amount	Number	Amount
United States and foreign countries	2,969,000	$61,690,000	7,960,616	$411,612,764	4,991,616	$349,922,764
Alabama	43,319	707,585	115,761	4,773,369	72,442	4,065,784
Alaska	1,375	26,253	4,017	186,735	2,642	160,482
Arizona	11,010	216,264	37,491	1,832,702	26,481	1,616,438
Arkansas	20,628	327,684	71,634	2,944,891	51,006	2,617,207
California	234,656	5,201,195	642,314	34,150,160	407,658	28,948,965
Colorado	22,106	448,098	66,675	3,335,347	44,569	2,887,249
Connecticut	60,011	1,419,061	134,780	7,895,214	74,769	6,476,151
Delaware	7,044	154,416	18,310	974,562	11,266	820,146
District of Columbia	11,312	229,914	29,965	1,524,106	18,653	1,294,192
Florida	55,311	1,119,111	216,699	11,204,123	161,388	10,085,012
Georgia	42,076	665,804	119,922	4,951,879	77,846	4,286,075
Hawaii	7,397	138,569	17,978	832,869	10,581	694,300
Idaho	7,736	143,982	26,787	1,271,087	19,051	1,127,105
Illinois	188,828	4,147,376	477,085	26,371,631	288,257	22,224,255
Indiana	85,085	1,733,638	228,316	11,799,459	143,231	10,065,821
Iowa	37,498	700,336	124,919	6,125,171	87,421	5,424,835
Kansas	27,303	506,208	90,103	4,354,697	62,800	3,848,489
Kentucky	45,822	802,772	128,388	5,686,295	82,566	4,883,523
Louisiana	33,540	578,563	92,527	4,016,302	58,937	3,437,739
Maine	26,656	529,883	65,253	3,203,172	38,597	2,637,289
Maryland	41,941	852,129	110,940	5,694,410	68,999	4,842,281
Massachusetts	144,955	3,251,206	328,912	18,427,555	183,957	15,176,349
Michigan	131,321	2,855,039	341,111	19,040,624	209,790	16,185,585
Minnesota	44,882	926,970	143,788	7,376,887	98,906	6,449,917
Mississippi	16,676	245,139	60,292	2,325,013	43,616	2,079,874
Missouri	70,609	1,426,213	207,405	10,497,873	136,796	9,071,660
Montana	8,783	176,375	28,129	1,393,932	19,346	1,217,557
Nebraska	16,011	293,318	57,920	2,798,770	41,909	2,505,452

Old-age and survivors insurance—Continued

	August 1950		December 1955		Increase	
	Number	Amount	Number	Amount	Number	Amount
Nevada	2,811	$59,725	8,174	$426,888	5,363	$367,163
New Hampshire	17,378	358,648	39,918	2,063,463	22,540	1,704,815
New Jersey	124,868	2,871,405	305,102	17,458,888	180,234	14,587,483
New Mexico	5,788	96,128	21,651	890,360	15,863	794,232
New York	354,843	7,825,900	890,731	49,458,171	535,888	41,632,271
North Carolina	48,741	776,549	133,358	5,562,355	84,617	4,785,806
North Dakota	3,821	67,047	16,130	710,242	12,309	643,195
Ohio	190,959	4,141,889	463,404	25,390,987	272,445	21,249,098
Oklahoma	26,174	477,501	88,629	4,049,119	62,455	3,571,618
Oregon	37,138	774,549	100,214	5,264,897	63,076	4,490,348
Pennsylvania	279,638	6,098,584	638,875	35,066,903	359,237	28,969,319
Puerto Rico			29,499	881,514	29,499	881,514
Rhode Island	25,787	576,435	55,139	3,032,819	29,352	2,456,384
South Carolina	24,479	369,695	68,665	2,750,748	44,186	2,380,783
South Dakota	5,120	94,403	23,128	1,071,452	18,008	977,049
Tennessee	40,609	674,989	119,221	5,077,270	78,612	4,402,281
Texas	83,261	1,472,558	274,900	12,388,718	191,639	10,916,160
Utah	10,009	193,425	30,100	1,495,665	20,091	1,302,240
Vermont	9,340	183,313	22,834	1,129,893	13,494	946,580
Virginia	47,499	862,297	134,717	6,109,860	87,218	5,257,563
Virgin Islands			386	12,558	386	12,558
Washington	55,944	1,227,248	146,269	7,789,442	90,325	6,562,194
West Virginia	46,523	294,690	106,982	5,074,839	60,459	4,180,149
Wisconsin	68,612	1,437,762	194,068	10,322,126	125,456	8,884,364
Wyoming	3,622	74,637	11,289	569,916	7,667	495,279

Mr. BYRD. The table shows that there have been substantial increases in the number of beneficiaries and the amount paid in benefits in the States. On a national basis, the number of beneficiaries has risen from 3 million in August 1950 to approximately 8 million, and expenditures for benefits have increased from $61.7 million to $411.6 million per month in the same period. It should be remembered that the number of beneficiaries and expenditures for old-age and survivors insurance will continue to rise as the system matures, and thus reduce the need for public assistance in all States.

Congress has intentionally broadened the contributory system of social insurance, in which workers share directly in meeting the cost of protection, as the most satisfactory way of preventing dependency. This has been the basic philosophy behind the social-security system since its beginning. It was reaffirmed at the time of the 1950 amendments, when the committee report said: "The function of assistance is to supplement insurance when necessary."

The Federal share of public assistance payments has been substantially increased through the years up to the present level. In 1946 the Congress increased the Federal share so that, on amounts up to the first $15 of each payment the Federal Government paid 66⅔ percent. In 1948 another increase set the Federal share at 75 percent of each payment. These two increases were labeled "temporary" by the Congress. Since then, the Federal share has been further increased, on a temporary basis, so that the Federal Government now pays 80 percent of the first $25 of each monthly payment.

The committee bill extends the present formula and rate until June 30, 1959. This is known as the McFarland amendment. This action is concurred in by the Department of Health, Education, and Welfare.

In view of the excessive costs of this amendment, and because the old-age and survivors insurance program will continue to pay benefits to more and more people as times goes on thus reducing the need for public assistane, this amendment, which was rejected by the committee, should be rejected.

Mr. KNOWLAND. Mr. President, I yield 10 minutes to the junior Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado [Mr. ALLOTT] is recognized for 10 minutes.

Mr. ALLOTT. Mr. President, a few moments ago, in colloquy with the Senator from Louisiana and the Senator from Minnesota—and I am sorry the Senator from Minnesota is not present on the floor—the Senator from Minnesota made a statement from a chart which was submitted here in contravention of the statement I had made that the payments in Colorado were now $100, or in excess of that, and quoted a figure of $81 and a fraction. What he apparently did not know, I am sure, is that the particular figure which he quoted is the average of insurance payments to individuals.

In Colorado the law is such that individuals may own their own homes. They also, when they go on old-age assistance, may have $750 in cash in the bank. They may own their own furniture, and certain other things. But when they go on old-age assistance, if they own their own homes, the reasonable rental value is deducted, so the payments are somewhat equalized. So the $81 represents not the maximum of what a person is entitled to receive, but represents the average payment after deductions have been made for rentals.

So again I reiterate the statement, and I shall be very glad to have it corrected in case I am wrong.

I have one or two remarks to make about the amendment of the Senator from Louisiana. I do not believe that any society suffers from being generous to its elderly citizens. They are our forebears. They struggled and they fought, and some of them tried to save, and some did, and some did not, and some were successful and made a place for themselves and a means of surviving their old age, and some did not. I have never said that any State—particularly my own State—suffered by taking a generous attitude toward its own people. That position is consistent with my own political philosophy for many years. I believe that every State has a right to prescribe its own criteria. But when it establishes its own criteria, and then when the payment of five-sixths of that is contributed by the Federal Government, it occurs to me that there should be some standardized criteria for participation in the Federal plan or program.

A few moments ago I referred to need as being the criterion. I particularly ask the Senator from Minnesota [Mr. HUMPHREY], who has returned to the floor, to consider this point. Section 1 of the Social Security Act, as amended, provides that—

> For the purpose of enabling each State to furnish financial assistance as far as practicable under the conditions in such State, to aged needy individuals—

The statement I made a few moments ago on the floor—and I repeat it now—is that the action of the Department of Health, Education, and Welfare is justified by the law; in other words, the Department of Health, Education, and Welfare is, under the law, questioning whether a State which pays over $100 to its citizens—and later I shall discuss further this particular phase of the matter, which I dealt with while the Senator from Minnesota was momentarily off the floor—is exceeding the need criterion.

Louisiana, I believe—I think I am correct in making the statement—has more than 60 percent of its men and women over age 65 on old-age assistance. That compares with an average for the country as a whole of 18 percent.

We began with this law in 1935, on a 50–50 sharing basis.

Mr. LONG. Mr. President, will the Senator from Colorado yield to me?

Mr. ALLOTT. I yield.

Mr. LONG. Of course the Senator from Colorado realizes, does he not, that in highly industrialized States, most of the workers are covered by social-security, whereas, on the other hand, in many

of the agricultural States, and particularly in quite a number of the Southern States, only a small percentage of the people are covered by the social-security system, and that situation also enters into the overall picture. In many States with low per capita income, the economy still suffers from the after effects of reconstruction days. In some of those States many people were born in poverty, and have very limited resources. Therefore more welfare assistance is needed, of course, in comparison with the amount of welfare assistance needed in the wealthy States.

In other words, certainly the Senator from Colorado realizes that all those factors enter into the situation and should be considered, does he not?

Mr. ALLOTT. Yes, I am well aware of that; and far be it for me to state that any State should not receive assistance. But I pointed out that we began on a 50–50 sharing basis, whereas at the present time the proposal is that it be changed so as to provide that the Federal Government shall contribute five-sixths of the first $30 a month in payments.

Mr. LONG. I am frank to state to the Senator from Colorado that, so far as Louisiana is concerned, Louisiana is interested in increasing the maximum the Federal Government will match. That is the part that most benefits Louisiana, because we are a relatively high-payment State; we are one of the twenty-odd States making payments over the $55 a month at which the Federal Government matching stops.

On the other hand, some States—such as Mississippi, Arkansas, Alabama, Georgia, and South Carolina—are making a great effort, but find great difficulty in doing so. It has proved to be extremely difficult to raise sufficient funds to provide even the $28.87 average payment that is made in Mississippi, for example.

It is the States with low per capita income and limited ability to raise funds for the education of their children and for the other essential State services, that are in great need of an increase in the matching Federal payments, so they can take care of the need which exists.

Mr. ALLOTT. I should like to point out that my State is a farming State.

Mr. LONG. But Colorado is not one of the low per capita income States.

Mr. ALLOTT. It is in the medium category.

The point I was about to make at this time is simply that the general effect of the amendment of the Senator from Louisiana is——

The PRESIDING OFFICER. The time yielded to the Senator from Colorado has expired.

Mr. KNOWLAND. Mr. President, I yield an additional 5 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for an additional 5 minutes.

Mr. ALLOTT. I thank the Senator from California.

Mr. President, the point I was about to make is that in the case of a State which has more than 60 percent of its men and women over age 65 on old-age assistance, as against a national average of 18 percent, the effect of having the Federal Government pay five-sixths of the first $30 of assistance is simply to put that State in a very favorable position, in comparison with other States.

It seems to me that if we are to have such a large Federal contribution made to this fund, we should make more certain that the qualifications and limitations on the part of those who are participating in the program are more uniform in character, because by means of the pending amendment we would be making the program into practically a Federal fund, but we would permit the States to set up the criteria. Under those circumstances, the State which sets up the most liberal criteria would receive the largest share of the Federal fund.

So, Mr. President, upon that basis I conceive this amendment not to work an equality as between the States, but, rather, further to unequalize any differences which may presently exist between the States. On that basis, Mr. President, I urge my colleagues to vote against the amendment of the Senator from Louisiana.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator from Colorado yield?

Mr. ALLOTT. I yield.

Mr. HUMPHREY of Minnesota. First of all, let me say I think there is considerable merit in the Senator's argument to the effect—as the facts bear him out—that the pending proposal and the progressive steps of change in the old-age contribution on the part of the Federal Government have made the old-age assistance payment program, up to the first $30 pretty much a Federal program.

Mr. ALLOTT. Yes.

Mr. HUMPHREY of Minnesota. I think the Senator is correct. After that, it becomes a 50–50 program, as between the States and the Federal Government. That is the present situation, is it not?

Mr. ALLOTT. I believe it is.

Mr. HUMPHREY of Minnesota. Let me say to the Senator from Colorado—so that I do not travel under false colors—that I see nothing wrong at all with the amendment of the Senator from Louisiana. Although the Senator from Colorado says the amendment will not work fairly as between all the States—and I think that on the basis of certain needs tests, which vary as between the respective States, the Senator from Colorado has a point there—yet I cannot bring myself to the conclusion that a citizen of Minnesota or a citizen of Colorado or a citizen of Louisiana is not also a citizen of the United States. If such a citizen is old, he is just as old and just as bad off if he is a citizen of one State, as if he is a citizen of another; age does not change, as between the various States.

I see nothing wrong with having the Federal Government pay the first $30. In the case of many programs, we have established certain basic minimums which the Federal Government pays; and in excess of those minimums, we rely on the States to take care of the responsibility.

Mr. ALLOTT. I would be happy, Mr. President, to yield further time to the Senator from Minnesota; but I myself have only a few minutes in which to speak.

I agree in part with what the Senator from Minnesota has said; I think that, essentially, he is trying, as I am, to get at the gist of this matter. After all, all people become aged; and when one is hungry, he is hungry; when one is old, he is old; when one is cold, he is cold; and it does not matter whether he lives in one State or in another. It does not matter who he is or what his color is, or what his religion is. But if one State has the privilege, under this formula, of greatly liberalizing its qualifications for the old-age pension, and it greatly liberalizes it, as Louisiana has done, that State takes an unfair and unjust portion of the moneys devoted by the Federal Government to this purpose, because it has liberalized its plans far beyond those of other States. If there were some uniformity it would not be so bad. Otherwise it works an injustice.

In conclusion, I have always thought, and have continuously maintained, that the laws of Colorado do not treat our aged people any too fairly. They need everything they get. I shall continue to feel that way. But I believe that if we are going to pile a greater burden on the Federal Government, there should be more uniformity in the qualifications for these pensions and the ability to draw them.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. HUMPHREY of Minnesota. I think the Senator from Colorado has a good point. My only reaction to the Senator's proposal is that, while we are still arguing about that particular problem, people who are in desperate need because of inadequate income go without the income. I happen to believe that citizenship in the United States is more important than citizenship in any State. That is a personal opinion. I am quite consistent, because I put the human right before the State right.

Mr. ALLOTT. The Senator is entirely correct, as I stated a few moments ago. If a person is cold, he is cold, and it does not matter who he is. But when these questions are being considered, and when this amendment is being proposed, I say that an amendment could have been drawn along the lines suggested by myself.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield.

Mr. LEHMAN. I have before me the Social Security Review. I merely wish to confirm certain figures which, as I interpert them, are authentic. I should like to have the statement of the distinguished Senator from Louisiana.

Am I correct in believing that, as of March 1956, the average payment for old-age assistance was $54.07?

Mr. LONG. The Senator is correct.

Mr. LEHMAN. Am I correct in believing that, as of March 1956, the aver-

age payment for aid to the blind was $58.48?

Mr. LONG. The Senator is correct.

Mr. LEHMAN. Am I correct in believing that, as of March 1956, the average payment for aid to the permanently and totally disabled was $56.53?

Mr. LONG. The Senator is correct.

Mr. LEHMAN. Finally, am I correct in believing that, as of March 1956, the average payment for general assistance per case was only $55.32?

Mr. LONG. The Senator is correct.

Mr. LEHMAN. New York State pays considerably more than the average. It does so entirely as a matter of free will, believing that its citizens should be at least reasonably well cared for when they become totally disabled or blind, or reach an age at which they no longer can work.

However, I am just as much interested in Louisiana, Colorado, and Mississippi as I am in New York State, because this country is one Nation, and not a combination of regional areas. The idea that our old people, our totally blind and our totally disabled, should receive such niggardly payments in any State as $55.32 shocks me. It seems evident that the very slight liberalization which is proposed by the distinguished Senator from Louisiana—and I am very proud to be a cosponsor of his amendment—is eminently fair, necessary, and easily defensible. I cannot understand why anyone should oppose.

I want the Senator from Louisiana and my other colleagues in the Senate to know that I am strongly in favor of the amendment. I think if we do less than it proposes to do, we shall fail in our duty to the American public.

Mr. LONG. I thank the Senator from New York.

Mr. President, I should like to refer to some of the statements which have been made in the debate. The suggestion has been made that the States are not putting up a fair share. The latest figures I have show that for the full year 1954 the States put up, roughly, $700 million in this program. The Federal Government put up, roughly, $900 million. So the State contribution approached 50 percent. As a matter of fact, it was about 44 percent, while the Federal contribution was about 56 percent.

It is true that there is a disparity in the case of the low-income States, because there is a $20 matching against the first $5, and I am proposing that it be $25 of Federal money against the first $5.

I have prepared a memorandum showing why the States with low payments need the additional $5. That is where the greatest need exists. Those States have the greatest difficulty in caring for their people who are needy, and who receive welfare payments. I ask unanimous consent that the statement be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

States with low average public-assistance payments severely need an additional $5 per month for individual payments. These are States with low per capita incomes, comparatively small revenues, and low coverage under old-age and survivors insurance.

The 10 low-payment States under the old-age assistance program are: West Virginia, Mississippi, Virginia, North Carolina, Alabama, South Carolina, Arkansas, Tennessee, Kentucky, and Georgia. Their obvious need for additional help in providing for their needy should be apparent from the following comparisons:

	10 low-payment States	United States
Per capita income, 1954, as percent of national average	65.4	100.0
Average old-age assistance payment, November 1955	$32.40	$53.56
Percent of persons 65 and over under OASI	29.0	39.7
Percent of population	18.8	100.0
Percent of tax burden [1]	9.6	100.0
Percent of benefits under Long-George amendment	19.0	100.0

[1] As estimated by Council of State Chambers of Commerce.

Mr. LONG. Those opposing this amendment, not being content with arguing that the low-income States should not receive additional assistance, then turn around and say that the high-income States should not receive additional assistance.

As a matter of fact, they are wrong on both points. The fact is that the high-income States make very disproportionate contributions to the support of the general purposes of government. They have advanced the payments to aid recipients well beyond the point where the Federal Government will match the contributions. They feel that the fact that they make a high contribution to the general purposes of Government entitles them to expect that this amendment would also benefit them, which it would not do unless we advance the point at which the Federal matching payment ends.

Let us consider the 10 highest payment States, namely, Colorado, Connecticut, New York, Massachusetts, Washington, California, New Jersey, Minnesota, Kansas, and Oregon. Those States have 30 percent of the population. They pay 38.9 percent of the taxes, and would receive 33.3 percent of the benefit of the amendment.

Now let us consider the 10 low-payment States, namely, West Virginia, Mississippi, Arkansas, Alabama, North Carolina, South Carolina, Georgia, Kentucky, Tennessee, and Virginia. Those 10 low-payment States have 18.8 percent of the population. They pay 9.6 percent of the tax burden, and they would receive 19 percent of the benefits of this amendment.

Based upon those figures, Senators will see that the high-payment States are certainly entitled to expect that they would receive additional matching funds when they go beyond the point where the Federal Government would match.

I ask unanimous consent that the memorandum to which I have referred be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

10 high-payment States and 10 low-payment States—Comparison of population, share of tax burden, share of benefits under proposed amendment

Group	Percent of United States population	Percent of Federal tax burden	Percent of benefit under proposed amendment
10 high-payment States (OAA). (Colorado, Connecticut, New York, Massachusetts, Washington, California, New Jersey, Minnesota, Kansas, Oregon)	30.4	38.9	33.3
10 low-payment States (OAA) (West Virginia, Mississippi, Arkansas, Alabama, North Carolina, South Carolina, Georgia, Kentucky, Tennessee, Virginia)	18.8	9.6	19.0

Mr. THYE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. THYE. I am not a cosponsor of this amendment, but there is no question that many aged persons who are not today qualified to receive old-age compensation or welfare payments have only this kind of income on which to exist. With the increased cost of living, we can all understand the difficulties of an aged couple. They are hard pressed to exist. As the years go on, the Social Security Act will cover all aged persons. For that reason, I respectfully suggest to the committee and the chairman that they accept the amendment. I believe the amendment is proper.

Mr. LONG. I am pleased to have the remarks of the distinguished senior Senator from Minnesota, a former governor of that great State. That State would have 54,000 people who would benefit from the amendment. Minnesota is one of the liberal States. It pays an average of $70.13 for the needy people of whom I am speaking. Its payment would be increased by $7.50, in view of the fact that it pays more than the $55 minimum at the present time.

Mr. THYE. If Senators could visualize what it is like for a couple to exist on $108 or $110 a month in these days, if they could place themselves in that position, it would not require very long for them to decide to vote for the pending amendment.

Mr. LONG. The Senate has seen fit in this Congress to increase Federal pay by $1,200,000,000. That is six times as much as is received by needy people in this country. If Senators can increase their pay, and if we can do what we have done for others, including a $350 million Federal contribution to the survivor and retirement benefit bills, it does seem to me it is in order for us to provide more liberally for the needy of the Nation.

Mr. JOHNSON of Texas. Mr. President, on the question of agreeing to the so-called Long amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, I should like to ask the distinguished Senator from Virginia a question. What has been the percentage increase in the cost of living since the last increase under this statute?

Mr. BYRD. The last increase was made in 1952. I do not have the exact figures, but we were advised in committee that the increase in 1952 was sufficient to take care of the increase in the cost of living at this time.

Mr. KNOWLAND. I was going to say that the point the Senator has made is perfectly sound, namely, that the general trend of the amendment is wrong, not in that it would increase the amount of the payment, but in that it would increase the ratio of the Federal Government's contribution.

Therefore the States would proportionately put up more. In most of these projects on which the States have matched the Federal contribution, we have tried to keep the formula on a 50–50 matching basis, or at least on some reasonable proportion. Under the amendment of the Senator from Louisiana, as I understand, for every $6 paid, the Federal Government would put up $5. Is that correct?

Mr. BYRD. That is correct. It would put up 80 percent of the first $25.

Mr. KNOWLAND. I should like to ask the distinguished Senator from Virginia, from a parliamentary point of view, if the amendment should be adopted and the bill taken to conference, what would be the latitude of the conferees in making some adjustment of the proposed figure.

Mr. BYRD. The House bill did not include any amendment of this kind at all. There would be in conference the difference between the Long amendment, if it should be adopted, and nothing in the House bill along that line. The House did not include an amendment of this kind. There is nothing in the House bill relating to this subject. This is an amendment which does not deal with social security, but which it is proposed to place in a social-security bill.

Mr. LONG. The committee itself had a half dozen amendments relating to the welfare program in the bill. If the committee can adopt it own amendments, making improvements in the welfare program, I see no reason why we cannot offer such amendments on the floor.

Mr. BYRD. I merely said that the House bill did not contain such an amendment. All the House amendments related to social security.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Capehart	Ervin
Allott	Carlson	Flanders
Anderson	Case, N. J.	Frear
Barrett	Clements	Fulbright
Beall	Cotton	Gore
Bender	Curtis	Green
Bennett	Dirksen	Hayden
Bible	Douglas	Hennings
Bricker	Duff	Hickenlooper
Bush	Dworshak	Hill
Butler	Eastland	Holland
Byrd	Ellender	Hruska
Humphrey, Minn.	Magnuson	Robertson
Humphreys, Ky.	Malone	Russell
Ives	Mansfield	Saltonstall
Jackson	Martin, Iowa	Schoeppel
Jenner	Martin, Pa.	Scott
Johnson, Tex.	McCarthy	Smathers
Johnston, S. C.	McClellan	Smith, Maine
Kennedy	McNamara	Smith, N. J.
Kerr	Monroney	Sparkman
Knowland	Morse	Symington
Kuchel	Murray	Thye
Laird	Neely	Watkins
Langer	Neuberger	Welker
Lehman	O'Mahoney	Williams
Long	Pastore	Wofford
	Payne	
	Purtell	

The PRESIDING OFFICER. A quorum is present.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. KNOWLAND. There is no additional time desired on this side. I am prepared to yield back the remaining time in opposition.

Mr. LONG. I yield back my remaining time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Louisiana [Mr. LONG] for himself and other Senators. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announced that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

The Senator from Georgia [Mr. GEORGE] is paired with the Senator from Colorado [Mr. MILLIKIN]. If present and voting the Senator from Georgia would vote "yea" and the Senator from Colorado would vote "nay."

I further announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Mississippi [Mr. STENNIS], if present and voting, would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Colorado [Mr. MILLIKIN] is necessarily absent.

The Senators from South Dakota [Mr. MUNDT and Mr. CASE] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Arizona [Mr. GOLDWATER], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

If present and voting the Senator from Arizona [Mr. GOLDWATER] and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

On this vote, the Senator from Colorado [Mr. MILLIKIN] is paired with the Senator from Georgia [Mr. GEORGE]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Georgia would vote "yea."

The result was announced—yeas 62, nays 21, as follows:

YEAS—62

Aiken	Hill	McNamara
Anderson	Holland	Monroney
Barrett	Humphrey, Minn.	Morse
Beall	Humphreys, Ky.	Murray
Bender	Ives	Neely
Bible	Jackson	Neuberger
Bush	Johnson, Tex.	O'Mahoney
Butler	Johnston, S. C.	Pastore
Capehart	Kennedy	Payne
Clements	Kerr	Purtell
Cotton	Kuchel	Russell
Douglas	Laird	Schoeppel
Duff	Langer	Scott
Dworshak	Lehman	Smathers
Eastland	Long	Smith, Maine
Ellender	Magnuson	Sparkman
Ervin	Malone	Symington
Fulbright	Mansfield	Thye
Gore	McCarthy	Welker
Green	McClellan	Wofford
Hayden		
Hennings		

NAYS—21

Allott	Dirksen	Martin, Iowa
Bennett	Flanders	Martin, Pa.
Bricker	Frear	Robertson
Byrd	Hickenlooper	Saltonstall
Carlson	Hruska	Smith, N. J.
Case, N. J.	Jenner	Watkins
Curtis	Knowland	Williams

NOT VOTING—13

Bridges	Goldwater	Stennis
Case, S. Dak.	Kefauver	Wiley
Chavez	Millikin	Young
Daniel	Mundt	
George	Potter	

So the amendment offered by Mr. LONG, for himself and other Senators, as modified, was agreed to.

The amendment, as modified and agreed to, is as follows:

PART V—AMENDMENTS TO MATCHING FORMULAS

Amendments to matching formula for old-age assistance

SEC. 341. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i); and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

(b) Section 3 of such act is amended by adding at the end thereof the following new subsection:

"(c) (1) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"(A) (i) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribed, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(ii) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955, or

"(B) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for old-age assistance under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for old-age assistance which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

"(2) A State which has qualified under paragraph (1) of this subsection to receive the amount provided by the formula contained in subsection (a) (1) (A) for not less than four consecutive quarters shall be qualified to receive such amount for all subsequent quarters."

Amendments to matching formula for aid to the blind

SEC. 342. (a) Section 1003 (a) of the Social Security Act, as amended by section 312 (c) of this act, is amended to read as follows:

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for the recipients of aid to the blind to help them attain self-support or self-care."

(b) Section 1003 of such act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"(1) (A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing Januanry 1, 1955; or

"(2) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for aid to the blind under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for aid to the blind which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

Amendments to matching formula for aid to the permanently and totally disabled

SEC. 343. (a) Section 1403 (a) of the Social Security Act, as amended by section 313 (c) of this act, is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such months; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts extended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to help them attain self-support or self-care."

(b) Section 1403 of such act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"(1) (A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate

stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; or

"(2) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for aid to the permanently and totally disabled under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for aid to the permanently and totally disabled which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

Temporary extension of 1952 matching formula with respect to dependent children

SEC. 344. Section 8 (e) of the Social Security Act Amendments of 1952 (66 Stat. 767, 780), as amended, is amended to read as follows:

"(e) The amendments made by subsection (a), (c), and (d) of this section shall be effective for the period beginning October 1, 1952, and ending with the close of September 30, 1956, and the amendment made by subsection (b) shall be effective for the period beginning October 1, 1952, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this act had not been enacted."

Effective date

SEC. 345. The amendments made by this part shall become effective October 1, 1956.

Mr. SMATHERS subsequently said: Mr. President, I ask unanimous consent that immediately following the vote on the so-called Long amendment there may be printed in the RECORD a statement I have prepared concerning the liberalization of the Federal public assistance matching formula.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SMATHERS

I support the amendment offered by my distinguished colleague, the junior Senator from Louisiana [Mr. LONG], to the pending bill, which will enable States to increase their public assistance payments to the aged, the blind, and the disabled people of our country who are in need because they have been the special victims of adversity. During the last 6 years, beginning with the 1950 amendments to the Social Security Act, the Congress has acted three times to strengthened the contributory old-age and survivors insurance system.

I am aware of the fact that 9 out of 10 American families now enjoy the protection provided by our social-security system. But I am also profoundly aware of the fact that we have taken no action at the Federal level to further relieve the tremendous problems of poverty of our needy aged, the needy blind, and the needy disabled since 1952. The amendment now before us provides an opportunity to act at once on their behalf.

Under the existing formula, the Federal Government pays four-fifths of the first $25 of each individual payment up to a maximum of $55 per month. By adopting the amendment of the junior Senator from Louisiana, and of which I am one of the cosponsors, we can increase the Federal share of each monthly payment for old-age assistance, aid to the blind, and aid to the permanently and totally disabled by from $5 to $7 per month. This would be accomplished by increasing the Federal share from four-fifths of the first $25 to five-sixths of the first $30 of each individual payment, and increasing the maximum for Federal matching from $55 to $65 per month. To insure that this increase in Federal payments to the States goes directly to people in need, the amendment carries a provision aimed at assuring that the States will spend the increased Federal funds for increasing payments to recipients.

It must be remembered that we are here concerned with over 2.9 million of the least fortunate of our people—those who have suffered the kind of misfortune which has deprived them of most of their assets and made it necessary for them to seek help.

They are people who were widowed or whose work life was ended too soon to benefit from the old-age and survivors insurance program.

They are people whose needs are not adequately met by their social-security benefits either because they are close to the minimum benefit or $30 or because they have such special needs as medical or nursing care.

They are people who are in need because of catastrophic illness or the loss of a farm or a job.

They are people who are badly handicapped requiring a helping hand and specialized care.

Under the existing programs which would be affected by this amendment, the national average payment for the needy aged receiving old-age assistance is only $54 per month. The national average for payments under the program for the needy blind is only $58 per month. For the needy disabled, the national average is just $56 per month. These pitifully small amounts—so inconsistent with our present prosperity—make it imperative that we take action on their behalf during this session of the Congress. Surely we cannot, in good conscience, fail to provide the increases provided by this amendment in Federal participation on behalf of these 2.9 million Americans who are faced with insurmountable problems in maintaining a semblance of a decent standard of living.

The public-assistance programs are, as we know, a vital part of our whole social-security system. They were incorporated into the original Social Security Act in 1935, to insure that the welfare of the needy be taken into consideration on an equal basis with the welfare of those who could qualify for old-age and survivors insurance benefits. Whatever long-range social remedies we may have, the public-assistance programs are now, and will continue to be, the source to which any American can turn when all other sources of help have proved inadequate to meet his need. They are our means of insuring that no one in this country need go hungry or lack a helping hand when all other resources have been exhausted. At the same time, our public-assistance programs have been designed to bolster and supplement assistance from the family, the church, private organizations, and the community, so that they can better perform their own functions.

Most of us remember that, on March 4, 1933, America was without any national provision to protect its aged or disabled against the unavoidable hazards of life in this modern machine age. We were without any means whereby the purchasing power of these people could be maintained in the face of advancing age. It is true that, prior to the passage of the Social Security Act in 1935, there had been some action in some States on behalf of the aged. Usually, however, the amount of aid was limited, and eligibility requirements were restricted as to residence and other requirements. But many States and communities had no organized program for meeting this problem.

The original public-assistance programs, under the Social Security Act, provided Federal matching grants on a 50–50 basis for States which would establish assistance programs for the aged, the blind, and dependent children. Within a few years all States had established such plans, and public-assistance programs were in operation throughout the Nation. Then, as now, the State had the major responsibility for determining how the program would be organized and administered, what circumstances would constitute need, who would be eligible for payments, and the amounts which would be paid to meet that need.

These programs were designed to provide Federal funds to help finance more adequate public-welfare programs, and to encourage the expansion of such programs to all States, but to leave considerable authority with the States so that their programs could be built to meet their own particular requirements.

For the first decade of their existence, the public-assistance plans used the 50–50 Federal matching formula contained in the original law in grants to the States. Beginning in 1946, however, an increase in the Federal share was provided at the base of the average monthly payment, with the major purpose of aiding low-income States to be able to increase the amount of their payments to needy people. Under this 1946 formula, the Federal Government increased its share of the base of each individual payment by providing two-thirds of the first $15 and half of the rest up to a maximum of $45. The change was made because experience had shown that States with the largest resources had been able to attract a disproportionate share of Federal funds. It also reflected the fact that those States with the least ability to raise State money to match Federal grants usually had a greater degree of need.

When it was clear that this method of matching State funds was workable and was resulting in increases in the average monthly payments, the Federal share was further increased in 1948 to pay three-fourths of the first $20 of each average payment plus half of the balance up to $50. By 1952, when the increase in the cost of living had seriously decreased the purchasing power of the pitifully small public assistance payments, Congress acted again to increase the Federal share, this time to four-fifths of the first $25 plus half of the rest up to a maximum of $55.

During the 10-year period since 1946, we have had ample opportunity to observe how a formula, weighted in its Federal money at the lower end of the amount of the individual payment, can pay more proportionately to States with the lowest average payments. We have acted to increase the Federal share from time to time because we know that States with low average grants cannot, as a rule, afford to match Federal money to the same degree as can higher-income States.

At a time when the cost of living has reached new heights, thereby increasing distress for the most needy among us, it is time to further liberalize this formula by increasing the Federal share in the manner outlined in this amendment. Moreover, it is time to provide this new formula on a permanent ba-

sis, as does the amendment, instead of continuing the practice since 1952 of making temporary increases which would revert to a lower figure without action by Congress to extend the temporary formula.

Figures just released by the Bureau of Labor Statistics show that the Nation's living costs soared last month (May) upward to match the alltime high set in October 1953, due largely to a substantial increase in food costs. During the single month of May the cost of food climbed 1.3 percent and rents increased an unusual 0.4 percent. Clothing was the only major item to stay unchanged. As a result the Consumer Price Index for the month rose to 115.4 percent of the 1947–49 average.

Under these conditions, I find it hard to understand why the Secretary of the Department of Health, Education, and Welfare is opposed to any increase in the Federal share and has, indeed, recommended that it be further reduced by providing for matching on a straight 50–50 basis for those people on public assistance who are receiving a small benefit from the old-age insurance plan. This is no time to save a small amount of money at the expense of our neediest people. For we know that increases in the cost of food and of shelter create the greatest hardship for people with the lowest income—namely, the men and women whose dire need has been demonstrated before they could qualify for public assistance.

We must bear in mind the fact that our public assistance programs are largely concerned with the aged people in our country. We must remember the unique role which Americans in this age group have played in the dynamic development which has taken place in this country during the past half-century. These are people who were the pioneers in a period of our history which started with gaslights and the horse and buggy and has evolved in so brief a span to the jet-propelled, automatized age in which we now live.

During this time they have learned new ways of working and living. They have met and mastered the new machines and the new methods in this age of unfolding wonders. They have seen good times and bad times. It must be said—and said often, that the older citizens in our country who would benefit from this amendment are the deserving veterans of one of the most difficult and dynamic periods of our history. I believe we have not fully realized this fact. And one evidence of this lack of understanding is the inadequate old-age assistance payments now available to most of them.

Today, as our improved social insurance provisions are being revised and improved, it is equally important that our public assistance plans be improved to meet more adequately the special needs of all who are still excluded from the general national prosperity. It is essential that we strengthen these programs which were established to make sure that no individuals should be deprived of their right to share in the American well-being and to find some means of meeting the most basic needs. I sincerely trust that the Senate will unanimously adopt the amendment.

Mr. JOHNSON of Texas. Mr. President, for the information of the Senate, I wish to announce that there will be no further yea-and-nay votes this evening, so far as I can control the situation.

The Senate will convene at 10 o'clock tomorrow morning. There will be 2 or 3 speeches which will not be connected with the social security bill.

I am informed, and I hope, that by 11 o'clock tomorrow morning it will be possible to enter into another unanimous-consent agreement to vote on the next amendment. But I may say for the information of Senators that although some statements will be made this evening, it is not planned to have any more yea-and-nay votes tonight.

Mr. MORSE. Mr. President, I desire to make a brief statement in support of an amendment which I should like to have printed tonight. I am offering the amendment in behalf of myself and my colleague, the junior Senator from Oregon [Mr. NEUBERGER].

In response to a request from many firemen and policemen's groups in Oregon, I ask that the pending social security bill, H. R. 7225, be amended to enable these city employees in Oregon cities to enjoy social security coverage. In previous legislation, Congress has made it possible for the employees of State and city governments to accept the Federal old-age insurance program as an alternative to their own retirement systems. But firemen and policemen have specifically been exempted at their own request from exercising that option. For many years, they have felt that their retirement systems were superior to OASI and that they ran the risk of losing more than they would gain from coverage under the national program. Therefore, Congress has exempted all policemen and firemen from any social security coverage.

Now, however, the policemen and firemen in many States are asking to be relieved from the exemption. The League of Oregon Cities, the Oregon Fire Chiefs' Association, the Oregon Association of City Police Officers, and the fire departments of several Oregon communities have expressed to me their desire to have a provision applying to our State included in the bill. Because these local organizations have themselves asked to be included with the policemen and firemen of several other States in being given a choice between social security and their local retirement programs, I feel that there would be no objection to the amendment on the part of other Members of the Senate. I wish to point out, too, that the provision of law which I seek to amend calls for local option on this question. The firemen in Portland, Oreg., have expressed their desire to remain under their own retirement system and they will be able to do so under my amendment. The policemen and firemen in each municipality will decide the matter for themselves.

Had the interest of these groups in being covered come to my attention sooner, I would have presented this amendment in time for the Senate Finance Committee to review it during its deliberations on H. R. 7225. However, I offer it now with the request and the hope that the Finance Committee will accept it as an amendment to its own amendment giving a similar option to these local employees in North Carolina, South Carolina, and South Dakota.

By referring to page 34 of the bill, lines 4 and 7, it will be found that what the amendment really does is simply to add Oregon to the list of States already included in those lines—namely, North Carolina, South Carolina, and South Dakota.

I spoke this afternoon to the chairman of the committee, the Senator from Virginia [Mr. BYRD]; and at the appropriate time tomorrow I shall offer the amendment. As I understand, the Senator from Virginia has no objection to taking the amendment to conference, because all it does is to add Oregon to the list of the States already included in the bill.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a number of communications I have received from many affected organizations which support the amendment which the junior Senator from Oregon and I are offering.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., *June 21, 1956.*

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Request that you intercede and have removed H. R. 7225, page 34, that portion of which allows for the inclusion of social-security benefits to firemen and policemen. The effect of such legislation would seriously hamper and endanger hard-won pension laws covering these men all over the United States.

E. J. WHELAN,
Secretary, Portland Fire Fighters Association.

SALEM, OREG., *June 28, 1956.*

Hon. WAYNE MORSE,
United States Senator,
Capitol Building, Washington, D. C.

DEAR SENATOR: The members of Salem Fire Fighters Association, Local 314, respectfully urge your support in amending H. R. 7225, section 218, paragraph (p), line 8, to include Oregon in the provisions contained in the resolution.

Very truly yours,
ROBERT NORTON,
Secretary, Local 314, Fire Fighters.

STATE OF OREGON,
PUBLIC EMPLOYEES RETIREMENT BOARD,
FEDERAL OLD-AGE AND
SURVIVORS INSURANCE DIVISION,
Portland, July 2, 1956.

ELIZABETH B. SPRINGER,
Chief Clerk, United States Senate,
Committee on Finance,
Washington, D. C.

DEAR MADAM: Thank you for your letter of June 28, 1956.

In the State of Oregon there are policemen in certain cities who are frozen under the State system and not eligible for social security, although the remainder of the employees in the system, including some policemen and firemen, have social security. This was brought about by some of the employees withdrawing from the State program and entering the Federal program while others remained in the State program, this action prior to the referendum amendment of 1955.

The situation of a portion of the employees having one program and a portion having another has caused a great deal of discontent in the State. The State legislature in its enabling legislation expressed legislative intent by stating that public employees should be covered under the Old-Age and Survivors Insurance coverage, "on as broad a basis as was permitted by Federal law."

It is the earnest desire of the State of Oregon that all public employees be given the right to vote in the referendum as to whether or not they shall be covered by social security, and we do request that the State of Oregon be granted the same privileges as H. R. 7225 offers to the States of

South Dakota, North Carolina, and South Carolina.

Sincerely,

MAX M. MANCHESTER,
Executive Secretary.

CITY OF ROSEBURG,
OFFICE OF THE CITY FIRE DEPARTMENT,
Roseburg, Oreg., June 27, 1956.

Senator WAYNE MORSE,
Washington, D. C.

DEAR SIR: There are several cities in the State of Oregon where police and firemen are not on social security. The Oregon State Fire Chief's Association believes that these cities should be entitled to these benefits; therefore, we would like you to consider amending H. R. 7225, section 218, paragraph (p), line 8, page 34, to include the State of Oregon.

Respectfully,

WILLIAM E. MILLS,
Oregon State Fire Chief's Association.

OREGON FIRE CHIEF'S ASSOCIATION,
June 27, 1956.

Hon. WAYNE MORSE,
United States Senator,
Capitol Building,
Washington, D. C.

DEAR SENATOR: In support of the many communications that you have received requesting your support in amending H. R. 7225, relating to social-security legislation, the Oregon Fire Chief's Association strongly urges your serious consideration of this request.

As you may know, social-security benefits have been denied to many of our fire and police departments of the State—a condition which tends to decrease the efficiency of our protective agencies when the employees and their families are not adequately covered by retirement or survivors insurance protection.

Therefore, in conclusion, may we urge you to have section 218, paragraph (p), line 8, of H. R. 7225, amended to include Oregon in the provisions contained in the resolution.

Very truly yours,

E. L. SMITH,
Secretary, Oregon Fire Chief's Association; Chief, Salem Fire Department.

THE CITY OF BAKER FIRE DEPARTMENT,
Baker, Oreg., June 27, 1956.

Hon. WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR MORSE: It has just been brought to my attention that H. R. 7225 excludes the State of Oregon.

I would personally appreciate your cooperation in supporting an amendment to section 218, line 8, subsection (p), to include Oregon. A number of fire and police departments in this State are not enjoying the benefits to be derived under the terms of this bill, and it would therefore be of considerable advantage to them to be included.

With sincere good wishes for your continued success,

Very truly yours,

H. B. DAMON,
Chief.

Amendment proposed by Mr. MORSE to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, viz:

On page 34, line 3, immediately after "North Carolina", insert "Oregon,".

On page 34, line 7, immediately after "North Carolina", insert "Oregon,".

Mr. NEUBERGER. Mr. President, I desire to join my colleague, the distinguished senior Senator from Oregon [Mr. MORSE], in his request that the pending social security bill, H. R. 7225, be amended to enable city employees in cities of Oregon to enjoy social security coverage when they prefer it as an alternative to their own retirement systems. When I say city employees, I refer particularly to firemen and policemen.

It was only a few days ago when I first heard from representatives speaking for policemen and firemen in the State of Oregon. As the senior Senator from Oregon has pointed out, at the time I first heard from these representatives of Oregon policemen and firemen, the Senate Finance Committee had already considered the amendment to H. R. 7225 which would give policemen and firemen in North Carolina, South Carolina, and South Dakota an option as to accepting Federal old age insurance as an alternative to their own retirement systems. In a series of telephone calls to my office, I was urged to join with Senator MORSE in offering an amendment that would add Oregon to the three States named in the Senate Finance Committee amendment. These telephone calls, Mr. President, were followed by supporting telegrams and letters for which I shall ask unanimous consent to have inserted in the RECORD immediately following my present remarks.

To indicate how wide is the support favoring this amendment is the fact that support has come from the chairman of the legislative committee of the Oregon Association of Chiefs of Police, from the executive secretary of the League of Oregon Cities, from the president of the Oregon Association of City Police and from many others. Several city officials and local police officers have sent letters and wires which the senior Senator from Oregon [Mr. MORSE] and I are including in the RECORD as further evidence.

Mr. President, the amendment would in no way force firemen or policemen to accept social security coverage if they prefer to retain the system under which they are presently covered. It would, however, provide some element of security for policemen and firemen in Oregon cities who are of an age to be seriously concerned about their retirement—a retirement in a considerable number of cases not many years away.

I emphasize again what the senior Senator from Oregon has said about the firemen in Portland, Oreg. They have their own retirement system, and it is their indicated desire to remain under that system. I have been told they do not object to this amendment so long as it is only permissive. The amendment will in no way jeopardize the system under which they are covered. As has been previously stated, the policemen and firemen in each municipality may decide this matter for themselves. It is with this clearly understood that I urge that our amendment be accepted.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD several representative messages which I have received from organizations endorsing this measure.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

EUGENE, OREG., *June 28, 1956.*

Hon. RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.:

We are interested in amendment of H. R. 7225 to include Oregon under subsection (p) of section 218 of Social Security Act. This amendment important to many Oregon police officers.

Chief VERN L. HILL,
Chairman, Legislative Committee, Oregon Association of Chiefs of Police.

KLAMATH FALLS, OREG., *June 27, 1956.*

Hon. RICHARD L. NEUBERGER,
Senate Chambers,
Washington, D. C.:

Urge support amendment H. R. 7225 subsection (p) of section 218 to include Oregon coverage under social security and State retirement.

Respectfully,

FRANK A. BLACKMER,
Police Judge.

GRANTS PASS, OREG., *June 27, 1956.*

Hon. RICHARD L. NEUBERGER,
Washington, D. C.:

Regarding bill H. R. 7225 concerning amendment to include Oregon under subsection (p) of section 218 of the Social Security Act: the Oregon Association of City Police Officers with representatives in 82 cities and over 500 members has passed a resolution to support aforementioned amendment to the bill to include Oregon.

Respectfully,

WILLIAM E. SCHOFNLEBER,
President, Oregon Association of City Police.

SALEM, OREG., *June 27, 1956.*

Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.:

Would like to see H. R. 7225 amended so that Oregon will be included with the Carolinas and South Dakota on line 8, page 34 of bill. Some of the Salem police and fire officers cannot have social-security coverage unless this amendment is made.

ROBERT WHITE, *Mayor,*
CHRIS KOWITZ, *City Attorney.*

MEDFORD, OREG., *June 27, 1956.*

RICHARD NEUBERGER,
United States Senate,
Washington, D. C.:

With reference to H. R. 7225 and proposed amendments thereto with particular reference section 218, subsection (p), I feel that Oregon should be included.

CHARLES P. CHAMPLIN,
President, Oregon Association of Chiefs of Police.

ASTORIA, OREG., *June 27, 1956.*

Senator RICHARD NEUBERGER,
Senate Office Building,
Washington, D. C.:

Am vitally interested in making social security available to police and firemen in the State of Oregon who are presently under limited State retirement program.

Respectfully,

CASPER M. LEDING,
Chief of Police, Astoria, Oreg.

BAKER, OREG., *June 27, 1956.*
Senator RICHARD NEUBERGER,
United States Senate,
Washington, D. C.:

Baker Police Department favors amending H. R. 7225 to include Oregon under subsection (p) of section 218 of the Social Security Act.

CLIFFORD G. MURRAY,
Chief of Police.

LEAGUE OF OREGON CITIES,
Eugene, June 26, 1956.
Senator RICHARD L. NEUBERGER,
Senate Office Building,
Washington, D. C.

DEAR DICK: I tried to reach you by telephone this morning and finally talked to your assistant, John Jones. If it is not too late we would like your assistance in a matter of interest to a group of police officers that are now excluded from social security coverage by a technicality. Specifically, we are asking that you make an effort to include Oregon along with the States of North and South Carolina and South Dakota in the amendment to subsection (p) of section 218, H. R. 225, when this bill comes on the floor for action.

I am extremely sorry that we were not aware earlier of the possibility of correcting an injustice to certain Oregon police officers and firemen through this bill. I realize that we are approaching you very late in the game, but I assume that there would be no objection from anyone to including Oregon in this subsection, and hope that it will be possible for you to obtain the consent of the Senate to making this amendment from the floor.

I am asking your personal assistance with reference to this matter because of your familiarity with the circumstances as a member of the 1951 Oregon Senate. You will recall that at that session the Oregon Legislature suspended the public employee's retirement system for a day while it brought the public employees of Oregon under social security and immediately afterward reenacted the public employee's retirement system. Under the Oregon act, cities and their employees were given some choice as to the type of coverage to be used. Several Oregon cities that had been members of the public employees' retirement system withdrew from the State program and adopted OASI coverage for their employees. However, because of age and prior service credit some employees in each of these cities remained as members of the public employee's retirement system. Some of these employees were brought under social security when PERS and OASI were integrated, but due to a clause in the Federal act, police officers and firemen who had remained in PERS in those cities which had withdrawn from PERS were not allowed to receive OASI benefits under the integrated system. Furthermore, the PERS benefits to these employees are at a reduced rate. These employees naturally feel that they are the victims of certain technicalities resulting from the integration of the two systems and that their retirement benefits will be very inadequate in view of increased living costs and also when compared with the benefits of fellow municipal employees who are either under the social security program or the integrated PERS–OASI program.

Our office is quite familiar with the situation in police departments throughout the State because of our work with the Oregon Association of City Police Officers and the Oregon Association of Chiefs of Police. I served as executive secretary of the Oregon Association of City Police Officers until 2 years ago when this post was transferred to Robert E. Moulton, of the bureau of municipal research and service staff. Various police officers have appealed to this office repeatedly for help in correcting this inequity and the matter has been discussed at the meetings of these two associations and at meetings of the League of Oregon Cities. There are about 30 policemen in the cities of Salem, Astoria, Klamath Falls, Baker, and Grants Pass that were adversely affected in this way by the integration. There would be slightly more firemen affected in these same cities. When this amendment was called to our attention by the American Municipal Association last week, Mr. Moulton conferred with members of the executive committee of the Oregon Association of City Police Officers and also with some of the officers of the police chiefs group. Both groups desire to correct the present inequity by adding Oregon to the States listed under subsection (p).

I am sending a carbon copy of this letter to Senator MORSE for his information and in hopes that he may be of assistance to you in obtaining the action necessary to make this amendment on the floor of the Senate or possibly for committee acceptance. Since the time is short I am sending a copy also to each Member of the House of Representatives in order that we may have their assistance in retaining the amendment in conference committee. I telephoned the American Municipal Association this morning and Mr. Healey or Mr. Hillenbrand has, no doubt, been in touch with your office by now to offer any information or assistance that AMA may be able to provide.

I realize that this request comes to you at a very late date but if it is possible for you to obtain the suggested amendment I know that this will be very much appreciated by the men who are now excluded from OASI coverage as a result of the Federal exclusion.

With greetings to Maurine and yourself,
Sincerely yours,

HERMAN KEHRLI,
Executive Secretary.

JUNE 28, 1956.
Mr. MAX M. MANCHESTER,
Executive Secretary, Public Employees' Retirement Board, Portland, Oreg.

DEAR MR. MANCHESTER: Mr. Alvin M. David, Assistant Director of the Bureau of Old-Age and Survivors Insurance of the Social Security Administration, has forwarded to the committee your telegram of June 21 and a copy of his reply of June 25 relative to OASI coverage of policemen and firemen in the State of Oregon.

The committee did not interpret your telegram of May 7 as a specific request for the removal of the exclusion of firemen and policemen in your State. It read: "Would prefer such amendment to cover all employees including policemen and firemen and to include police and fire positions now frozen." If your State so desires an amendment could be proposed on the floor of the Senate to include the State of Oregon in the amendment which would permit the States of South Dakota, North Carolina, and South Carolina to enter into an agreement for the coverage of policemen and firemen in their States providing they indicate their desire to be covered by referendum vote.

It does not appear likely that the social-security bill will come up for Senate debate until after the July 4 holiday, but your reply as soon as possible will be greatly appreciated.

Sincerely,

ELIZABETH B. SPRINGER,
Chief Clerk.

STATE OF OREGON,
PUBLIC EMPLOYEES RETIREMENT BOARD,
FEDERAL OLD-AGE AND SURVIVORS INSURANCE DIVISION,
Portland, July 2, 1956.
ELIZABETH B. SPRINGER,
Chief Clerk, United States Senate Committee on Finance, Washington, D. C.

DEAR MADAM: Thank you for your letter of June 28, 1956.

In the State of Oregon there are policemen in certain cities who are frozen under the State system and not eligible for social security, although the remainder of the employees in the system, including some policemen and firemen, have social security. This was brought about by some of the employees withdrawing from the State program and entering the Federal program while others remained in the State program, this action prior to the referendum amendment of 1955.

The situation of a portion of the employees having one program and a portion having another has caused a great deal of discontent in the State. The State legislature in its enabling legislation expressed legislative intent by stating that public employees should be covered under the old-age and survivors insurance coverage, "on as broad a basis as was permitted by Federal law."

It is the earnest desire of the State of Oregon that all public employees be given the right to vote in the referendum as to whether or not they shall be covered by social security, and we do request that the State of Oregon be granted the same privileges as H. R. 7225 offers to the States of South Dakota, North Carolina, and South Carolina.

Sincerely,

MAX M. MANCHESTER,
Executive Secretary.

Mr. LEHMAN. Mr. President, the Senate is now considering H. R. 7225 to amend the Social Security Act. This—in my opinion—is one of the most important pieces of proposed legislation that has come before this body during the present session. It is probably one of the most important measures which the Senate or Congress has ever had before it. It is a measure that can be understood by everyone. It does not deal with complex legal questions or abstract theories. It deals with people—with their human needs—their wants and their desires.

H. R. 7225, as passed by the House of Representatives last summer, was certainly not a perfect bill. It was deficient in a number of points which I had hoped would be corrected when the measure was before the Senate Committee on Finance. I introduced a series of amendments dealing with what I considered to be the most important of these points. These amendments were designed to accomplish the following:

First. Eliminate the requirement that a person must be 50 years of age in order to be eligible for the disability provisions of H. R. 7225.

Second. Lower the retirement age for women to 60 instead of 62.

Third. Increase the amounts to be authorized under the maternal and child welfare provisions of the Social Security Act.

Fourth. Have tips and other gratuities counted for social-security purposes.

Fifth. Amend the public-assistance program in its application to the Virgin Islands.

Sixth. Amend the public-assistance program in its application to Puerto Rico.

Not only did the Committee on Finance reject amendments which would have greatly improved H. R. 7225, but it took the heart out of the House-passed bill. It eliminated the provision providing for the payment of disability benefits to the totally and permanently disabled, and it lowered the retirement age to 62 for widows only instead of for all women.

As soon as H. R. 7225 was reported by the Finance Committee, I introduced amendments to restore these sections of the bill. I wish to make some general comments about them as well as about the other amendments which I have reintroduced. I intend to discuss each of them in detail when they are called up for consideration.

As I have said, I introduced an amendment restoring the House provisions with respect to the payment of disability benefits. More recently, however, the Senator from Georgia [Mr. GEORGE], along with the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. LONG], and the Senator from Missouri [Mr. HENNINGS] have offered an amendment which deals with the same subject matter in a somewhat different way. I am a cosponsor of that amendment.

I was very pleased to associate myself with this amendment, which, in addition to providing for the payment of disability benefits at the age of 50, provides for increases in the social security tax to cover the cost of these benefits. It provides, further, that this money is to be put into a special disability fund, separate and distinct from the old-age and survivors insurance fund. I think this is an excellent proposal, and should go a long way toward answering the specious arguments of those who fear that the payment of disability benefits might eat into the OASI fund and endanger its fiscal soundness.

I think that this proposal dealing with the payment of disability benefits to the permanently and totally disabled is, without question, the most important provision to be considered in the course of this debate on social security legislation.

I should like to see this program made available for all permanently and totally disabled, regardless of age. That is the proposal I made early in this session. It was the form in which I included it in the several comprehensive social security bills that I have introduced since I became a Member of this body. The House of Representatives, however, made this provision applicable to only those persons who had reached the age of 50. I think this is an unnecessary limitation. Total and permanent disability and the problems it presents for individuals and families is no respecter of age—individuals under 50 are just as much in need of help as are persons over 50.

But I am willing to accept this limitation in order to get the general principle written into law. I am willing to accept it because I think the adoption of this provision—even in its present form—would make it clear to one and all that we recognize our responsibility and obligation to the disabled citizens of this country. Recognition of this responsibility would fill the one big gap still remaining in our program of social insurance.

The plan to provide a system of benefits for the totally and permanently disabled is not new. It has been under discussion for a number of years. The House Ways and Means Committee held extensive hearings on it as far back as 1950, and it was included in the bill passed by the House that year. I included it in the bill I introduced in the Senate that same year. Unfortunately, the Senate voted it down. I included it again in my comprehensive social-security bill in 1953, but it was disapproved. Again in 1955, the House approved the plan, and the Senate Finance Committee voted it down. The Senate now has an opportunity to restore the provision. I am hopeful that the Senate will make the most of this opportunity and act in the affirmative.

Opposition to disability benefits is centered around several main arguments. First of all, we have the argument that any program of disability benefits to the permanently and totally disabled is administratively unfeasible and impractical—that it is impossible to make determinations of disability of the sort required under the provisions of H. R. 7225.

This argument is without foundation. Today the various disability programs—both public and private—now functioning are functioning in a way that has brought them praise from many groups and individuals.

Let me cite just a few of these programs—the railroad retirement system, the civil service retirement system, the disability programs being carried out under the auspices of the Veterans' Administration, the various programs operated by private insurance companies and by our large industrial concerns, and the disability programs established by labor unions such as the United Mine Workers.

But I have not referred yet to the two programs which offer the best answer to the critics of the disability program now under discussion. I am thinking of the two programs already operating under the social security system—the program of aid to the permanently and totally disabled established in 1950, under the public assistance title of the Social Security Act, and the disability "freeze" provisions that were included in the 1954 amendments to the Social Security Act. The only real difference between this last program and the proposal to make benefits payable at the age of 50 is that the former serves to freeze benefits at the level they stood at the time an individual became totally and permanently disabled. The benefits themselves are not payable until the age of 65. But we recognize that there can be a determination of total and permanent disability.

Yet, in spite of this record, in spite of the numerous programs almost identical with the proposed change in the Social Security Act, the opponents of this plan have come before the Senate Finance Committee with a straight face and have said that it cannot work.

Another set of arguments used by the opponents of this measure is centered around the charge that any program of benefits to the permanently and totally disabled would lead to malingering and idleness; that it would encourage people to become disabled and to stay that way rather than try to get well. In other words, this plan would put a premium on disabilities. There is no need to expand on this line of reasoning. I know my colleagues are all familiar with it.

It implies that people will shop around from doctor to doctor until they find one who will certify that he is totally and permanently disabled. This, to me, is a completely unwarranted reflection on the integrity of the medical profession in the United States. And interestingly enough, the principal source of this charge is the AMA itself. Frankly, I have more faith than this in the medical profession.

The answers to these charges are simple and clear cut. First of all, let us take a look at the size of benefits that would be payable under this program—and remember that only primary benefits would be payable. There would be no payments for dependent children or for a wife. Look at the size of the benefits, and compare them to the level of wages in the United States. The average nonfarm worker is now earning $332 per month. Compare this with the maximum benefit payable under social security of $108.50, and with average benefits much under $100 a month.

I find it impossible to accept the argument that an individual who is making $332 a month would be willing to plead disability in order to collect $102.90. Mr. President, you cannot make me believe, under any circumstances, that a maximum payment of less than $110 a month—and remember that most people would be receiving considerably less—is putting a profit on illness, as some have charged. The cost of living in this country is simply too high for a person to try to get along on such a limited sum if he is able to earn more money. The difference between wages and benefits is just too large for me to accept the theory that a person would willingly accept benefits if he could possibly continue to earn a living for himself and his family.

And now let us consider the character of the American people. To accept the argument that any substantial segment of the disabled would seek to collect disability benefits rather than work is to assume that they are without integrity; that they are lazy and dishonest. Again, I say that I have too much faith in our people to believe that.

I remember these same arguments about encouraging idleness and malingering when our first unemployment compensation laws were under consideration. They have been repeated every time steps have been taken to raise benefits under these laws. They have proven groundless in that connection, and they are just as groundless in this instance.

The next set of arguments used by the opponents of a disability program centers around the charge that such a program will lead inevitably to socialized medicine. Needless to say, it is the American Medical Association and its various State and local branches that resort to this argument. This is not the first time that the AMA has charged that we are headed for socialized medicine. I think, by now, the American public has realized that this is nothing more than an attempt by the opponents of disability benefits to becloud the issue. The American people will not continue to listen to this ancient shibboleth, which is designed to detract from the real issue. As a matter of fact,

even the administration, which is opposed to the disability provisions of H. R. 7225, has refused to give credence to this argument. The Secretary of Health, Education, and Welfare, in his testimony before the Senate Finance Committee, specifically stated that he did not consider this a step toward socialized medicine.

All of these arguments have been negative. But there is one set of arguments which are positive in nature—if there is such a thing as a positive argument against something—namely, the argument that this program is unnecessary because the needs of the permanently and totally disabled can be met by rehabilitation.

I have had many occasions and opportunities to familiarize myself with rehabilitation programs. I have been a strong and consistent supporter of efforts to strengthen these programs—but as Governor of New York State and as a Member of the United States Senate. I do not intend to minimize the value of the programs, inadequate as they are; and I intend to give them continued support in the months and years ahead. I wholeheartedly agree with the supporters of rehabilitation programs that rehabilitation can help solve the problems of some of the disabled. But I cannot accept the position that these programs are in any way the complete answer. I agree that a great deal can be accomplished through rehabilitation, if we provide adequate funds and sufficient trained personnel.

But at the present time our rehabilitation program is totally inadequate to meet the existing situation. There are today more than 2 million physically handicapped persons in this country.

Their number is increasing by more than 250,000 a year. Against this, because of inadequacy of appropriations and lack of trained personnel, we are rehabilitating only about 60,000 a year. In other words, we are making no dent whatsoever in the backlog of more than 2 million, and we are reaching less than 25 percent of the 250,000 persons who are disabled annually. To claim that the great army of disabled men and women must wait for, and depend for help on, rehabilitation is, in the face of the figures I have just given, a sham and an utter delusion.

Even the advocates of rehabilitation admit that there is a limit to what can be done. Only a small fraction of the physically handicapped can be helped. They know there are thousands of cases that will not respond to rehabilitation. They overlook the fact that rehabilitation techniques have not progressed to the point where they can help more than a fraction of the disabled. They overlook the fact that adequate facilities and trained personnel are not available in sufficient numbers even to begin to deal with the problem in its present magnitude. They overlook the fact that many of our disabled are too old to profit from rehabilitation. And yet these same people have come before the Senate Finance Committee and have said that rehabilitation is the way to solve the problems of the totally and permanently disabled—that no other program is required. I cannot accept the view.

I have already said that I feel that rehabilitation procedures and techniques can do much. But we are not concerned here with those who can be helped in this way. We are concerned with the thousands and thousands of people for whom this is not the answer. We cannot let these people depend on charity and public handouts for the rest of their lives. We must see that they have some source of income as a matter of right. We can do this by making a program of benefits to the permanently and totally disabled a part of our social-security system.

As I have said, I believe this proposal is the most important of the changes in the social-security program now under consideration. However, another which is almost of equal importance is the proposal to lower the retirement age for women. H. R. 7225, as it passed the House, would have lowered the retirement age for all women to 62. The Senate Finance Committee greatly modified this provision by making it applicable only to widows.

I felt that the original measure was inadequate; and, as I have already said, I submitted an amendment lowering the retirement age for all women to 60. I still feel that this is the change that should be adopted. At this time, however, I am willing to agree to the original provision of H. R. 7225; namely, retirement age of 62 for all women.

I believe that the action of the Finance Committee is discriminatory in the worst sense. The problems that confront a woman between the ages of 62 and 65 are no respecter of marital status. An employer who is reluctant to hire a widow between 62 and 65 in age is just as reluctant to hire a single woman of the same age.

There is another important point which should be considered in this connection. The Social Security Act was designed to permit voluntary retirement at 65. In practice, however, the size of the benefits is such that a person does not really have a free choice. Consider the case of a married man, Mr. A., who reaches 65. In many instances, his wife is at least 3 years younger. His benefits are not large enough for them to get along solely on what he will receive, and they are not eligible for the additional wife's benefits for another 3 years. This means that the couple will not receive enough to permit the man to retire until he reaches 68. In other words, we have a voluntary retirement age of 68—not 65, which we like to think we have. The adoption of an amendment lowering the retirement age for women will give persons such as Mr. A. and his wife the option of deciding whether he should retire at 65. Without this change, Mr. and Mrs. A have no real choice.

The opponents of this change argue that life expectancy is increasing, that the health of our citizens is improving, that many persons are able to work beyond the age of 62, or even age 65. This is true in many instances, and I think it is a wonderful thing.

I am concerned about those who have not benefited from these changes and improvements. I am concerned about the woman in her early sixties who loses her job and who, because of her advanced years, is unable to find an employer who is willing to hire her. I am concerned about the woman who finds herself a widow at age of 60 or 62—a woman without experience, training, or skills, who must find a job. What is happening to such women between the time when need and want set in to the time when they reach age 65 and become eligible for social security benefits?

It is argued that these women have resources of one kind or another to fall back on—insurance, savings, investments, children, or relatives to help support them. This is undoubtedly true in some cases, but it begs the question. I am concerned about the women who have no financial resources and have nowhere to turn and no one to go to. We cannot let these women depend on private charity, on relief, and public handouts. Our sense of humaneness and our social consciousness will not let us.

We must do all we can to help the older members of our population remain useful citizens. We must stress the fact that retirement under social security is voluntary. We must encourage people to work as long as they are able. But we must make provision for those who cannot work. We must change the law, so that husbands are given a real choice of retiring or continuing to work when they reach 65. We must help those who, because of their age, are unable to find jobs, experience has shown that many women in their early sixties fall into this group. We can help them, we can give them something to look forward to; we can make their advanced years, years of brightness and hope. By lowering the retirement age under social security, we can make them secure in the knowledge that they will not be dependent on others; that they can be self-sufficient, instead of charity cases.

The third proposal which I consider of utmost importance deals with the three maternal and child welfare programs under title V of the Social Security Act. I am proposing that the authorizations for each of these programs be increased. Under my amendment, the authorization for maternal and child welfare services would increase from the present figure of $16.5 million to $26.5 million; the authorization for crippled children would be increased from $15 million to $25 million; and the authorization for child-welfare services would be increased from $10 million to $16.5 million.

I wish to emphasize that my proposal makes no substantive changes in existing programs. It may be that such changes are needed, but the question requires much more careful study and consideration than can or should be given to it at the present time. That is a question for future study.

I have long been interested in problems relating to the welfare of our children, and I have been deeply concerned about the need to do something for them. I have been made more aware of the need as a result of my work as chairman of the Subcommittee on Juvenile Delinquency of the Senate Labor and Public Welfare

Committee. The testimony presented during the hearings of the subcommittee clearly indicates the role which our maternal and child welfare services can play in combating juvenile delinquency.

The total amount presently available is far too small. My amendment would increase the amount to be authorized for these programs by $26.5 million. This may sound like a large sum of money. But let us stop to think what it means. This increase actually amounts to less than 50 cents for each child in the United States. Certainly there is no Member of the Senate who would not be willing to spend 50 cents to improve the health and well-being of a child. I would also like to point out that this would be the first time the authorizations had been increased since 1950—a 6-year period during which our child population has risen by 4 million; and medical costs, which make up the bulk of the expenditures under these three programs, have increased by 30 percent. I think there are few who would question the need for the change which I have recommended.

Another change which I consider highly important—one which has been proposed on previous occasions without success, is to have tips and other gratuities counted as earnings for social security purposes. There are thousands of people in the United States who receive part of their wages in the form of tips—taxicab drivers, waiters and waitresses, barbers, bellhops, and others. These people are entitled to the same degree of social security coverage as the rest of our citizens. They should not be penalized simply because part of their earnings are not paid to them directly by their employer.

These people are required to include moneys received in this way in their income tax returns. I can think of no reason why they should not be entitled to have these moneys counted for social security. I have urged the adoption of an amendment along these lines on other occasions. I am hopeful that this amendment will finally be approved, and that the Members of this body will at last recognize the need for this change and take the steps necessary to put these people on an equal footing with other persons covered by social security.

The next amendment which I have introduced, and which I hope will be approved, deals with the operation of the public assistance program in the Virgin Islands. Two restrictions which I consider wholly unwarranted are imposed on this area. I think the time has come to eliminate them.

One of the restrictions is the imposition of an overall ceiling of $160,000 on the amount of money that can be allocated to the Virgin Islands. I would like to see this ceiling eliminated entirely. I realize, however, that there are some who are unwilling to go this far. I am proposing, therefore, that the ceiling be increased to $300,000. This represents an additional sum of $140,000.

Perhaps there was some basis for the restriction on the amount that could be allocated to the Virgin Islands when the public assistance program was first made applicable to this area. There may have been some doubt as to how well it would be administered and whether it could be kept within bounds. But the public assistance program has now been operating in the Virgin Islands for 6 years. The Government of the Islands has proved that it is capable of administering this program efficiently and fairly. And the time has come when the ceiling imposed on this area is working an undue hardship on the residents of the area—our fellow-American citizens.

The increase which I am asking for amounts to $140,000. The administration has indicated that it is willing to go along with this increase. When we consider the vast sums of money that we have been appropriating for various programs and purposes, it is hard for me to conceive of any Member of this body being unwilling to approve the relatively small sum of $140,000 for the public assistance program in the Virgin Islands—the sum of $140,000 to help our own American citizens.

The second part of this amendment would permit the payment of funds to a needy parent or other relative who has in his or her care a child receiving benefits under the aid-to-dependent-children program. Under this program, which operates on a Federal-State matching basis, payments to the States and the other Territories are authorized for this purpose. It is clearly recognized by all who are familiar with the work being done under the aid-to-dependent-children program that these matching funds are seriously needed and completely justified. So far as I can see, there is absolutely no reasonable ground for this discrimination against the American citizens living in the Virgin Islands. I can see no reason for not removing this unfortunate restriction which is making it extremely difficult, if not impossible, for the government of this area to provide adequate services for these American citizens.

The last amendment to H. R. 7225 which I have proposed deals with Puerto Rico and is similar to my amendment dealing with the Virgin Islands. It would eliminate the restriction preventing the payment of funds to a needy parent or other relative caring for a child under the aid-to-dependent-children program—the same restriction that applies in the Virgin Islands, but in no other State or Territory. The amendment also contains a provision to raise the ceiling on the amount of money that can be allocated under the public assistance program from the present level of $4,250,000 to $8,000,000.

The same principle is involved here as in the case of the Virgin Islands, and the same arguments in favor of raising the ceiling for the islands apply in this case. I am deeply disappointed, therefore, at the administration's position in opposing an increase for Puerto Rico. I think this position is clearly inconsistent and without justification.

I realize, of course, that a considerably larger sum of money is involved in this instance. It amounts to $3¾ million. I hope, however, that my colleagues will agree with me that the need for this increase in the ceiling of public assistance funds for Puerto Rico is essential.

The time for action is long overdue. Let us keep faith with our people. Let us adopt these amendments to the Social Security Act and thus demonstrate that we are interested in their welfare. Let us demonstrate that we are aware and concerned with humanity and social justice; that we recognize our obligation and intend to meet it. Let us, by an overwhelming vote, approve the vital amendments to H. R. 7225.

SOCIAL SECURITY AMENDMENTS OF 1956

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 7225) to amend

title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. GEORGE. Mr. President, I call up my amendment submitted on July 9, 1956, and identified as "7-9-56-A." Inadvertently the name of the distinguished junior Senator from New York [Mr. LEHMAN] was not included as one of the cosponsors of the amendment, when it was printed. I ask that his name be added as one of the cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I should like to have the attention of the Senator from Texas [Mr. JOHNSON], the Senator from Georgia [Mr. GEORGE], and the Senator from Virginia [Mr. BYRD]; I desire to call their attention to an amendment which I think can be adopted in 30 seconds, and thus save time for all concerned.

There is at the desk a very brief amendment which I submitted last night; it would add, on page 34, in lines 3 and 7, the name "Oregon", in addition to the names "North Carolina, South Carolina, or South Dakota."

The Senator from Virginia has expressed willingness to accept this amendment and take it to conference, because by means of the amendment we are attempting to permit policemen and firemen to come in on a voluntary basis if they so desire.

Therefore, Mr. President, I suggest that my amendment be adopted at this time; that can be done at once, if we wish, and thus expedite action on the bill.

Mr. BYRD. Mr. President, I was authorized by the Finance Committee to accept such an amendment, if offered by Senators for their respective States. So I have no objection.

Mr. JOHNSON of Texas. Mr. President, I would be very glad to have the amendment acted on at this time.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 34, in line 3, immediately after "North Carolina", it is proposed to insert "Oregon."

On page 34, in line 7, immediately after "North Carolina", it is proposed to insert "Oregon."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment was agreed to.

Mr. MORSE. Mr. President, I thank the Senators very much indeed.

Mr. JOHNSON of Texas. Mr. President, I should like to announce that we do not expect any action to be taken on the George amendment for, I would say, a minimum of 1 hour, at least. Some speeches on other subjects have been scheduled. We are hopeful that at the conclusion of the speeches, we may be able to arrange a unanimous-consent agreement.

I should like to ask the Senator from Georgia [Mr. GEORGE] and the Senator from Virginia [Mr. BYRD]—so that I may explore the possibilities of arranging for a unanimous-consent agreement—about their views on that matter. Some speeches on extraneous subjects are to be made; but when we begin discussion of the George amendment, I am hopeful that we can agree to a limitation of time; so that we can notify all our colleagues to be present, to hear the debate, and then have a vote taken.

I suggest to the minority leader that perhaps we could arrange a time limitation of 30 minutes to each side, or a total of 1 hour, on the amendments. If that suggestion is satisfactory to the Senator from Georgia and the Senator from Virginia, I shall pursue it further. I am sure some Senators will wish to have some modification of that proposal made, but I did not wish to begin on that basis unless it was satisfactory to the Senator from Georgia and the Senator from Virginia. I understand that it will be satisfactory.

Mr. BYRD. I think it will be satisfactory, but I believe some allowance of time should be made on the bill.

Mr. JOHNSON of Texas. If we could obtain an agreement which would include an allowance of time for debate on the bill itself, that would be fine. I am not sure whether at this stage we can obtain an agreement to cover more than one amendment at a time.

I wonder how the Senator from Georgia feels about the agreement I have suggested.

Mr. GEORGE. I should like to take a full hour on my amendment; and other Senators wish to speak on it, too. I am sure. The Senator from New York [Mr. LEHMAN], the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. LONG], the Senator from Oregon [Mr. MORSE], and 3 or 4 of the other proponents of the amendment wish to speak on it.

I am agreeable to any arrangement, in order to accommodate myself to the expedition of the business of the Senate. But it will take a little time to debate the amendment. I think perhaps the more debate we can have on the amendment, the more time we shall save later on.

Mr. JOHNSON of Texas. I wonder whether it would be agreeable to arrange for 3 hours, or an hour and one-half to each side.

Mr. GEORGE. That would be satisfactory.

Mr. BYRD. That would be satisfactory.

Mr. JOHNSON of Texas. Very well.

SOCIAL SECURITY AMENDMENTS OF 1957

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. JACKSON. Mr. President, I am delighted to add my support to the social security amendments of 1956.

This proposed legislation, as passed by the House and approved by the Senate Finance Committee, extends coverage to some 200,000 self-employed persons, including lawyers, dentists, veterinarians, and other members of the medical profession except physicians and osteopaths. It makes coverage available to more farmers. It extends coverage past age 18 to permanently and totally disabled children of a retired or deceased worker if the disability occurred before age 18. It brings certain State employees, including many in my own State of Washington, under social security. It sets up advisory councils on social-security financing to review the status of the trust fund and to recommend any necessary or desirable adjustments.

This is all good legislation.

I am deeply distressed, however, that two key amendments passed by the House are not included in the proposed legislation now before us. I refer, of course, to the amendments to make payments to totally disabled workers at age 50, and to lower the retirement age to 62 for working women, wives, and dependent mothers.

I am truly sorry that the majority of the Senate Finance Committee acceded to the wishes of the present administration in deleting these amendments from the social-security legislation passed last year by the House.

It is my fervent hope and firm purpose today that this body will restore these vital provisions, and thus more adequately meet the needs of our people.

Mr. President, the Senate must restore these two amendments to assure the continued vitality and growth of the social-security program.

As we well know, under existing law, a totally and permanently disabled person receives no social security benefits until age 65, even though he has lost his earning power completely. It should be clear to all of us that no matter at what age a person becames totally and permanently disabled, he needs social-security payments worse than a person who retires at 65 in good health.

The worker who is disabled early in life usually has accumulated less savings than has an older person. He has more dependents to care for than has an older worker whose family has grown up and left home. The chances are he has a good-sized mortgage on his home, while the older retired worker may well own his home.

Yes, it is a far greater hardship to be totally and permanently disabled early in life—and thus be retired involuntarily—than to be retired at 65 in good health.

Retirement after one's working years can be planned for. Disability strikes without warning. In terms of individual and social and economic loss, there is no condition more costly than prolonged illness and disability.

Reducing the age for disability payments to 50 is only a compromise. But it is a step in the right direction.

Mr. President, it is pointed out that more than 400,000 totally and permanently disabled workers are receiving public assistance today. It is almost impossible for anyone disabled not to become dependent on somebody. Disability means exhausting all of one's material resources to pay doctor and hospital bills and to support one's family. It means, ultimately, relying on relatives, or friends, or public welfare. And as for those who are on public assistance, Mr. President, the persuasive minority views clearly show how pitifully inadequate is the assistance available to the totally and permanently disabled under 65.

Mr. President, it has been said that it is not feasible to determine who is disabled. These charges are groundless and ignore existing fact. Three out of every four States have signed agreements with the Federal Government to determine disability under the social-security amendments adopted in 1954, to free the social-security status of disabled workers.

The question is not whether disability can be determined. It is whether we shall permit disabled workers to become destitute before they receive earned benefits.

I wish to emphasize the words, "earned benefits," for this is no giveaway. There are safeguards in the disability provision passed by the House. This proposed legislation carries a very conservative definition of disability. It discourages malingering. It encourages rehabilitation. It entitles payments only to those who have made substantial contributions to the social security system, those who have demonstrated a capacity and a will to work, and who at the time of their disablement have had recent work.

Mr. President, a matter of self-respect and self-reliance is involved here. As my distinguished colleagues, the senior Senators from Georgia and Illinois and the junior Senator from Louisiana, have observed in their most praiseworthy minority statement:

> Under a sound social-insurance program, Americans should be protected against the fundamental hazards which would otherwise destroy their earning power and reduce them to beggary. Granted that some form of income is necessary to provide for those who are unable to provide for themselves, it is far preferable that these persons should remain proud, self-sufficient Americans rather than become hat-in-hand pleaders for public charity.

It also has been suggested that payment of disability benefits at age 50

might discourage rehabilitation. But I submit that such benefits are so small that it would be unprofitable for a person not to work if he were capable of doing so. The absolute maximum benefits under this provision are $108.50 per month; and this, I emphasize, is the maximum.

There is nothing about disability payments at age 50 that is incompatible with rehabilitation. The disability feature calls for rehabilitation wherever possible, and denies payments to disabled workers who refuse rehabilitation. I am satisfied that our disabled workers regard rehabilitation as their best hope for the future. After all, who wants to remain disabled and inactive? I say it is an affront to every disabled worker in America to even suggest that any one of them would not strive for rehabilitation, rather than accept public assistance or accept even their earned benefits under the disability-payments provision we are now considering.

Mr. President, I have said that the present administration opposes this liberalization of the social-security program. I cannot fathom the reasons for the administration's attitude and behavior with respect to this truly humane proposal.

I am sure that Secretary Folsom's opposition does not reflect the thinking of many of the people at the working level in his Department, the men and women with years of experience in this field.

I should like to call attention to the testimony of a man who is out from under the wraps of the present administration. I refer to the Honorable John W. Tramburg, who, as an Eisenhower appointee, served as Commissioner of Social Security during 1953 and 1954. Mr. Tramburg currently is commissioner of New Jersey's Department of Institutions and Agencies, and is president of the American Public Welfare Association. The latter organization, as Senators know, includes in its membership State and local welfare administrators, board members, and welfare workers from every level of government.

Mr. Tramburg, speaking for himself as this administration's former Commissioner of Social Security, and for the American Public Welfare Association, enthusiastically testified in support of lowering to 50 the age for disability payments. He described this as "a desirable and necessary addition to the program and administratively feasible." Mr. Tramburg's testimony, given on February 28 of this year, is contained on pages 847–869 of part three of the printed hearings on H. R. 7225, before the Senate Finance Committee. It is excellent testimony. I commend it to my distinguished colleagues.

Mr. President, it has been said that the proposal to pay disability benefits at age 50 should be delayed for further study. Such a statement is, pure and simple, a rear-guard action against social progress.

Of course, not all the possible problems and ramifications of such a program are known now, any more than all the problems which have developed since passage of the original Social Security Act could be foreseen 20 years ago. If this sort of thinking were followed to its logical conclusion, we would today have no social-security program at all.

We cannot be so timid, so unimaginative, and so unresponsive to the needs of our disabled workers as to postpone this legislation because of the tired excuse that additional study is necessary.

Mr. President, I wish now to turn to the second major proposal which we must restore to H. R. 7225 if we are not to leave the social-security amendments of 1956 needlessly imperfect. I refer, of course, to the provision to lower to 62 the retirement age for working women, wives, and dependent mothers.

The proposed legislation reported to us does lower from 65 to 62 the age at which surviving widows may first become eligible for their social-security benefits. This is a wise and proper provision, and I compliment the Senate Finance Committee for including it.

I am disappointed, however, that the committee saw fit to depart from a well-established principle of the old-age and survivors insurance program, by excluding these other groups of women from the same privilege. It is inequitable, on the face of it, to reduce the eligibility age for one category of women—widows—without reducing it for women workers and wives and dependent mothers.

Few women who lose their jobs, or otherwise are unemployed between the ages of 62 and 65, find it easy to obtain new employment. Evidence shows that even where older women are able to work, they find it more difficult to get and hold jobs than do older men. Women in the age group 55 to 64 go out of the labor force at a rate 2½ times faster than do men in the same age group. Women often are forced into retirement much earlier than men, and therefore need the benefits earlier. These are hard facts of life which lowering the retirement age to 62 for all women can help mitigate.

One principle of social security, and of commonsense, Mr. President, is that a retired married couple should not have to get along on the same amount of money as a retired single person. But under existing law, a retired worker receives only his own benefit until his wife reaches age 65. Then the family benefit is increased 50 percent. Traditionally, wives are younger than their husbands. This means many retired couples are required to live on a single payment for a number of years until the wife becomes 65.

Those opposed to lowering to 62 the retirement age for women have argued that it will encourage women to retire at an earlier age, or perhaps will encourage married men to retire at a younger age than they otherwise would. This is a false argument. The 65-year-old retirement age for social-security benefits has not made 65 an automatic or compulsory retirement age. In fact, some private industries recently have initiated programs to encourage workers to continue beyond the retirement age. There are 3 million persons over 65 in our work force. Reducing the retirement age for women workers, wives, and dependent mothers will no more make 62 an automatic or compulsory retirement age than 65 is now.

These are only weak and timid excuses for not lowering to 62 the retirement age for women workers, wives, and dependent mothers. There is both fact and commonsense in favor of doing so.

Mr. President, there is yet another phase of the proposed legislation before us which troubles me. This is the necessity for adoption of the amendment offered by my distinguished colleague, the senior Senator from Washington [Mr. MAGNUSON], to increase the public assistance benefits to four categories of citizens—the aged, the blind, the disabled, and children.

The amendment of the Senator from Louisiana [Mr. LONG] to increase the benefits for the first three of these categories—the aged, the blind, and the disabled—was agreed to last night. I am sure that the Senator from Louisiana will concur with my colleague [Mr. MAGNUSON] and me that the adoption of the amendment to increase benefits in aid of dependent children is equally necessary.

There are nearly three million persons in the first three groups, together with 1,600,000 children and 600,000 so-called caretakes in the fourth category.

There has been no increase in Federal contribution to these groups under public assistance since 1952. They are due, in fact overdue for an increase.

Mr. President, my colleagues will have much to add to what I have said. In brief summary, I would point out only this:

The history of the social-security program now spans 20 years. Many persons thought it was radical in its beginning. But even its worst opponents have come to admit that in 20 years, social security has given our Nation both social progress and economic stability.

During this 20 years the program has not remained static. It has grown soundly and cautiously, on a self-supporting basis, without radical innovation, through a long series of amendments.

The amendments that I feel should be adopted now are in keeping with this solid, steady growth. They are the next logical step—not a radical step, but a sound step, based on the accumulated experience of 20 years of living with social security.

Mr. McNAMARA. Mr. President, H. R. 7225 to amend our Social Security Act as it was passed by the House of Representatives is a sound program. My only major objection to that bill is that it does not go far enough. However, it is certainly the minimum program of improvement that Congress can adopt to assist our citizens.

I think it is tragic that the bill, as it reached the floor of the Senate, was emasculated beyond all reason. We might as well have received a blank sheet of paper from the committee since all of the really major improvements, approved in the well-considered judgment of the House, were shamelessly ripped out. I do not know whether the term is proper in regard to legislation, but this bill was murdered in committee.

What had we left after the committee finished with the bill? Its report shows that a few—a very few—provisions were retained. These include extension of

social-security coverage to a few groups, continuation of disabled children's payments, and certain other technical amendments. The committee made a token step in the right direction, but then it stopped far short of our vitally necessary goals.

It completely rejected lowering the eligibility age for wives and working women, other than widows, to 62. The spurious argument used is that employers might terminate employment of women workers earlier—or reduce the hiring age for women. This is ridiculous. The very fact that too many employers already refuse to hire persons of advanced age is one of the major reasons for lowering the eligibility age for women.

As for another argument that wives can live on their husbands' benefits until they reach 65, I suggest to those who recommend this that they try living on such benefits. Then they will see how easy it is.

Mr. President, even 62 is not low enough. In the last session of Congress, I sponsored a bill to lower the eligibility age to 60. I still think that is where the level should be.

The committee also refused to endorse another vital improvement in the House bill—disability benefits for persons permanently and totally disabled at age 50.

The report states that on the basis of a "preponderance of evidence" this feature is not desirable. In my book, this "preponderance of evidence" came from the American Medical Association and like outfits, who throw up the smear of "socialized medicine" to cripple beneficial health programs for our people. They say that it would be administratively impossible to determine such disability and that it would be an open invitation to the malingerers to grab a Government handout.

I reject this, Mr. President, and I reject the smear it places on the great majority of our citizens. This great majority is made up of honest, decent people—and not of goldbrickers.

Vast experience has shown that disability programs can be properly administered. Under current Government insurance programs alone, about a half million persons are today receiving cash benefits for long-term disability. These are in addition to those receiving benefits under private insurance programs.

Arthur Altmeyer, when he was Commissioner of Social Security, told the Senate Finance Committee back in 1950 that a permanent and total disability benefit insurance program was entirely feasible. Nothing has happened since to change this sound opinion.

The report states that rehabilitation—not cash benefits—is the answer. It points to advances in rehabilitation programs. I suggest that we are advancing in the wrong direction. There are some 2 million people in our country who need rehabilitation. About 250,000 are added to this total yearly. In 1956, the most optimistic estimate of gainfully rehabilitated persons is 70,000. This is a striking advance.

Even if rehabilitation could be significantly improved, what about those for whom there is no hope of rehabilitation? Are they supposed to beg on the street corners until they are 65?

As a final slap at our intelligence, the committee majority took it upon itself—in the name of the workingman—to say that increasing social-security taxes to pay for these benefits is unwise.

None of us likes higher taxes, Mr. President. But the number of people in Michigan who have contacted me—and that number is well up in the thousands—makes it abundantly clear that the people are willing. They are willing to accept this small increase to make these worthwhile benefits possible.

I do not need to remind my colleagues that it was not many years ago that the whole concept of social security was being branded as socialism or worse. There are those with the 19th century outlook who still feel that way, but their number is happily dwindling.

In conclusion, I commend my colleagues, the distinguished senior Senator from Georgia [Mr. GEORGE], the distinguished senior Senator from Illinois [Mr. DOUGLAS], and the distinguished junior Senator from Louisiana [Mr. LONG] for their minority report.

If we are truly representing the people of this country—and not the American Medical Association and the private insurance companies—we will adopt the program as contained in the House bill as the absolute minimum.

Mr. President, I say let us vote for the people.

Mr. MURRAY. Mr. President, on June 4 my colleague, Mr. MANSFIELD, the Senator from Oklahoma [Mr. KERR] and I introduced a bill (S. 3891) to amend the Social Security Act to give our older farmers relief from a very unjust situation. My explanation of the bill appears on pages 9386 and 9387 of the CONGRESSIONAL RECORD for June 4. Let me summarize the purpose of the bill in a few brief paragraphs.

Self-employed farmers were brought under OASI by the Social Security Act of 1954. Farmers who are 65 years or older this year and have paid social-security tax on a minimum of 6 quarters of self-employment income in 1955 and 1956 are eligible for benefits.

However, farm income in the 1955 and 1956 period, on which farmers must base their OASI benefit claims, has been seriously reduced by the sliding scale, widespread droughts, grasshoppers, floods and other disasters. It is unfair to base the old-age and survivors benefit payments on such abnormally low incomes.

My bill would permit farmers to go back as far as 1950 income in establishing their base, permitting them to eliminate 4 or 5 low income years just as other citizens do.

Let me read one of the many letters I have received from farmers, to illustrate the disastrous effect of present law on farmers' retirement income:

WESTPORT, S. D., *March 9, 1956.*

Senator JAMES E. MURRAY.

DEAR SIR: I read an article in the Farmers Union Herald in regards to you proposing an amendment for us farmers of 65 years to have the 2 best years going back to 1949. I sincerely believe they should pass a law to that effect.

I have only 1955 and 1956 to draw from. 1955 was an exceedingly dry year for us and 1956 does not look much better.

I have been a hard working farmer all my life, and the way it looks to me, I will only get about $30 per month, which surely is not much social security.

Yours truly,

CHARLES STODDARD.

Despite the injustice to farmers in the present law, and the corrections proposed in the bill offered by Senator MANSFIELD, Senator KERR, and myself, I regret to report that the Bureau of the Budget submitted an unfavorable report on the bill.

In making adverse report on S. 3981 the Budget Bureau confesses that farmers are confronted with an inequitable situation.

There is no doubt—

The Bureau writes—

that the earnings of self-employed farmers are subject to variations by reason of adverse weather, overproduction, or other factors beyond the control of the individual and, so far as older farmers are concerned, these adverse factors may result in low average earnings for purposes of computing social-insurance benefits.

But, typical of this administration, the Bureau then declares that the administrative problem involved in avoiding inequitable treatment of these elder farm citizens is the top consideration; that we should let the inequities go rather than undertake the job of avoiding them.

The proposal • • • would involve administrative problems for the old-age and survivors insurance program that could prove very difficult—

Mr. Robert E. Merriam wrote us.

That is just too bad.

For my part, I should like to put into the pending act a requirement that the inequities which will be suffered by farmers as a result of low farm incomes in the last 2 years shall be corrected, and let Mr. Merriam and the administration undertake a little work. I wish there were time to make them give us alternatives to my proposals for establishing a fair income base.

I would much prefer to see some midnight oil burned in some of the offices downtown than to see one old farm couple in poverty.

But since the administration disapproves of my formula, and offers no alternative at this late hour in the session, then I see no alternative but to bring this matter before the next Congress, when there is time to debate it.

I serve notice that I shall reintroduce this bill next January, when elder farmers are discovering how badly they have fared under the existing manner of determining their benefits on 1955–56 farm income, and press for prompt action on it.

Mr. President, I ask unanimous consent to have printed, at this point, other letters I have received from farmers who believe the law should be changed along the lines I have suggested.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MONROE, UTAH, *February 28, 1956.*
Senators MURRAY and MANSFIELD.

DEAR SIRS: I see by the Washington News Letter dated February 24, 1956, you are sponsoring an amendment in the Social Security Act because of the law now in force. By having a lean year, old-age people with 2 or 3 years left to farm would surely curtail their benefits. I note Senator MURRAY pointing out one case of a Montana farmer.

I will give you a case. I am 74 years young, last September, my first year of social security. My earnings in 1955 were $3,309.03. My operation this 1956 calendar year by the looks of our cattle feeding will lose us more than our earnings were in 1955, so our report for 1956 will show a loss.

I talked to our social security office yesterday. He said there was talk in Washington now to revise the law but would have to wait and see what change, if any, would be made.

There may be many more in the same condition, even with smaller or larger earnings than mine.

I would like to learn what comes of the revision, if any, so I will know what I can figure out on my future.

Thanking you in advance, to let me hear from you.

Yours truly,

P. E. MILLARDSON.

WESTPORT, S. DAK., *February 28, 1956.*
Senator JAMES E. MURRAY,
United States Senate,
Washington, D. C.

DEAR SENATOR MURRAY: We wish to express our approval of your efforts in behalf of farmers whose base of acquiring social security benefits is limited to 1955 and 1956 incomes.

As these 2 years are apt to represent the lowest of the past several years the income from them does not fairly show income over the years. Also those 2 years are naturally late in life of the farmer and thus represent lower income.

We shall watch the progress of your and Senator MANSFIELD'S efforts in this direction.

Sincerely yours,

Mr. and Mrs. ARTHUR P. CALLAGHAN.

SCOBEY, MONT., *June 6, 1956.*
Hon. JAMES E. MURRAY,
Senator From Montana.

DEAR SIR: Have been wanting to write and ask you a few questions regarding old-age assistance to farmers.

To give an example, I will use our own case. Although, no doubt, there are numbers in the same position as we are.

We homesteaded here on our place in 1916 and have been here ever since. I am 70 and my wife is 66.

Last year we had a fair crop and paid in $126 for social security.

Now to fully qualify, do we have to have a net income of $4,300 again this year?

Now here is the sticker. We have had less than 3 inches of moisture in Daniels County, including the snow, since the third week in July 1955.

So now our pastures are about as poor as they ever were, and hay prospects worse, beside what will happen to our crops?

Looks like it might be another 1937, which was a total failure.

So you can see where that puts us old people. We may be cut down to a 50-percent old-age assistance through no fault of our own.

Would it not be possible for us to use 1 or more years in the past as a basis and pay withholding on it?

Or do we have to continue to farm until we can qualify?

Thanks for your information on the above.

Some believe we would only have to have a net in 1956 of $2,150. Due to the fact that we really could qualify in 18 months.

So we really will appreciate it so much for all the information you can give us regarding our problem. I am sure you understand as well or better than most, due to your many years of work and effort for the farmers, not only in Montana, but the Nation as a whole.

Once again thanks.

Respectfully yours,

OSWALD E. AND ALICE N. SUSAG.

P. S.—Several farmers I understand who are on a cash basis are already expecting to start receiving checks July 1, 1956, by selling crops they already had in granaries from preceding years.

We are on the accrual basis so we have to depend solely on what we earn this year. Thanks,

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MOORE, MONT., *March 14, 1956.*

DEAR SENATOR MURRAY: I have just read, in the Montana Stockman, that you and Senator MANSFIELD have proposed a change in the Social Security Act.

I am 34 this spring so it wouldn't benefit me.

There are, however, lots of people like my parents who at 65 have spent a lifetime of farming in the good years and the bad. As they have raised seven children and had lots of sickness, they haven't been able to save enough for retiring, so they keep working. Farming hasn't been as profitable in the last few years so I think the proposed revision would give all the older folks a fair break.

I hope it is adopted.

Thank you.

Mrs. JAMES JANICEK,
Moore (Mont.) Farmer.

VENANGO, NEBR., *March 28, 1956.*
Mr. JAMES E. MURRAY,
Montana Senator,
Washington, D. C.

HONORABLE SENATOR: Saw an article in the farm paper relative to an old-age and survivors insurance bill to be sponsored by you. I think you have a good idea and the bill should find favor.

In the semiarid district, such as western Nebraska, eastern Colorado, northern Kansas, and a few others, haven't had a crop for several years, either due to drought, hail, or erosion, and have had no income and paid only the minimum premium of some $24 and about the same this year—which will give them a pension of about $41 if the past 2 years are going to be used as basis for establishing their assistance.

That is about equal to or worse than Nebraska's old-age assistance.

Wish you luck.

Yours truly,

A. J. KARRAKER.

KINDRED, N. DAK., *April 10, 1956.*
Senator JAMES E. MURRAY,
Washington, D. C.

DEAR SIR: Have read in the papers that you are going to sponsor a bill to increase the old-age and survivors insurance benefits of farm people.

Wish you could do something for us old retired farmers who have sold their farms.

I, for example, homesteaded in 1905, sold my farm in 1946. I farmed for 41 years.

Am sure there are many old retired farmers in our position.

We would gladly pay $5 per year for the years we farmed or any other way, so we could get social security.

Yours truly,

ANTON SALLE.

LEWISTOWN, MONT., *February 27, 1956.*
Mr. JAMES MURRAY,
Senator From Montana,
Washington, D. C.

DEAR SIR: This is a personal letter about social security. I am now at the age to establish my claim as a "self-employed farmer."

I recently read that there was an amendment pending to allow this class of worker to select the two best years since 1949, on which to establish the base for payments. As you know, 1955 was a bad year for farmers.

Do you think this amendment to the law will be brought up and passed? If one collected the smaller amount now, could the larger amount be collected later, if the amendment is passed and becomes law? Or would the smaller payments be for life?

As I understand it, other groups of workers have been able to select the two best years since 1949 as the base for social-security payments.

I have carried on the ranches since the death of my husband, Isaac B. Clary, in 1946. He knew you. I wonder if you remember him.

Very sincerely yours,

MRS. I. B. CLARY.

SONNETTE, MONT., *March 30, 1956.*
Hon. JAMES E. MURRAY,
United States Senate,
Washington, D. C.

SIR: I note in the current Montana Stockman-Farmer that you have proposed some changes in the Social Security Act.

This is just and reasonable and very commendable as I see it.

I note that farmers and stockmen with gross income of $1,800 or less have the option of reporting a net income of $900, if the actual net is $400 or more.

Since this is an insurance program, why limit an optional payment to $900? Why not $1,200 or $2,400 or $4,200?

As I understand it this program is supposed to be self-sustaining. Why then limit optional payments to such a low figure that the benefits received would be so small as to be of little help to anyone?

I believe you are working in the right direction.

Yours truly,

STEPHEN B. SMITH.

LEWISTOWN, MONT., *February 29, 1956.*
Senators MANSFIELD and MURRAY, *of Montana, Washington, D. C.*

GENTLEMEN: Today I read in the Montana Farmer-Stockman of your effort to change social-security laws to benefit the farmers soon to retire. I attempted to point out the hardships incurred to those compelled by reason of age and health to retire under present conditions; especially hard on small stockmen.

I received this reply from the Secretary of Agriculture and decided it was a brush-off.

I am glad to find we have a champion in you and urge you to work for its passage.

I am enclosing a copy of the letter I sent. I would rewrite it more legibly but for the disability to my right arm. It would not be any financial burden to speak of and it would perhaps allow us a measure of peace and dignity in our old age. As dry-land homesteaders we have survived hails, droughts, depressions, but old age and sickness are something else again.

Thanking you for your efforts, I am,

Yours truly,

Mrs. H. W. DEFFINBAUGH.

Please excuse my not writing you individually.

BUFFALO, N. DAK., *February 27, 1956.*

Senator MURRAY: I am very much interested in the amendments being drafted by you

and Senator MANSFIELD to let farmers use any 2 years back to 1949 in establishing an income base for retirement benefits under the social security.

To many small farmers like myself who have farmed for 34 years or more—who are past 65 years of age, and because of health cannot continue any longer, this would mean a lot.

If forced to use both years of 1955 and 1956 as a base, and in case of drought or other crop failure—through no fault of his own, the small farmers' retirement benefits would be pitifully small.

Should there be too much opposition to using the two best years as a base, I suggest using one of the years of 1955 or 1956 and one other year (both farmers' choice) back to 1949 as a base.

In this way he would not be penalized if one of the last two years should be a complete failure.

Respectfully,

MYRON SWENSEN.

BELGRADE, MONT., *March 3, 1956.*

Hon. JAMES E. MURRAY,
Washington, D. C.

DEAR SENATOR MURRAY: I noted in the Farmers Union Herald that you and Senator MANSFIELD are proposing to amend the social-security law for farmers. I think your proposal is sound and I heartily approve it. I would like to state my own case and how the present law affects me.

I am now 70 years old and have two farms. One I operate with one of my sons as a partnership—the other one is operated by another son on a crop-share basis. Under the present law I was not allowed to count the income from the second mentioned farm for social-security purposes, although all the expenses I had, such as taxes, water assessments, interest on the mortgage, depreciation on equipment, and insurance on buildings were deducted. We operate this place on a 50–50 basis, as to division of crops; we share the most of the seed and fertilizer, so for practical purposes, it is no different from the partnership.

I believe this law is unjust and as a consequence I have not paid a single dollar toward social security and I have only 1955 and 1956 to accomplish therefore.

Under your plan it would probably help more people for I too, in years past, have paid considerable sums in income tax. However, for the last few years the income has dropped considerably for one thing on account of my inability to work (I am crippled up now) and due to the drop in livestock prices and lower income from crops.

I read an article not long ago that the House passed an amendment last year to have income from rented land included, but the bill had never reached the Senate. The way the bill was passed it would be retroactive to January 1, 1955.

I think here is a good example that you are on the right track and you certainly have my support.

Respectfully yours,

GEORGE VAN HOORN.

ALICE, S. DAK., *February 28, 1956.*

Senator MURRAY:

The effort of you and Senator MANSFIELD in behalf of the low-income farmer is much appreciated by those past the retiring age.

Given the privilege of choosing the two best years of income on which to base his social-security benefits would indeed be an advantage.

If forced to use 1955 and 1956 as a base, his benefits may not be enough to allow him to retire in case of a crop failure in either year.

Even one former high-income year of the farmer's choice—plus the best one of 1955 or 1956—would be a big help.

Wishing you success in your efforts.

Respectfully,

O. M. MATZKE.

UNANIMOUS-CONSENT AGREEMENT

Mr. WELKER obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Idaho yield for a moment?

Mr. WELKER. I am happy to yield.

Mr. JOHNSON of Texas. My interruption is disconcerting and unusual; and except for the courtesy and the friendship which the Senator from Idaho has always accorded to me and the minority leader, I would not have made the request.

I should like to inquire of the Senator if he would be agreeable to yielding to me for the purpose of suggesting the absence of a quorum, which could be done very quickly, and of proposing a unanimous consent agreement which has been agreed upon by the distinguished minority leader, who must return to a meeting of the minority policy committee. The proposed unanimous-consent agreement would not take effect until 1:30 or until after the conclusion of the Senator's speech.

Mr. WELKER. I think the distinguished majority leader knows that no greater thrill could come to the Senator from Idaho than to do an act of kindness and courtesy to the Senator from Texas. I am glad to yield for that purpose.

Mr. JOHNSON of Texas. I appreciate what the Senator has said.

Mr. President, I ask unanimous consent that the Senator from Idaho may yield for this purpose, with the understanding that the unanimous consent agreement will not take effect until 1:30 p. m. or until after the conclusion of the Senator's speech. In other words, it would not take effect in any event before 1:30; and if the Senator from Idaho had not concluded his speech by 1:30, then the proposed agreement would take effect at the conclusion of his speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I send to the desk a proposed unanimous-consent and ask that it be stated.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be stated.

The Chief Clerk read as follows:

Ordered, That (1) on the pending amendment to H. R. 7225, the social security amendments of 1956, proposed by Mr. GEORGE (for himself, Mr. LONG, Mr. DOUGLAS, and Mr. HENNINGS), effective at 1:30 p. m. today, or at the conclusion of the speech of Mr. WELKER, whichever comes later, debate shall be limited to 3 hours, and (2) on an amendment (7-12-56-A), by Mr. KERR (for himself and Mr. MONRONEY), when proposed, debate shall be limited to 1 hour. Upon any other amendment, motion (except a motion to lay on the table), or appeal, debate shall be limited to 1 hour. The time on any amendment, motion, or appeal shall be equally divided and controlled by the mover thereof and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 3 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and the agreement is entered.

Mr. JOHNSON of Texas. I thank my distinguished friend from Idaho for his usual courtesy.

Mr. WELKER. I thank the Senator from Texas.

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. As I understand, the Senate is now operating under the unanimous-consent agreement. Is that correct?

The PRESIDING OFFICER. The Senator is correct. The unanimous-consent agreement limiting debate on the social security bill is now in effect.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. As I understand, each side is in control of 1½ hours on the bill. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. The majority leader controls half the time, and the minority leader controls the other half. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. Mr. President, I yield to my friend, the distinguished and able senior Senator from Virginia, the chairman of the Committee on Finance [Mr. BYRD] 10 minutes on the bill. I should like to say for the RECORD that in my absence from the Chamber, the time for debate on the bill will be controlled by the senior Senator from Virginia. I should like to designate him, with the consent of the Senate, to control my time in my absence and in the absence of the acting majority leader.

The PRESIDING OFFICER. Without objection it is so ordered. The Senator from Virginia is recognized for 10 minutes.

Mr. BYRD. Mr. President, I think the Senate Finance Committee has done a remarkably fine job with this bill, H. R. 7225, amending social security and public assistance programs to extend coverage of the old-age and survivors insurance system, liberalize protection for older widows, and increase benefits for afflicted dependent children, without increasing taxes.

The committee bill eliminates provisions in the House bill requiring increased social-security taxes on all 70 million participants in the contributory insurance system. This tax increase would have taken $1.7 billion annually, more than $5 billion in 3 years, from employees' pay and employers' pockets.

The social-security tax rate would have been increased to 2½ percent on employees and employers, and to 3¾ percent on self-employed participants in the social security beginning in January 1957. In 18 years the House bill tax rates would increase to 4½ percent on employee and employer, and to 6¾ percent on self-employed.

The Finance Committee amendments can be accomplished without any of these tax increases, and no tax is increased in the bill.

I am pleased that the Honorable Marion B. Folsom, Secretary of the Department of Health, Education, and Welfare and an outstanding expert on social security has said:

> The social security bill (H. R. 7225) as reported by the Senate Finance Committee is greatly improved over the bill passed by the House last summer. In my opinion the bill is now essentially sound and reflects careful and deliberate study, including extensive hearings, on the part of the committee. (Press release, June 1, 1956, Department of Health, Education, and Welfare.)

Senators will recall that in 1950 the Congress made broad extensions in the coverage of the old-age and survivors insurance program, raised its benefit levels and afforded coverage to most self-employed Americans, outside the professions and the farm industry. Again in 1954, the benefits were increased and millions of additional people covered, so that 9 out of every 10 American workers are now within the scope of the system, and 9 out of 10 of the Nation's mothers and children have rights to survivor payments in case of death of the head of the family.

From the beginning of the system the Congress has consistently adhered to certain basic principles. Chief among these principles are: First, the conviction that the contributory aspect must be retained—that the worker, the em-

ployer, and the self-employed should share the cost of the program. Second, that, in general, the benefits should bear a relation to the individual's earnings. Third, that payments be provided without a means test. The bill now under consideration does not modify any of these basic principles.

SUMMARY OF THE PROVISIONS RELATING TO OLD-AGE AND SURVIVORS INSURANCE

Mr. President, there are many provisions in the pending bill, but each Member of the Senate has been furnished a copy of the committee report and a document showing major changes in present law made by the bill, I shall summarize the principal provisions.

In brief, they would amend the old-age and survivors insurance system to—

First. Extend coverage;

Second. Provide increased protection for older widows by making benefits available to them at age 62;

Third. Provide increased protection for afflicted dependent children by extending their benefit eligibility beyond age 18;

Fourth. Prohibit payments to aliens residing outside of the United States unless the alien is a citizen of a country that makes payments to American citizens outside the foreign country;

Fifth. Establish an advisory council to review the status of the old-age and survivors insurance trust fund before each scheduled increase in social-security tax rates; and

Sixth. Increase interest income accruing to that fund.

I shall discuss the provisions briefly in that order.

First. Extension of coverage: Coverage would be extended to new groups, primarily the profesisonal self-employed, and modifications made in coverage requirements for farmers and farm workers to take into account practical problems that have arisen since they were brought into the program by the 1954 amendments. Changes would be made in the provisions relating to insured status and benefit computation so as to give equitable treatment to the newly covered groups. The specific coverage changes are:

(a) Self-employed lawyers, dentists, chiropractors, veterinarians, naturopaths, and optometrists would be afforded coverage.

(b) Farm owners and tenants. Many farm owners and tenants whose income is now excluded from coverage as rental income would be afforded coverage by a provision making certain types of income trade or business income for old-age and survivors insurance purposes. This change pertains to the owners or tenant of land who, under an arrangement whereby another person produces commodities on the land, participates materially in the production. Such a situation often prevails where the farm is operated under some share arrangement.

(c) Self-employed farmers. Coverage would be made available to a large number of low-income farmers by a provision permitting those whose net earnings in a year do not exceed $1,200 to report, at their option, their gross income for old-age and survivors insurance credit.

(d) Paid farm workers. The test of coverage for farm workers would be whether the worker either is paid $200 or more in a year by an employer for agricultural labor or works for an employer on 30 or more days during a year for cash wages and is paid on a time basis. This change, from the present test of $100 cash pay received in a year from an employer, would ease difficulties encountered by farmers in keeping records and making reports for temporary, short-term workers. The bill makes it clear that crew leaders instead of the farm-operators may be designated as employers for social-security purposes.

Second. Increased protection for older widows: Widow's benefits would be first payable at age 62 rather than at age 65 as under present law. This does not affect the existing provision under which benefits are payable to a widowed mother at any age if she has young children in her care.

Third. Increased protection for afflicted children: Benefits would be payable to the child, of any age, of a worker who becomes entitled to retirement benefits or dies, if at that time the child is totally unable to support himself because of a mental or physical impairment that began before he attained age 18. The benefits would be paid as long as the total impairment continues. In addition, the mother of such a child would be eligible for benefits while he is in her care for this reason.

Fourth. Suspension of benefit payments to aliens outside the United States: Benefits would not be paid to aliens who are outside the United States for a period of more than 3 months unless the alien is a citizen of a country that would pay benefits under its system to United States citizens outside the foreign country. Benefits would be paid aliens outside of the United States if the alien is a citizen of a country having a social insurance or pension system that provides reciprocal protection to United States citizens.

Fifth. Establishment of an Advisory Council on Social Security Financing: A council consisting of the Commissioner for Social Security plus 12 members appointed by the Secretary of the Department of Health, Education, and Welfare, and representing employers, employees, the self-employed, and the public, would be established to review and make a report and recommendations on the status of the old-age and survivors insurance trust fund in advance of each scheduled increase in the social-security tax rates.

Sixth. Increase in interest income to the trust fund: The interest rate on certain obligations of the United States, held by the old-age and survivors insurance trust fund, would be made equal to the average rate of interest borne by all marketable interest-bearing obligations of the United States not due or callable until after the expiration of 5 years from the date of original issue. This amendment would recognize the essentially long-term nature of the trust fund commitments and give that fund the higher interest rates borne by longer-term Treasury obligations.

I hope this brief statement serves to emphasize the provisions which constitute the more important aspects of the bill. A number of miscellaneous and technical provisions relating to the old-age and survivors insurance program are described in the committee report.

DISABILITY BENEFITS AND LOWER RETIREMENT AGE FOR WOMEN

Before reaching the public assistance provisions of the bill, I shall discuss two provisions relating to old-age and survivors insurance that were included in the House bill but deleted by the Committee on Finance. They are disability benefits to disabled workers and payment of benefits to all insured women at age 62.

The first provision would have established a program for cash disability benefits payable at age 50 or after. I wish to make it clear that the committee decided against recommending this disability program, because of doubt that such a system of benefits would accomplish the objective of those who advocate the proposal.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. BYRD. Mr. President, I yield myself 5 additional minutes.

Pronounced differences of opinion were found among experts. Many of them believe that a system of cash disability benefits would operate to discourage efforts toward rehabilitation, at a time when important progress is being made in that field under the expanded Federal-State program of vocational rehabilitation. The handicapped person who, through rehabilitation, is enabled to resume his productive, self-sustaining place in the community, has received a benefit far more desirable and more satisfying than eligibility for a series of Government checks. It is important to keep that fact clearly in mind.

In addition to the Federal-State program for rehabilitation, there are Federal-State programs of financial assistance to the blind, to the needy disabled, and to dependent children, designed to meet the basic needs of disabled persons who lack means of support.

The question of adding a cash disability payment to the list of benefits now provided under the old-age and survivors insurance system is complicated also by difficulty in estimating costs. Experience under the so-called disability freeze provision, which was added to the old-age and survivors insurance program by the amendments of 1954, is too brief to provide a firm basis for estimating the cost of cash disability payments.

The Chief Actuary of the Social Security Administration, in presenting his estimates to the committee, acknowledged that they were subject to a broader variation than are estimates for other types of benefits—types for which eligibility can be determined from fact. The estimates are based on high-employment assumptions. Decrease in employment would mean still higher costs, but by even the low-cost figures a system of cash

disability benefits would result in a significant acceleration of expenditures from the trust fund.

In summary, the Committee on Finance concluded from extensive hearings and study that the apparent disadvantages and uncertainties of the proposed system of cash disability payments are far too great to warrant its recommendation to the Senate and to the people, who would bear its costs.

The other provision to which I referred a moment ago related to lowering the eligibility age for all women from age 65 to age 62. The bill reported by the Committee on Finance would make that change for widows only. Women whose lifelong occupation has been that of homemaker and who are widowed rather late in life commonly have a very reduced chance of employment, both because of age and because of lack of outside work experience. The same is only slightly less true of older widows who worked outside the home when younger but have been out of the labor market for many years.

For these reasons, the bill now before the Senate would make benefits available to widows at age 62, despite the fact that the Finance Committee regards the general question of reduction in the retirement eligibility age with misgivings for reasons in addition to the heavy cost that would be involved.

Mr. GORE. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. GORE. Does the Senator have statistics which would indicate what percentage of women employed are now widows?

Mr. BYRD. I am sorry, but I do not have those figures.

Mr. President, the trends of our times are to longer—not shorter—useful and productive lives, and to greater—not less—use of the valuable knowledges and skills of our older citizens.

The PRESIDING OFFICER. The time of the Senator from Virginia has again expired.

Mr. BYRD. Mr. President, I yield myself 5 additional minutes.

Any general reduction in the eligibility age for benefits would risk a trend toward the fixing of earlier retirement ages by employers—a trend which would be detrimental to the best interests of both the workers and the overall economy. I would emphasize also that much more is involved in this question than merely the economic aspects. The mental and physical effects, for example, of "shelving," if you will, people scarcely out of their late middle age, by present standards, deserves careful consideration.

A reduction in age for all insured women would be deviating from the pattern being adopted by American industry. The retirement age for women has been increased in recent years from 60 to 65 years by numerous firms, including Eastman Kodak, Phillips Petroleum, Quaker Oats, Socony Vacuum, and General Electric, as well as many other companies. Moreover, other countries are increasing, not decreasing, the age of retirement for women.

The two provisions which I have just discussed—one for a cash disability benefit system and the other for lowering the eligibility age for women generally—would have necessitated an immediate, unscheduled increase in the social security tax rates.

Since the pending bill does not include these provisions of the bill passed by the House, except to the extent of the age 62 provision for widows and payments to children disabled before attaining age 18, the Finance Committee was able to eliminate also the amendment relating to the tax increase, amounting to approximately $1,800,000 a year.

Under the committee bill, taxpayers now paying into the system will pay $1.7 billion less in each of the next 3 years than would have been the case if these two provisions in the House bill had been adopted. It should be remembered that such a tax increase would have been added in all future years under the provisions of the House bill.

PUBLIC ASSISTANCE

Although the pending bill is concerned in large measure with the old-age and survivors insurance program, the Committee on Finance has given careful study to the subject of State-Federal public assistance. The four programs of old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled, are providing aid to approximately 5 million individuals.

The Senate, of course, is aware of the adoption last night of the so-called Long amendment relating to public assistance.

What I shall say with respect to public assistance is in terms of provisions in the bill as reported by the Senate Finance Committee.

The committee bill would increase Federal funds over current expenditures by $88 million a year. In addition, by extending the expiration date of the present formulas, governing the Federal share of assistance payments, $210 million a year will continue to be provided to the States, instead of having this amount of Federal funds cut off on October 1, 1956, as is provided in existing law. The House bill made no change in public-assistance programs.

The commitee provisions in the bill that would modify the public-assistance programs were designed to:

First. Assist States to provide medical care for State-Federal public-assistance recipients;

Second. Extend operation of the formulas for Federal sharing in the costs of the public-assistance programs;

Third. Encourage States to place greater emphasis on helping to strengthen family life and helping needy families and individuals to attain economic and personal independence;

Fourth. Make Federal grants for research projects and grants for training of public welfare personnel; and

Fifth. Broaden the aid to dependent children program so as to make eligible small additional groups.

I shall outline briefly the purpose of each of these public-assistance changes.

First. Matching of medical-care expenditures: Federal participation in public-assistance expenditures under the committee bill is limited by maximums on the amount of monthly payments to or on behalf of an individual. These maximums, as the bill was reported by the Committee on Finance, are $55 for aged, blind, and disabled recipients and lesser amounts for aid to dependent children. Since medical expenses for an individual may be high in 1 month (sometimes running to several hundred dollars) and small or nonexistent in other months, and since many of the individuals with the largest medical needs also have maintenance needs of $55 or more, there is frequently little or no Federal participation in payments made by States for medical care. This has limited the amounts of medical care that many States have been able to make available to recipients, and has precluded some of the States from assuming substantial responsibility for the costs of medical care for needy people.

The PRESIDING OFFICER. The additional 5 minutes of the Senator from Virginia have expired.

Mr. BYRD. Mr. President, I yield myself 5 more minutes.

The bill as reported by the committee would provide Federal matching of expenditures for payments to suppliers of medical care separate from money payments to assistance recipients, and would use an average basis for determining Federal participation in payment to suppliers of medical care. Large expenditures of this kind made by a State on behalf of some recipients could be averaged with small expenditures or no expenditures for other recipients. The Federal Government would participate in one-half of the cost up to an average expenditure of $8 a month per adult receiving aid and $4 a month per child.

Second. Matching formulas: The formulas for Federal matching of public assistance payments are scheduled to revert to the pre-1952 levels on October 1, 1956. Until old-age and survivors insurance benefits are more generally received under the extensions of coverage made by the 1950 and 1954 amendments, the number of aged persons receiving assistance payments will remain high, particularly in rural States. Decreases in payments to recipients of old-age assistance, aid to the blind, aid to dependent children, and aid to the permanently and totally disabled would be likely in a substantial number of States if the Federal share of assistance payments is reduced. The bill would extend the present formulas, established by the McFarland amendment, to June 30, 1959. This will permit time in which to study and determine what should be the appropriate share of public assistance costs that should be borne by the Federal Government on a long-range basis.

Third. Self-support and self-care: The bill, as reported by the committee, would amend the titles of the act relating to programs for the disabled, blind, and dependent children to make it clear that services should be provided to assist recipients to attain, when possible, self-support and self-care.

Services that assist families and individuals to attain the maximum economic and personal independence of which they

are capable provide a more satisfactory way of living for the recipients affected. To the extent that they can remove or ameliorate the causes of dependency they will decrease the time that assistance is needed.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. GORE. I have listened with great interest to the able address by the distinguished Senator from Virginia. I wish to congratulate him and his committee particularly upon the added emphasis which he and the committee have given to the welfare features of the program. I have felt that that particular group of our society has been most unfairly treated.

For instance, the Federal subsidy to the retirement of former civil-service employees amounts to far more per capita than does the Federal contribution to the needy aged persons. In a comparison of the benefits to be received under the welfare features of the social-security program with any other system of retirement benefits under retirement systems of the Government, does not the Senator from Virginia find that the social-security welfare program offers benefits smaller than any other program?

Mr. BYRD. The Senator is probably correct, especially with respect to needy aged persons.

I thank the Senator from Tennessee.

Fourth. Federal grants for research and training: Under the committee bill, grants would be made to the States and public and other nonprofit organizations for paying part of the cost of research projects in such areas as the prevention of dependency. Five million dollars would be authorized to be appropriated for this purpose for the fiscal year ending June 30, 1957. An authorization for a like amount would be made for the purpose of allotting sums to the States to assist in the training of public-welfare personnel for the year ending June 30, 1958.

Fifth. Broadening the aid-to-dependent-children program: Two committee amendments were made to the aid-to-dependent-children title, neither of which affects large numbers of children, but both of which makes some additional children eligible for aid. The first would permit Federal participation in assistance to children who are deprived of parental support or care for the reasons now listed in the law and who are living in the homes of close relatives, thereby extending the degree of relationship slightly beyond the present law. The second would eliminate the requirement that for a child between the ages of 16 and 18 to receive aid he be in regular attendance at school. This would permit the Federal sharing in assistance to such children unable to attend school because of illness or handicap, or because school facilities are not available.

Mr. President, the Finance Committee has endeavored to report a bill which will strengthen the old-age and survivors insurance and public assistance programs to the greatest degree possible. We have also been concerned with the added costs to the taxpayers of the Nation.

It has not been an easy task. We held extensive hearings so that all points of view could be adequately represented. We have given long and careful consideration to the difficult decisions which had to be made. At this time I wish to pay my respects to the members of the committee for the hours of time and the great concern they have shown in our considerations of all of the complex problems which social security legislation requires.

As a result, I am convinced that we have a sound bill. I believe the Members of the Senate will agree that we are presenting a bill which, in the words of the Secretary of Health, Education, and Welfare "is now essentially sound and reflects careful and deliberate study."

Mr. BENNETT. Mr. President, will the Senator from Virginia yield me 15 minutes?

Mr. BYRD. I can yield time only on the bill.

The PRESIDING OFFICER. The minority leader controls the time in opposition to the George amendment.

Mr. KNOWLAND. Mr. President, I yield to the Senator from Utah 15 minutes in opposition to the George amendment.

Mr. BENNETT. Mr. President, in 1950 the Senate rejected a proposal to extend the contributory social-security system to include the payment of benefits to the disabled. Instead, we have chosen to add to Federal grants for State public assistance so as to include permanent and total disability. The reasons for refusing to make this break in the fundamental concept of social security insurance could be echoed in this Chamber today with all the validity and force with which they were presented in 1950. Indeed, the Senators who made these compelling arguments are still Members of this body. So, in large measure, we are going over familiar ground, in considering the adoption of this amendment to the Social Security Act.

The question of disability was considered again in 1952 and 1954 by the Finance Committee, and in 1954 the disability freeze provision was enacted to protect the old-age and survivors insurance benefit rights of disabled workers. Thus, we in the committee, as well as all the Members of the Senate, have demonstrated our concern for the disabled by the enacting of provisions for their immediate assistance and for protecting their share in old-age and survivors insurance benefits.

I can tell you that no social hazard more appeals to my sympathies than that which arises from disability. When any member of a family is permanently and totally disabled, whether parent or child, the social and economic consequences are serious and heartrending. I know the committee members shared my concern when it was decided not to add the provision to the bill, and it was only after careful weighing of the evidence, and the thoughtful consideration of the best interests of the disabled individual and the Nation as a whole, that we arrived at our decision.

Over 70 million Americans have a direct financial interest in the social security program, and I think it behooves us to consider the effect of this amendment on them. In a particular sense we are acting in a fiduciary capacity with respect to this program, even more than our normal responsibility of accountability.

I have received hundreds of letters from people who thought they had something to gain from the passage of this proposed legislation, and they were perfectly justified in telling me of their need and their desire. I have heard from very few people who did not have this axe to grind. I think those who have not written have a right to know that this is going to be a tremendously costly program. While is is extremely difficult to estimate the cost of a program like this, since it could fluctuate greatly between periods of high and low job opportunity, a modest estimate places the cost at about $200 million the first year, rising to about $900 million by 1980. Private insurance companies have attempted to provide disability insurance, and their experience points to the use of extreme caution. Few major companies sell such policies today, and those who do, do so only under very restrictive conditions as to eligibility and benefits. These restrictions are not possible under the proposed program. Some private businesses have been able to administer modest disability programs, but for the most part they have the benefit of long employment records, as well as complete medical histories on their employees.

The supporters of this amendment tell us that by setting up a separate trust fund they are not going to jeopardize the actuarial balance of the program of social security. I think it is rather obvious that once this amendment is enacted, there is small chance that the program would be discontinued because of lack of funds. The pressure to provide the necessary funds, either through direct Government grant or through increased taxes on the social security taxpayers, would demand the employment of one of these alternatives.

It is estimated that about 250,000 persons would receive disability benefits the first year under the provisions of this amendment. When it is considered that more than 70 million persons are now contributing to the social security fund, this estimate means that only a little more than one-third of 1 percent of the persons contributing to social security would benefit from the provision. I asked the chairman of the Utah State Public Welfare Commission to make a survey of the effect of this amendment on the blind and disabled of my State. He reported that 1,829 cases in Utah, involving the payment of aid to the disabled, only 22.7 percent of them had a work history sufficient to qualify them for coverage under OASI. He also said that, in his opinion, not all of the 22.7 percent could qualify under the disability tests.

The average payments under the State assistance programs to these disabled persons in Utah during November of last year was $67.89. This compares most favorably with the estimated amount of from $70 to $80 they would receive under the amendment.

There is in this planning a "kicker" which is not immediately evident to those who anticipate receiving these disability payments.

If they are now receiving benefits from the State, the benefits have been given to them after a determination of the amount of their need; and if they have any private income, the amount of that income is taken into consideration and deducted from the amount which might have been paid to them if they had no income.

If the amendment is adopted, the money paid under the social security program to those who are disabled will be taken into consideration by the State authorities as private income, and the money they are receiving now from the State under the present assistance program will, in large measure, be reduced by that amount.

In effect, then, so far as concerns persons now receiving disability assistance under the State welfare programs, we are simply transferring the costs of those benefits from the general treasury under our grant system to the 70 million social security taxpayers. We are still left with the remaining 77.3 percent in Utah, and an equally great proportion throughout the country who are equally disabled, whose need is equally great, but who cannot qualify to receive social security benefits under this program. I think if a person were charged with the responsibility of selling this coverage to the individual now paying into OASI, he would have a great deal of difficulty convincing them of either the need or the workability of the program, since the proposal would transfer the cost from the general taxpayer to the OASI participant.

Another major difficulty in administering a disability cash benefits program under old-age and survivors insurance is that of making accurate determinations of disability. Where benefits are payable as a matter of right, strong pressures inevitably arise to liberalize the conditions under which individuals are placed on the benefit rolls and are permitted to stay on the rolls. Many medical experts have testified as to the very grave problems incident to making determinations in an area involving so much subjectivity as disability. They believe strongly that it would put too much of a burden on the physician to ask him to make disability determinations, when, as a result of his decision, a person might receive or fail to receive a substantial income for the rest of his life.

That there is real difficulty in making determinations of disability is attested to by the tremendous backlog of 200,000 disability freeze applications now pending under the existing Social Security Act. Of much more significance than the backlog of disability waiver claims is the observation made by the chairman of the OASI medical advisory committee, which is quoted on page 65 of the House report. He emphasizes that the claims which have been processed should properly be reprocessed if disability benefits are to be paid, stating that:

> Standards • • • for total disability have been necessarily liberal in view of the tremendous backlog and the necessity of some nonprofessional administration of the regulations—

He is referring to the present freeze provision—

> Should the payments be made immediately available another stricter interpretation of what is meant by totally disabled would have to be recommended by the committee.

As I sat through the long sessions of the hearings in committee, I became aware of another disturbing aspect of this problem. Although I knew we had made tremendous strides in the rehabilitation of our disabled, I had always assumed that disability was a somewhat continuing bar to active employment. In reviewing that testimony, I find that the experts who testified felt that more than 90 percent of the disabled could be restored to gainful employment. I recall especially a witness, Henry Viscardi, himself seriously disabled, who stated that there are no nonrehabilitatable people—that everyone could be trained to earn a livelihood and live with his disability. And the interesting experience of his experiment in this field gives considerable weight to his words.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. LONG. Does the Senator realize that the largest single cause of disability in men is hardening of the arteries and heart disease, as a combination? Does the Senator really think persons who are suffering from hardening of the arteries and heart disease are going to be rehabilitated?

Mr. BENNETT. The Senator from Utah has had experience with one as close as his own brother, who, after three coronary attacks, is still carrying on his managerial responsibilities with Giant Food Stores. It is such a condition, as in the case of the President of the United States, that, with probably some special treatment, one can make a readjustment to the pattern of life.

Mr. LONG. Will the Senator yield further?

Mr. BENNETT. I am speaking on limited time. May I complete my statement first?

Mr. LONG. Will the Senator yield for 30 seconds?

Mr. BENNETT. Very well.

Mr. LONG. Does not the Senator realize that there is a difference between a man who has had successive heart attacks and who is serving in an executive position or as President of the United States, who does paperwork, and a man who has not had that kind of training and who has to do manual labor in the hot sun? Does not the Senator realize that there is a difference between being President or executive of any kind, for whom other persons can carry papers and do the necessary paperwork, and a man who has to do physical work in the hot sun?

Mr. BENNETT. Perhaps the Senator from Louisiana remembers the testimony of Mr. Viscardi. I do not know whether the Senator was present or not. It was brought out that a man who has been disabled does not necessarily have to return to the same work he was doing at the time he was disabled. There are other kinds of work for which he can be trained.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. BENNETT. I hope the Senator will not ask me to yield further. I have cut my time pretty closely. There are other Senators who have time available.

The PRESIDING OFFICER (Mr. PURTELL in the chair). The Senator from Utah has 2 minutes remaining.

Mr. BENNETT. Mr. President, in view of the interruptions which have occurred, I ask the acting minority leader whether he will yield 2 additional minutes to me.

Mr. MARTIN of Pennsylvania. Mr. President, I yield 2 additional minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 2 additional minutes.

Mr. BENNETT. Mr. President, implicit in the testimony from those people who have made rehabilitation their life work, was the further thought that one of the greatest of all drives was the desire to return to active employment, and to reap the material benefits of that employ. There seems a real danger that some among the disabled would hesitate to move from the security of assured benefits—however small—to the uncertainty of competitive labor markets. Pehaps in our zeal to help we would throw out, not a life preserver, but a semifloatable millstone that they could not let go of, and which would position them permanently among the disabled. In my own State, in 1954, there were 277 rehabilitations of the disabled to successful employment. Considering the size of my State's population, that is ample evidence of the success of its program. There is also ample evidence that this amendment could do irreparable damage to the rehabilitation program. Provisions are—and should be—made for taking care of our disabled during the period of their rehabilitation; but I have considerable doubt—which doubt is shared by many of the spokesmen for these groups of disabled—that it is wise to make the continuing nature of the disability a prerequisite to securing the cash benefits obtainable through this amendment.

As my colleagues know, I am a candidate for reelection to this body. Despite my past support of the social security program, I am being accused by those who covet my seat of being against social security and the comman man. On the contrary, I believe every man is, most of all, an individual. I believe that his wants and needs and circumstances deserve the attention of those of us who represent him in these halls. I do not need to remind this body, however, that we represent not only the disabled, but also all other persons of this country; not only the one-third of 1 percent who, as disabled, may qualify for this cash benefit at some time, but also the more than 70 million who will bear the cost without benefit to themselves.

Already the cost of participating in social security is greater than the income taxes paid by many of our citizens. By 1975, this tax will be more than

doubled. By that date, if the provisions of H. R. 7225 are enacted, the combined employee-employer tax will be approximately 9 percent of salary, and the self-employed will be paying about 6¾ percent of salary. I know my friends who support this measure will point to the fact that in it they have not increased the tax as much as was estimated to be necessary by our colleagues in the House. But I also know that this program must be paid for; that once we embark on it, there will be no turning back, regardless of whether it is supported by a separate trust fund. I think we all realize that, and that we also realize that the actuarial integrity of the social-security system is only slightly cauterized from harm by this device.

Mr. President, I believe in social security. I also believe we should help our disabled. But I do not believe this program is either in accord with the fundamental principles of social security or that it will solve the problems of all our disabled. When a survey of my own State tells me that this amendment would help less than 1 out of 4 of the disabled of my State—and I think the percentage helped for the country as a whole is lower—I am more convinced than ever that this amendment is not the solution. I favor the continuing expansion of the assistance program we began in 1950, which is enjoying tremendous success. Since we must maintain this program for the more than 75 percent who cannot qualify under this amendment, why should not all the disabled be given equal treatment and opportunity? So long as we speak for the common man and his ills, let us speak for all.

I do not think this amendment does either equity or justice.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from Utah yield to me?

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. BENNETT. I am very glad to yield.

Mr. MARTIN of Pennsylvania. In the very close study the Senator from Utah has made of the Nation's social-security system—and from the investigation I have made, I know that the Senator from Utah has given it very close study and consideration—does not he think it is the obligation of the Congress to keep the social-security funds as nearly sound actuarially as it is possible to make them?

Mr. BENNETT. We now have $21 billion in the fund to back up our responsibilities under the retirement system for the aged. We are now embarking on a completely new program, as to which private actuaries have had to acknowledge that they cannot successfully predict the ultimate cost. I think we may be doing things which will constitute grave risks to the current stability of our social-security program.

As I said earlier in my remarks, even though this money will go into a special trust fund, all of us know that when the trust fund is exhausted, we must either increase the tax or make further appropriations.

Mr. MARTIN of Pennsylvania. Do we not owe a duty to the 70 million men and women who make payments to the social security fund to keep the fund as sound and as unimpaired as it is possible for the Congress to do, by means of judicious action?

Mr. BENNETT. I certainly believe that the 70 million people who are paying, and have been paying, into the social-security fund should realize the risk involved if this added burden is imposed on the system. I tried to make it perfectly clear that I am concerned about the burden which will be placed upon these 70 million persons, in order that one-third of one percent of them may receive funds under the social-security system, to replace the funds which already are available to them under the public-welfare system.

Mr. MARTIN of Pennsylvania. Does not the Senator from Utah, as a result of his extensive study of questions of this kind, believe that social-security matters should be handled by means of one fund, and that the humanitarian work of our country should be handled through another fund, namely, the general fund?

Mr. BENNETT. I have always thought that, having embarked upon a plan of public assistance, which includes a variety of programs, among them help for the disabled, this particular program should continue to be handled in that way. In fact, we are not going to replace it by means of the new program; as a matter of fact, we are going to divide it. I prefer to have the present system go forward.

Mr. MARTIN of Pennsylvania. I congratulate the able Senator from Utah on his very sound remarks, and I hope every Member of the Senate will read them carefully in the CONGRESSIONAL RECORD.

Mr. LEHMAN. Mr. President, will the Senator from Utah yield to me?

Mr. BENNETT. Yes; if I have time in which to do so.

The PRESIDING OFFICER. The time yielded to the Senator from Utah has expired.

The question is on agreeing to the amendment of the Senator from Georgia [Mr. GEORGE].

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does either side yield time for that purpose?

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent that the time required for a quorum call be not charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	Goldwater	McCarthy
Allott	Gore	McClellan
Anderson	Green	McNamara
Barrett	Hayden	Millikin
Beall	Hennings	Monroney
Bender	Hickenlooper	Morse
Bennett	Hill	Mundt
Bible	Holland	Murray
Bricker	Hruska	Neely
Bridges	Humphrey, Minn.	Neuberger
Bush	Humphreys, Ky.	O'Mahoney
Butler	Ives	Pastore
Byrd	Jackson	Payne
Capehart	Jenner	Purtell
Carlson	Johnson, Tex.	Robertson
Case, N. J.	Johnston, S. C.	Russell
Case, S. Dak.	Kefauver	Saltonstall
Chavez	Kennedy	Schoeppel
Clements	Kerr	Scott
Cotton	Knowland	Smathers
Curtis	Kuchel	Smith, Maine
Dirksen	Laird	Smith, N. J.
Douglas	Langer	Sparkman
Duff	Lehman	Stennis
Dworshak	Long	Symington
Eastland	Magnuson	Thye
Ellender	Malone	Watkins
Ervin	Mansfield	Welker
Flanders	Martin, Iowa	Wiley
Frear	Martin, Pa.	Williams
Fulbright	McCarthy	Wofford
George	McClellan	Young

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission.

The PRESIDING OFFICER. A quorum is present.

Mr. GEORGE. Mr. President, I ask Senators to give me their attention, because I want to speak very earnestly gainst the committee amendment to strike out section 103 of the bill, although my amendment, of course, will be offered to the substitute which has been approved, as I understand, subject to such objections as any Senator may wish to raise. Section 103 of the bill provides for the payment of benefits to persons aged 50 and over who have been permanently and totally disabled.

Mr. President, I feel strongly that we have arrived at the time when we should improve our social-security program by providing for the payment of insurance benefits to the men and women of our country who are unfortunate enough to become permanently and totally disabled.

INSURANCE VERSUS ASSISTANCE APPROACH

The hearings which the Finance Committee conducted in 1950, 1954, and this year have amply demonstrated that it is imperative to liberalize the social-security program to help disabled persons. The burden of disability is a crushing load on many families. Not only does the disabled person have the worry, the discouragement, and the frustration due to the loss of his health, but he has the heavy weight of increased medical and hospital bills, nursing services and drugs, the loss of his regular income, and the continued financial responsibility for the support of his wife and the education and care of his children.

Every Senator knows individual cases where prolonged sickness and disability have reduced a proud and self-supporting person to a helpless, dependent individual who must look to his wife, or to his children or relatives, or to private or public charity to support him. The children may have to drop out of school to help maintain the family. The wife may have to work long hours at low-paying odd jobs to earn enough to keep the family together.

Such situations are most unfortunate. Every time we cut short the education of a promising young boy or girl we are not only making it difficult for him or for her to have a successful career, but we are losing for our Nation productive or inventive skills which may have been developed through proper schooling. Every time we force a mother into the labor market against her will we are disrupting family life and sowing the seeds of further hardship, even delinquency, and sometimes despair.

Today in the United States, more than 400,000 permanently and totally disabled persons are receiving public relief, Think of that. I ask Senators to stop and reflect for a moment what it would mean if someone they knew, some one they held dear to them, some friend of theirs, had to apply for public relief because he or she was permanently and totally disabled.

I wonder how many of us realize that the number of disabled on public relief is increasing every month. I realize that our society cannot be organized in such a way as to prevent all disability or insure everyone against it. We must have a system of public assistance for disabled persons who are in need. I am proud to have been a member of the Conference Committee in 1950 which authorized Federal grants to the States for aid to the needy disabled. This was a forward step at the time, and has yielded as much in experience. It was a wise step, and many of the fears about the administration of such a proposal have proved to be utterly groundless.

But in my opinion, we cannot be content with the assistance program as one of our major approaches to meeting the economic needs of our disabled group.

I find it singularly distressing and very strange in the year 1956 to hear the arguments of those who say we can rely upon public assistance to meet the needs of those who are disabled. We have not followed this principle with respect to the aged, widowed mothers, and dependent children, or the unemployed; and we have not followed it as to ourselves as Members of Congress. As a progressive and enlightened Nation we have adopted the policy that assistance is a second line of defense, and that we want to rely on the tried and tested method of contributory social insurance to meet the major economic hazards of our industrial society. I believe we should, we can, and we must now apply the contributory social insurance principle to the risk of permanent total disability.

MAJOR PROVISIONS OF DISABILITY PROPOSAL

Before discussing in more detail my reasons for wholeheartedly supporting the disability proposal, I desire to outline the major provisions of the proposal. It is far different from what some have imagined it to be. The disability provisions have been carefully drawn. They are the result of many years of consideration by those who have studied the problem. The provisions safeguard the financial soundness of the program and they assure that it can be administered economically, efficiently, and wisely.

My distinguished friend from Utah [Mr. BENNETT] deplores the fact that we may be undermining the social security reserve fund. Let me tell the Senate how it will be undermined. If the Senate rejects this proposal—and it is the last proposal which will be made to couple a tax with total, permanent disability—payments for disabled persons will be made from the social-security reserve fund, which now totals approximately $22 billion.

Hereafter, every proposal to take care of those who are permanently, totally disabled will be referred to the social-security fund. Make no mistake about that. Even with the type of proposal which is now made, the House may insist, as it has in its own bill, on retaining but one social-security fund in the entire program. Hereafter, that will undoubtedly be true. It is not a thing we are going to avoid. Whether or not we do it this year, we shall certainly do it in the next Congress. Make no mistake about that. We are going to give to the totally and permanently disabled whatever benefits they have earned as workers. We may not do it today, but we shall do it a bit later.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. JOHNSON of Texas. Has not the Congress already given it to all Members of the Congress who have become permanently and totally disabled?

Mr. GEORGE. That is correct.

Mr. JOHNSON of Texas. Has not the Congress already given it to all Federal employees?

Mr. GEORGE. Certainly.

Mr. JOHNSON of Texas. Has not the Congress already given it to all members of the armed services?

Mr. GEORGE. Certainly.

Mr. JOHNSON of Texas. Then, why should the Congress give it to a Member of Congress or to a uniformed man in the armed services or to a Federal employee, and refuse to give it to a truck driver or a man who operates a dairy truck?

Mr. GEORGE. There is no good reason. But I am emphasizing the point, Mr. President, that here we are not proposing to give anything to anyone, but only to permit the worker himself—not his widow or his dependents—who, not as a volunteer, but under a law which we passed, has paid into the social-security fund a percentage of that which he has earned since we put him under the system and made him contribute to it, to have only what his wage pattern has earned for him. And yet, because a doctor has written to us, we are hesitant about letting him have what he has earned.

Mr. President, I desire to point out the conditions under which payments will be made.

To be eligible for disability benefits an individual must comply with all of the eight following requirements:

First, he must have worked and contributed to the social-security program for a substantial period of time. In order for an individual to be insured for disability benefits he must meet not merely 1 test of attachment to the labor market, not merely 2 tests, but 3 separate, distinct requirements. An individual must have had 6 quarters coverage, that is 1½ years, in the 13-quarter period ending with the quarter of his disablement and 20 quarters of coverage, that is 5 years, in the 40-quarter period ending with the quarter of his disablement. He must also be fully insured, which means that an individual who becomes disabled in the future may need as much as 10 years of coverage and contributions under the social-security system. These eligibility conditions are adequate assurance that casual and intermittent workers will not be eligible for benefits. Only persons who have demonstrated that they can hold a job for a substantial period of time can gain insurance rights for disability. There is adequate protection in this way to the system. As I said, there are three separate eligibilty tests—all of which must be met. This is a carefully designed program. I ask Senators to remember this because these provisions have been intentionally drawn with the idea in mind of preserving the sound insurance basis of the present program.

A second requirement which the individual must meet is that he must be so disabled that he is "unable to engage in any substantial gainful activity." I ask Senators to note this requirement very carefully. It means that if the disabled individual can engage in any substantial gainful activities he is not eligible for disability insurance benefits. This is a very conservative requirement. It is the requirement recommended by the experts who were members of the Advisory Council on Social Security to the Finance Committee in 1948.

A third requirement is that the disability must be "a medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration."

Yet, Mr. President, many American doctors are afraid that they cannot determine when a man or a woman is disabled, when the plain requirement is that the disability must be a medically determined physical or mental impairment. Doctors have less confidence in themselves than I have, Mr. President. I think more of the medical profession in this country than to believe that they cannot determine when a man or a woman worker has a permanent and total disability. That fact must be medically determined for, if not medically determined, the worker cannot receive any benefit.

Under this requirement the applicant for benefits must present sound and convincing medical evidence that he has a

medically determinable impairment. The evidence must include medical reports giving the history of his condition, the diagnosis, and the clinical findings which must indicate not only the nature of the impairment but also its severity. Pertinent nonmedical information must be secured from the applicant, and from other sources, such as the employer, in connection with the employment record of the individual.

Mr. GORE. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield to the Senator from Tennessee.

Mr. GORE. Is it not true that a medical determination of disability must now be made with respect to the disability and thereby qualify a disabled Member of Congress, for instance, for benefits? Is it not true that many hundreds of thousands of private insurance policies provide for retirement upon a medical determination of disability; and is it not true that such a medical determination must be made in the case of hundreds of thousands of veterans? In fact, is not such medical determination of disability about which the Senator has so ably spoken a part of many and varied types of retirement and disability systems, both private and public?

Mr. GEORGE. The Senator is entirely correct. He might have included all the workers on the public carriers. Before a railroad worker can retire for total and permanent disability he must have a medical determination of his disability. For those who have such disability, the program is working satisfactorily.

It is only the timorous or those who do not want to pay benefits to the persons who have earned them under a compulsory insurance system, not a voluntary system, who seem to have some doubt about it.

But we shall do it. We are certain to do it. Let me repeat: This is about the last chance we shall ever have offered to us to have coupled to permanent and total disability payments a tax to support such a system. It will be paid out of the general reserves. Senators who are concerned about such a proposal should take note of what I am now saying.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. GEORGE. I am glad to yield.

Mr. GORE. In discussing the problem, both with my constituents and with my colleagues, I have frequently heard expressions of apprehension that this would open the way for free riders or free loaders to attach themselves to the program. I was impressed by what the Senator said earlier when he outlined the qualifications for entitlement to this benefit. It seemed to me that he spelled out and described, not an itinerant worker, not a spasmodic job holder, but a man or a woman who had demonstrated, by his or her longevity of service, a reliable and sustained employment in industrial life.

Mr. GEORGE. Beyond all doubt, that is one of the essential requirements to entitle one to benefits.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. I shall be glad to yield, although I have not much time.

Mr. LONG. The Senator was meeting the argument that the medical profession could not determine disability. I invite the Senator's attention to the statistics on the actual cases of disability. I have before me the Federal Government statistics on the disability freeze. These are the principal causes of disability:

The first in rank is arteriosclerosis. In laymen's terms, that means a thickening of the walls of the arteries and is a disease which occurs mostly in those who are well along in years. That single disabler accounts for 15.8 percent of the cases of disability.

The second disabler is vascular lesions of the central nervous system such as paralysis or cerebral thrombosis. It accounts for 14.2 percent of the cases of disability. These two diseases are the largest disablers. Any doctor can tell whether a person has them.

The next disabler is pulmonary tuberculosis, which, again, is a disease that is determinable medically. It accounts for 10 percent of the cases of disability.

Then comes hypertension, or high blood pressure—again, a disease which is completely medically determinable.

The next disease is the only one as to which the medical profession might possibly have some difficulty in determining disability—rheumatoid arthritis, which accounts for only 3.5 percent of the cases of disability under the freeze provision.

The other major disabling diseases, such as Parkinson's disease, multiple sclerosis, diabetes, and cancer, are very easily determinable by the medical profession. They account for only 3.5 percent of the cases of disability; and all the medical witnesses, so far as I could determine, stated that there is no great difficulty in determining whether a person having any of those diseases is actually disabled.

Mr. GEORGE. I think the Senator is entirely correct. As I have said, the medical profession is underestimating its capacity. I think they need not express such a lack of confidence in themselves.

Mr. President, the guides for evaluating disability were developed in consultation with State agencies and with the advice and assistance of an outstanding medical advisory committee. The doctors on this committee were all members of the American Medical Association, I think I can fairly state that these standards are reasonable, practical, and represent the best medical thinking in the United States on the subject. Disability determinations are being made every day under this definition and these standards for the disability "freeze" provisions enacted by the Congress in 1954 as part of the social security amendments.

A fourth requirement which every disabled person must meet is that each disabled person must have been disabled for a 6 months waiting period. He will not get benefits the next day after he has become permanently and totally disabled; he must wait 6 months. Certainly, if there is any purely temporary condition, which merely makes work difficult for him, it will show up within the period of 6 months.

Throughout this 6-month period the individual must have been disabled. During this period no benefits are paid under the provision. The requirement of a waiting period clears up the great preponderance of temporary ailments. It reduces the cost of the program and gives the administrative agency ample time to process the claim carefully and make all the necessary medical determinations.

The fifth requirement is that an individual must be age 50 or over in order to receive benefits. Over one-third of all disabled persons are under the age of 50 and would not immediately be benefited by the proposal. Personally, I am of the opinion that the age 50 requirement is arbitrary and unrealistic. I believe that there is just as much justification for the payment of benefits to the disabled person at age 48 or 49 as to the disabled person at age 50 or 51.

But I have deferred not only to the wishes of many of my colleagues, but also to the wishes of the House committee in writing into the bill the age 50.

As a matter of fact the younger person may have heavier financial and family responsibilities, less savings and resources, than a man of 50 or 60 who becomes disabled. From a social point of view I believe it would be more desirable to strike the age 50 requirement from the proposal. I submitted such an amendment and still believe it is the sounder policy. But I am willing to go along with the more conservative, the more restricted policy embodied in the House-passed bill because our colleagues in the Ways and Means Committee in the House have felt we should be careful and conservative in starting this program.

A sixth requirement in the proposal is that an individual is not to be considered disabled unless he furnishes such proof of the existence of the disability as the administrative agency may require.

Can we make it any tighter? Is it just or fair to say to a totally and permanently disabled person, who during all his young years paid his own money into a system into which he did not voluntarily go, "You must wait until you are 65 in order to receive any benefits. It makes no difference how much you may suffer or how much your family may suffer, you must wait until you are 65"?

In other words, the disabled individual must prove his case. The social-insurance program is also protected by the fact that the bill specifies that if the Secretary of Health, Education, and Welfare believes, on the basis of information obtained by or submitted to him, that an individual ceased to be disabled, the Secretary may suspend the payment of benefits until his disability is determined. These provisions give the Secretary ample power to administer the program on a careful, practical, and economical basis.

A seventh requirement in the proposal is that disabled individuals are referred

to the State agency administering vocational rehabilitation. Moreover, an individual must accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act unless he has good cause for refusal.

This proposal is not designed to take away the disability benefits from or to interfere with the efforts to reclaim the crippled, the maimed, and the halt. We merely say, "You must go to your State and take whatever treatment is necessary, plus whatever the Federal Government contributes, to make you well and whole again. If you do not do so, your disability benefits will be taken away from you."

Could the requirement be made any stronger, Mr. President.

In addition, the bill specifically states that after entering upon a program of rehabilitation, for a period of 1 year a disabled person shall not be regarded as being able to engage in substantial gainful employment solely on the basis of services rendered in connection with an approved rehabilitation program. These requirements in the bill encourage rehabilitation. They indicate that every reasonable effort is to be made to rehabilitate the disabled individual. Only when rehabilitation is not feasible, or is not available, or where the age of disablement of the individual does not respond to rehabilitation will the individual continue to draw his benefits.

An eighth requirement is that benefits are reduced under the plan by any amount an individual receives as a disability benefit from any other Federal law or any State workmen's compensation law. There is ample protection, therefore, against duplicate public payments of funds.

SEPARATE DISABILITY FUND

Mr. President, another feature of our proposal is that the funds for disability payments are earmarked in a wholly separate fund. It takes a lot of language in the amendment to do that, but it is technical language. It is necessary to provide another social security system and a collection system, through the Commissioner of Internal Revenue, to bring that about, but that is done. The moneys for disabled persons will not be commingled in any way with the funds for old-age insurance or for widows and orphans. The contribution income and the disbursements for disability payments will be kept completely distinct and separate. In this way the cost of disability benefits always will be definitely known and the costs always will be shown separately.

The fund will be much easier policed. This is a precautionary provision. It may or may not be entirely useless, but it is put in the amendment to meet the conscientious objection which many honorable men have—to wit, that nothing should be given to the disabled man except what he has earned. Nevertheless, he did not go into the system voluntarily. He was covered under it by the strong arm of the Federal Government. And now a separate tax is to be levied to build up a fund which can be easily policed, which can never encroach upon the fund for widows, and for those who reach age 65, and for children and other beneficiaries—a charge of one quarter of 1 percent on the payroll, to be paid by the worker and one-quarter of 1 percent to be paid by the employer.

Many years hence it may be thought that this was a perfectly useless provision, but it will produce more money than permanently disabled persons will get immediately. It will more than pay for all the permanently total disabled cases which will be certified or can be certified, and it will build up a fund for this special purpose.

I was content to go along with the provision, not because I believed it to be entirely justified or fair, but because it would enable those who have some doubt about the payment of disability insurance to say that the fund was adequately and properly policed and safeguarded and that it did not cut into the benefits of any other class of beneficiaries under our social-security system.

Thus, the argument which was made against the original proposal as considered by the Finance Committee, namely, that the cost of the proposal could not be determined, has been met by our amendments. The cost may not be easily ascertained, because we cannot determine how many permanently disabled cases exist at the moment, but assuredly, with one-third or more of them being under 50 years of age, no burden will be imposed which the one-quarter of 1 percent payroll tax cannot bear.

The argument was made against the original proposal that the program might cost more than was originally estimated, and thus might divert some of the funds from old-age or survivors insurance. That argument has also been met by this proposal to create a separate fund and make a separate levy for the support of such fund.

FEASIBILITY

Mr. President, there is no question about the feasibility of this program. Under the Railroad Retirement Act, any employee of the public carriers, when he becomes totally and permanently disabled—a fact which a doctor must determine, and which the agency has a right to review and to verify—can receive whatever benefits he has earned. Under our own Federal Retirement Act, when a Federal employee becomes totally and permanently disabled—a fact which a doctor must determine, and which can be verified, and which the agency has a perfect right to examine into with the utmost care—he can retire. Even Members of the Congress who become totally and permanently disabled can retire at age 50, or under 50. Yet, although the great bulk of our people are not employed in air-cooled offices or in conditions under which we work, we hesitate to say to them that when they become totally and permanently disabled and reach the age of 50, if they can meet all the requirements I have enumerated, they can receive—What? Only the insurance which the payments made by the workers in days when they were well would entitle them to receive—not 1 penny more. The wife of such a worker cannot draw any amount on account of his disability, nor can a worker's little children draw any money on account of his disability. Yet the American Congress hesitates to let such a worker have what he has earned—provided that he can meet all the severe tests, and provided he has reached the age of 50.

Now, Mr. President, I know that is not right. I remember when I first came to the Senate an old man in my home county told me, "George, you may not be able to know whether a thing is wise, or you may not be able to know whether a question meets all the tests of constitutionality on occasions, but there is one thing you can always know: You can know whether in your conscience you are right." That is the only safeguard any man in public life can have. If he has no qualifications in addition to that, he should be thankful to the Almighty. So long as he can determine what is right in his own conscience, he can follow his conscience. I know that when, by law, we compel a young man of 20 years of age to pay a tax until, at 45 or 50 years of age, he has worked a long lifetime and has earned some benefits, it is right to say to him, "You can have what you have earned, when you reach 50; and you will not have to drag out a miserable life after your disablement, until you reach age 65, if a kind providence permits you to live that long." I am sure of that.

Again, Mr. President, let me caution those who are apprehensive regarding what may happen because, on occasion, someone may impose upon some doctor and upon the administrative agency, and thus may obtain a small amount of money to which he is not entitled. At most, however, he could not obtain very much; under the House version of the bill, he could not obtain more than approximately $170 a month under any circumstances or any conditions; and on the average he could obtain only $70 or $75 or possibly $80 a month. That would be all that such a person could obtain for permanent and total disability.

Mr. LANGER. Mr. President, will the Senator from Georgia yield for a question?

Mr. GEORGE. Mr. President, I understand that other Senators wish to speak on this amendment. Let me inquire how much time I have consumed?

The PRESIDING OFFICER (Mr. LAIRD in the chair). The Senator from Georgia has used 42 minutes.

Mr. LANGER. Mr. President, will the Senator from Georgia yield for a question?

Mr. GEORGE. I am glad to yield.

Mr. LANGER. I have received some letters from doctors—but let me say that I do not agree with them—who say that if this measure is enacted, it will open the way to socialized medicine. I should like to have the opinion of the Senator from Georgia on that point—although I state frankly that I do not agree at all with that opinion on the part of those doctors.

Mr. GEORGE. No; it cannot open the way to socialized medicine. We already have placed in the law the so-called freeze provision, which simply freezes the disabled person into the system, from

the time when his disability occurs, so far as the payment of any future taxes is concerned. The doctors now have to determine that; and they can determine it now just as well as they can determine whether a person is permanently and totally disabled.

Let me say that so long as we retain our present freeze system and our free economy, socialized medicine can be brought into this country only by the doctors themselves. Someone should have the courage to say to them that if they continue to make such trifling objections, they may invite something bad for them—although I hope it will not come, and I do not think it will come, even under those circumstances. But the doctors alone can bring on socialized medicine in the United States.

Mr. LANGER. I thank the Senator from Georgia.

Mr. GORE. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield for a question.

Mr. GORE. I hope the Senator from Georgia will permit me to make a brief comment.

Mr. GEORGE. Yes. How much time does the Senator from Tennessee wish to have?

Mr. GORE. Perhaps half a minute.

Mr. GEORGE. Very well; I yield to the Senator from Tennessee.

Mr. GORE. I wish to say that I have been disturbed and moved by the eloquent address by the distinguished senior Senator from Georgia. He has presented a powerful appeal.

Is not the proposal he advocates in the very highest sense and meaning of the term, security in the highly interdependent society that is the United States of America?

Mr. GEORGE. Beyond all doubt, I think it is.

Mr. JOHNSTON of South Carolina. Mr. President——

Mr. GEORGE. I am very glad to yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I wish to speak in my own right.

Mr. GEORGE. Very well; how much time does the Senator from South Carolina wish to have?

Mr. JOHNSTON of South Carolina. Approximately 10 minutes.

Mr. GEORGE. Very well; I yield 10 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 10 minutes.

Mr. JOHNSTON of South Carolina. Mr. President, first of all, I should like to say that I have enjoyed very much indeed the remarks of the distinguished senior Senator from Georgia [Mr. GEORGE].

As I listened to him, naturally I could picture in my own State many, many persons who have worked in the mills from the time they were 15 years of age until they were 50 or 52, 53, 54, or 55. Now they are disabled, unable to work at all. They have been paying into the fund ever since the Social Security Act came into existence. But because they have not yet attained age 65, they cannot now participate in the social security funds.

I am glad the Senator from Georgia has seen fit in his amendment to care for any matter which might involve the fund which already is in existence. I think his amendment should be adopted.

Mr. President, today 53,400,000 citizens of the United States are participating in the great social-security system of this Nation. This system sometimes is referred to as the old-age and survivors insurance program, and is actively participated in by 85 percent of the civilian employees of America.

This system of "retirement," as I like to think of it, was created by a democratic Congress under a great democratic President, Franklin D. Roosevelt, in 1937. This was nearly 20 years ago; and today millions of Americans who started working under this system are now in their 50's, and are looking forward to a well-earned retirement.

They, together with other participants in the program, have paid $38,600,000,000 into the system in the form of payments. To this amount has been added $3,700,000,000 in interest derived from investments in bonds, aggregating a total of $42,300,000,000 invested and earned through the past 20 years for the social-security system.

Of this amount, $19,700,000,000 have been expended to retire and benefit those in the system who reached retirement age or who were beneficiaries of retirees. Another $9 billion of this amount has been consumed in 20 years of administration of the program. This means that today there is a balance of approximately $21,700,000,000 in the system.

To date, millions of persons have been retired under the social security system. Millions of others have benefited through payments to widows and orphaned children. This year, for example, 8,149,733 people are drawing retirement benefits under the system. Over 68,000 of these are in South Carolina. Let us remember that the retirement of these persons opens up job vacancies to young people, and thereby aids in preventing unemployment. Every time an aged person retires, he vacates a job which must be filled. Furthermore, when people retire under the system, they have income and purchasing power which help maintain our national production, and prevent further unemployment.

Total unemployment in March was estimated to be 2,834,000 individuals. If 8,149,733 people had not retired this year, unemployment would be at least 10,983,733. We must bear in mind also that these people who went into retirement made it possible for other people to obtain jobs. So we can see immediately what this system does for the economy of our Nation.

I recall well the cries of "paternalism" and the other unfavorable comments that echoed in these halls when the social-security bill was under debate. Some charged that it would break the country. Others said it would not work. Still others charged it was the beginning of a system that would end with everyone on the Federal retirement payroll, and end in complete socialism.

Throughout the years attempts to discredit the system have been made time and time again by the old enemies of social security. Only in recent years some have loosely charged fraud and claimed the people would never reap any benefits from the system. The retired millions of today, however, refute these charges. Through it all, for 20 years the system has progressed. Increasingly with each Congress more and more seek and receive coverage under the system. Each year reserves, investments, and earnings of the system increase. Each year millions retire and receive the system's benefits. Never has the system once cost the Federal Government a red penny. The system has been self-sustaining.

Mr. President, I repeat, never has the social security system cost the taxpayers a single cent. Every cost of the system, from administration to retirement, is paid for out of contributions by participants. Millions have participated in social security; millions have retired with social security; millions have benefited from social security, and millions more will continue to do so of their own volition and at their own expense.

As I mentioned, there are millions of people today who have participated in this great system for nearly 20 years. These people are, for the main part, looking forward to their retirement. On the surface this looks fine. In the early days of the retirement system we were all satisfied with the first great accomplishment, which included the establishment of 65 as an age for retirement. All the problems of the system could not be foreseen.

One of these more important unforeseen problems has been accelerated in recent years. That problem concerns people who for years and years have participated in the social security system, who are almost within reach of retirement, but who cannot retire because they are not yet 65 and yet cannot work any longer because they are disabled or too old to work.

Think how many people lose their jobs at 50, 55, at 60, and on up to 64. Then when they try to get a job with some corporation, and reply to the question, "How old are you?" they are left without jobs.

We do not all grow old at the same age. Various conditions, diseases, and other factors determine when each of us grows old in the sense of being too old to work and old enough to retire.

In my State of South Carolina there are thousands of people who are in this situation—that is—the condition of being past 60 and in need of retirement but unable to do so because of the law requiring them to be 65 years old. Each year the pressing problem of these elderly people becomes more and more apparent. Consider the plight of old folks who have worked all their lives and who now, after years of self-sufficiency and fruitful living, must turn to the welfare agencies for help when they have actively participated in the social security system for years and could retire on their own earned savings. The law should be changed to meet the needs of these people.

I believe I can best explain the plight of these people who really need this retirement by giving Senators the benefit of what they write to me. Example, one elderly lady wrote me:

DEAR SENATOR JOHNSTON: I am writing this letter at the request of many friends and others whom I know of, not excepting my husband and me.

Would there be anything you could do to give textile workers social security benefits at an earlier age than 65? We think a man at least at the age of 62 should be entitled to this benefit and any woman 60 years of age. After being laid off our jobs and younger people hired, we don't have anything to live off until we are 65 years of age. So that is our great problem. What can you do? This is desperate. Thank you.

Another constituent says:

DEAR SENATOR: I am writing you in regards to the social security age limit. Do you think it will be reduced this year? I sure hope it will as my wife and myself are both unable to work and are both past 62 years of age. Of course, I am still trying to work against the doctor's orders, but there is no other way for us to live. I sure hope it will be cut down for the disabled, if not for all at 62 years. Would like to hear from you in regards to this. Thank you very much.

Among the hundreds of letters received on the subject, is one from an elderly textile worker who writes:

DEAR OLIN D.: I am asking you to do all in your power for the passage of H. R. 7225. As you know many people who work in textile mills today may never reach the age of 65. I am looking forward to you doing your very best on this as I am sure you have all working people who are sick and disabled in mind. The passage of the H. R. 7225 will help many people in my community, so don't let them down.

Still another writes:

Senator JOHNSTON: I am a widow lady in my early 60's. My husband died in February of this year. I was laid off from my work in September of last year, So I do not have any income at all. I am writing you in regards to social security. Please do all you can to have something done to lower retirement age. I for one think women like myself should have a part of their money and also their husband's so that they might have an income to live as other people live. If not, why do we have social security? Best regards to you and the best of luck.

Another says:

Dear OLIN: I am just one of the vast multitudes of textile workers. I have a job on the third shift from (10 p. m. until 6 a. m.) I am much too old to get another job if I quit this one. Now my doctor tells me that my health is in danger under certain conditions. Too much exposure from dampness and cool draft where I work. Still I have to try to hang on as long as I can. I have five more years before I can retire, and no income in the world to live on if I do not work. I am hearing about this bill H. R. 7225 that is to come before the Senate, and beg you to please do everything you can to secure prompt and favorable action by the Senate.

One constituent wrote:

Dear SENATOR JOHNSTON: I am writing you in the interest of having the social security law changed or amended so that persons 50 years of age will be eligible to receive social security benefits.

I am 62 years of age and am disabled and I know of some 7 or 8 more people within this same age year who are disabled and who cannot receive these benefits.

I am writing to you to request that you do everything you can to have this law amended whereby I and the others I know who are disabled can receive these benefits. If the age was lowered to 60 years to be eligible we would come under the law and could be able to draw these benefits which would greatly help us to exist.

And so on the letters go. They represent pathetic cases of people who genuinely need help. They are Americans who have spent their lives working and producing for the betterment of this great Nation. Throughout the past 20 years their hopes for existence in old age have hung upon this great social-security system of ours.

I would not like to think that but for a vote in the Senate enabling these people to retire that they will be forced to work on in detriment to their health and perhaps die never realizing a dime's worth of their life savings in the social-security system.

I would not like to think that but for this same vote perhaps thousands will be forced onto the welfare rolls when they could be retired by the system to which they have been contributing for nearly 20 years. These proud people do not want welfare. They want their earned retirement.

Estimates indicate that only approximately 100,000 persons who are participating in the social-security system and who are over 60 and under 65 who are disabled beyond the ability to work without impairing their lives. To bring this number of people into the system a few years earlier than their scheduled time would involve no exorbitant expense. Imagine what little expenses would be involved in letting 100,000 people out of 53,400,000 participants retire from 1 to 4 years earlier. Estimates indicate that if we pass such an amendment, by 1965, there will be only 450,000 such people eligible to retire early.

We cannot justify turning away these aged people from the opportunity of utilizing their own savings when at the same time we have given away more than $114 billion during the past 30 years to foreign governments for the relief of foreign peoples.

This measure would not require anyone to retire. It would simply enable those who are disabled and need to retire—say, at 50, 55, 60, 63, or 64 years of age—to do so instead of waiting until they are 65. Remember this change would not cost the Federal Government one red penny.

We are proposing only enabling sick and aged people to enjoy their earned income while they can—before it is too late to do so. Hard as it may seem, these people who are not yet 65 and are too sick or "old" to work any more will probably not live much past 65 years, and will more than likely die before they can realize benefits from even a part of what they put into the system.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. JOHNSTON of South Carolina. Mr. President, may I have 1 additional minute?

Mr. GORE. Mr. President, I yield 1 additional minute to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, we should honor and take care of our aged people—the senior citizens of this great Nation. Whether the disabled old people come from behind the looms of cotton mills or from behind the counters of city stores—no matter where they are from in this land—they are our elders and they deserve our respect and the right to use, in their last days, the funds they have contributed to the social security system.

Social security for these people will be a hollow phrase unless we vote to enable them to receive their benefits today, while they are living.

Mr. GORE. Mr. President, I yield 8 minutes to the senior Senator from Missouri [Mr. HENNINGS].

Mr. HENNINGS. Mr. President, first I wish to express my deep appreciation to the distinguished senior statesman from Georgia [Mr. GEORGE] for allowing me to become one of the cosponsors with him of this amendment.

His plea was not only moving and eloquent, but came from the depths of his heart, and was marked by the characteristic sincerity for which he has always been known in this body, and which has made him one of the most outstanding Senators ever to grace this body.

Mr. President, one of the greatest satisfactions of my life is the fact that I, as a Member of the House of Representatives, a good many years ago, was able to vote and speak for a social security program which took the beginning steps in easing the burdens of old age and removing the fear of joblessness. Consequently, as one of those who has consistently been in favor of social security since it was first enacted in 1935, I should like to make my position clear on some of the current proposals.

I have followed the committee reports carefully and have given close attention to the testimony adduced in the extensive hearings which were held before the Finance Committee. I find, as a consequence, that I am in disagreement with a number of recommendations contained in the committee report. I should like to observe that curiously enough, the committee findings indicate that the committee is satisfied with the current status of the social-security law. I think, at least, this involves a mistaken apprehension.

As we know, the committee, following the urging of the Eisenhower administration, stripped the bill of a number of its most desirable features. Furthermore, the present Secretary of Health, Education, and Welfare, when he acted as spokesman for the United States Chamber of Commerce concerning the security program, was far more liberal in his position than he is now when he appears before Congress as the administrator of the Eisenhower humanitarian program. In 1949 as a member of the Advisory Council of the Social Security Administration, Mr. Folsom's name was among those signing a unanimous recommendation that the retirement age for women should be reduced

not merely to 62 but to 60. In 1944, as a member of the chamber of commerce, he supported the proposal to pay cash benefits to the permanently disabled. Today, he issues a statement saying that he is in favor of the bill which has been reported from the Finance Committee with both of these provisions eliminated.

However, I continue deeply to believe that we have an obligation to enact a law which will provide decent maintenance for the sick, the aged, and the dependent, and it is our duty to do everything in our power to see that these provisions are carried out. After 20 years of practical application, the principle of social security has emerged as a noncontroversial issue; but there are those of us, as has been said before, who remember when it was a highly controversial issue in 1935. However, there can be no question that our social-security program allows considerable room for improvement if it is to insure a minimum living standard necessary for health, decency, and self-respect.

There are now more than 133,000 recipients of benefits under social-welfare legislation within the State of Missouri alone. Think what would have been the extent of their suffering had not the Congress far-sightedly acted in behalf of their welfare in years gone by. However, the time has long since come for a thorough overhauling, reexamination, and improvement of the law as it now stands.

The very fact that so many previous Congresses have devoted so much time and study to devising ways to improve the Social Security Act is proof of the continuous effort which has been made to better it. I think we could well eliminate the biennial examination of this act by putting into it once and for all the measures which have so long been urged. The American citizen has a right to expect a law with broad enough coverage to provide adequate protection. He has a right to expect a law which is not riddled with inconsistencies, a law which is made in his behalf, and which reflects his own interests and desires.

I feel sure that a primary consideration in expanding the coverage of the law should be the inclusion of disability benefits in one form or another, and lowering the retirement age for women. As well as being needed, these are altogether in line with the general purpose of the Federal program.

There is no longer any question of the authority of Congress to legislate benefits. This authority was recognized by the Supreme Court shortly after the enactment of the bill in the Helvering against Davis decision which pointed out that:

> Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation. * * * Only a power that is national can serve the interests of all * * * the problem is plainly national in area and dimensions.

Mr. GORE. Mr. President, will the Senator from Missouri yield?

Mr. HENNINGS. I am glad to yield.

Mr. GORE. Where is the social justice, where is the security, where is the fairness, and where is the equity in withholding from an employee, a citizen, the benefits which he himself has earned as a result of his contributions after his employment has been terminated by total disability?

Mr. HENNINGS. My distinguished friend in his rhetorical question has supplied the answer. Of course there is not any. I thank him for his contribution.

The PRESIDING OFFICER. The eight minutes yielded to the Senator from Missouri have expired.

Mr. HENNINGS. May I have 4 additional minutes; or 3 minutes?

Mr. GORE. I yield 2 additional minutes to the Senator from Missouri.

Mr. HENNINGS. As far back as 1945, the Social Security Board advocated adding disability benefits as a part of a comprehensive program. The annual report of that year stated:

> The United States is practically alone among the major countries of the world in having an old age insurance system that is not linked up with any provision for retirement because of disability. The impact of prolonged disability on family security may be even greater than that of old age.

The succeeding recommendations in 1945, 1949 and 1952 again urged the necessity of the disability provision. The pending proposal, which the senior Senator from Georgia has submitted for himself, the Senator from Louisiana [Mr. LONG], the Senator from Illinois [Mr. DOUGLAS], and me, proposes to set aside a separate trust fund for disability, and consequently does not go so far as to include it within the social-security framework. I believe this to be an extremely workable compromise—one which will eliminate any fear that the old-age and survivors insurance fund will be endangered, although I for one never shared this concern.

Now, I desire to say that in my judgment, the pending disability provision is actually a conservative measure, because of the number of safeguards attached to it to protect both the doctors in determining true disability and the integrity of those who are genuinely disabled and who are in such desperate need of help. There is also a most praiseworthy emphasis on rehabilitation.

I wish to observe, in passing that a number of groups have expressed concern that this provision will lead to socialized medicine. Unequivocally, I believe that the disability provision will in no way bring about this state of affairs. I have frequently stated my opposition to this concept, and if I thought the bill would be a start toward creating a socialized state I would not be so sympathetic to it as I am now.

Secondly, I should like to point out in answer to Secretary Folsom, who did not like the untruncated version of the social-security bill, that a disability program would not be unduly difficult to administer. As far back as 1938 the then Chairman of the Social Security Board, Arthur Altmeyer, stated that it would be feasible to administer such a program. Later, an Eisenhower appointee, the Commissioner of the Social Security Bureau, Mr. John W. Tramburg, spoke in support of H. R. 7225 before the Finance Committee.

The PRESIDING OFFICER. The Senator's 2 additional minutes have expired.

Mr. GORE. Mr. President, I yield 2 additional minutes to the Senator from Missouri.

Mr. HENNINGS. I thank the Senator for his generosity.

Mr. President, one would think, from Mr. Folsom's alarm, that this provision was a large-scale undertaking in a new and untried field. Nothing could be further from the case. We need only to look at the well-known fact that our Government is already operating a number of disability programs. We need only to think of such broad groups as veterans, railroad, and civil-service employees to realize how deeply we are already involved in disability programs and how effectively such programs can be operated.

I also want to speak briefly in favor of lowering the age for women receiving benefits. My reasons would be similar to those contained in the House Ways and Means Committee's report. Among other points, they mention that as it now stands benefits are frequently denied until the wage earner reaches age 70, due to the fact that women are generally a few years younger than their husbands. Consequently, the wage earner usually delays retirement until the wife has reached age 65 in order to receive benefits.

Other very telling arguments which are available in previous social-security administration reports and the most recent House report fully indicates that this provision will meet both a social need as well as one of equity and justice.

I might remark that the people themselves seem predominately in favor of H. R. 7225. I also might mention in passing that more than 1,200 residents of Kansas City alone have taken the time and interest to sign a petition favoring this bill in order that I might learn their sentiments. I think this is a pretty good yardstick of how close this bill is to the hearts and interests of the people.

I should also like to plead for making this a well-rounded, effective bill—one which will do what it professes to do. One which will not play favorites with any special groups over another; one which will show a reasoned approach to solving one of our greatest national problems—the welfare and support of all our citizens who need additional care and protection.

Let us not leave entire titles of the act unconsidered, such as may be the case about title V. Think, for instance, of making adequate provisions for the whole field of child welfare, instead of only assisting the aid-to-dependent-children program. However commendable and worthy and necessary this program may be, let us all devote our thoughts and attention to bettering the program and let the resulting bill reflect this thinking.

Mr. President, I should like to say a few words in behalf of the amendment of the Senator from Washington [Mr. MAGNUSON], which will provide increased funds for the aid-to-dependent-children program. All this proposal does is to

bring these needy persons more in line with the increases which have already been voted for the aged, the blind, and the disabled. I wholeheartedly voted for this provision, but I also want to see the children provided for.

I should like to point out that the average payment received by the parents caring for underprivileged children is only about $24.50 a person and the aged, the blind, and the disabled are already receiving, on the average, as much as $54.37, $60.45, and $56.88, respectively, and are going to receive more under the amendment which has already been adopted.

As we know, when there is such a wide discrepancy in available funds, the State welfare programs become exceedingly difficult. if not impossible to administer, because, of course, there is always a very real atmosphere of unfairness surrounding the whole program. Then, too, children need food, shelter, and clothing just as much if not more than anyone else, and any mother can vouch for how much and how fast the available money is exhausted. Child care is costly, and needy parents are at the present time getting a truly pitiful allowance.

I should also like to point out that some money is already available for foster homes, but this money is going directly to the dependent mothers to allow them to keep the child with them in their own homes. This, in turn, will decrease the already heavy burden on foster programs, and in many cases will allow the child a much greater chance for a normal life.

We have been somewhat successful throughout the years in our attempts to provide more adequately for the Nation's old people, and I am very happy to say that I have had a part in this undertaking. However, the children have been shortchanged. They are not able to cast a vote, and as a consequence, have been consistently neglected. I propose that because they are children—one of our Nation's most priceless possessions—let us give them the same life-giving boost that we have already given to the aged, the dependent, and the blind.

Mr. GORE. Mr. President, I yield 8 minutes to the junior Senator from New York.

Mr. LEHMAN. Mr. President, I wish to congratulate the Senator from Georgia [Mr. GEORGE] for his fine speech with reference to the proposal to broaden the Social Security Act so as to provide benefits for the worker who becomes totally and permanently disabled at the age of 50. I could speak at great length concerning the amendment which the Senator from Georgia has offered, together with his colleagues, and I am very proud, indeed, to be a cosponsor of the amendment. However, Mr. President, I do not intend to do so. I do not feel that it is necessary to go into all the arguments in favor of a program of disability benefits at this time, particularly not after the masterly presentation made by the senior Senator from Georgia.

Mr. President, disability benefits for the totally and permanently disabled worker are not a new concept. The only thing new about the disability proposal offered by the Senator from Georgia [Mr. GEORGE], along with the Senator from Illinois [Mr. DOUGLAS] the Senator from Louisiana [Mr. LONG] and the Senator from Missouri [Mr. HENNINGS]. A proposal of which I am pleased to be a cosponsor—is the provision calling for the establishment of a special disability fund separate and apart from the old-age and survivors insurance fund. The fund would be made up of contributions amounting to one-quarter of 1 percent from the employee and a like amount from the employer in the case of the employed individual and three-eighths of a percent in the case of the self-employed and would be used to pay benefits to persons who become totally and permanently disabled at the age of 50.

This special fund will make it possible to keep a separate record of our experience with a disability program of this type. It will prove to one and all that a program of benefits to the totally and permanently disabled can be operated at reasonable cost. A cost well within the means of those participating in it.

But, as I have already said, the basic concept of disability benefits is not new. It is one that has been studied and discussed time and time again over the years. It is a concept that has been approved on a number of occasions. It has been recommended by several of the advisory councils on social security. It has been approved by the House of Representatives on two occasions in recent years—the latest being just last summer by an overwhelming vote of 372 to 31. It has been included in the several comprehensive social-security bills that I have introduced since becoming a Member of the United States Senate.

Programs of disability benefits have been made a part of several programs already established by the Federal Government, namely, the disability benefits under the civil service and railroad retirement acts and the disability benefits programs now being administered by the Veterans' Administration. And, finally, Members of the Congress themselves are protected by an effective program if they become disabled. How can we justify denying simple justice to the workers of this country?

No, the payment of disability benefits does not represent a new concept. It is even a part of the Social Security Act which we are now preparing to amend. We already have two disability programs operating under the Social Security Act. The first—the program of aid to the totally and permanently disabled—was established in 1950. The only difference between that program and the program which we are now considering is that that program uses a means test as one of the requirements for benefits. The second program already in existence under the Social Security Act is the disability freeze program that was established in 1954. The only difference between that program and the proposal which we are now discussing is that under the disability freeze, benefits are frozen at the level at which they stood at the time the individual became disabled. However, under present law benefits are not payable until the individual reaches the age of 65. The disability program which we are now seeking to establish would make benefits payable at the age of 50.

My own opinion is that there should be no age restriction. The problems of disability and the difficulties they present to the worker and his family are no respecters of age. It should make no difference whether the individual has reached the age of 50 or not. But I am willing to accept the GEORGE proposal in its present form.

I am willing to accept it because it means that, at long last, the principle of disability benefits for the permanently and totally disabled worker will be written into law. We will start to fill the one large remaining gap in our program of social insurance. By adopting this proposal, we will show that we have begun to recognize our obligation and responsibility to the totally and permanently disabled worker.

I am not going to take time to discuss all the arguments—arguments which I consider specious and without foundation—that are being made against the adoption of a program of disability benefits. We have all heard them. I do, however, want to discuss just one point that is constantly being raised by the opponents of disability benefits. This is the argument that the problems of the totally and permanently disabled worker can be solved by rehabilitation. That is a tragically specious argument.

I wholeheartedly agree with the advocates of rehabilitation that the problems of many people can be solved in this way. But we all know that our present rehabilitation program is woefully inadequate. The number of physically handicapped is increasing at a rate far greater than the rate at which we are returning our handicapped to society as useful, productive citizens.

Mr. President, there are today in this country—and I know what I am speaking about, because I have been on the Labor and Public Welfare Committee for 7 years—more than 2 million persons who are physically handicapped, and the number in increasing at the rate of 250,000 a year. Against that, all we are doing is rehabilitating between 50,000 and 60,000.

To talk about a rehabilitation program as a solution to this problem is mere nonsense.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. GORE. Mr. President, I yield 2 additional minutes to the Senator from New York.

Mr. LEHMAN. Mr. President, the lack of adequate facilities and trained personnel coupled with the limits to what rehabilitation techniques can accomplish means that we cannot possibly hope to solve the problem of the totally disabled worker in this way. Rehabilitation can do much of course, and I have been fighting to extend its scope, but it is not the answer to even a small part of the problem.

We need a much more extensive program of rehabilitation—we must expand our facilities—we must increase our appropriations for training personnel and developing new techniques. But we can-

not now, and certainly not in the foreseeable future, rely solely on rehabilitation. We need rehabilitation along with a program of benefits to the totally and permanently disabled worker such as is proposed in the amendment now being debated. But it cannot be a substitute for it.

By approving this amendment we can begin to see to it that our thousands of disabled workers do not have to depend on charity and public handouts for the rest of their lives. We can see to it that they have a source of income as a matter of right, and that they receive something which they have earned.

Let us keep faith with these people. Let us adopt this amendment.

Mr. COTTON. Mr. President, I yield 20 minutes to the Senator from Virginia.

Mr. BYRD. Mr. President, the Finance Committee is aware that a prolonged and severe disability is a matter of serious concern to the worker and his family. But testimony before the committee shows, there are great differences of opinion as to what should be done.

It was on the basis of the best evidence, the committee decided payment of disability benefits is unwise at this time. Such a program would have two immediate and very harmful effects: It would endanger the rehabilitation program, and it would burden workers, employers, and self-employed individuals with a tax that is unpredictable as to amount in future years.

As the years go by, it is most likely that safeguards in the pending amendment will be eliminated. It is certain that any disability provision will be greatly liberalized in the future, either by changing the age limit or increasing benefits to dependents, or adopting a program for partial disability.

The making of cash disability payments under the social-security program was given the most comprehensive consideration by the Senate Finance Committee. The hearings lasted for months. The disability provision in the House bill was stricken out by a vote of 11 to 4 by the Finance Committee.

This is not the first time the Committee on Finance has voted against establishing a program for payment of benefits to the disabled. In 1950, under the chairmanship of the Senator from Georgia [Mr. GEORGE], the committee struck the provisions for disability payments from the bill as passed by the House.

When a disability amendment was offered on the floor of the Senate in 1950, the distinguished Senator from Georgia, for whom I have the greatest admiration and affection, successfully opposed the amendment. I quote from his statement in the CONGRESSIONAL RECORD, volume 96, part 7, pages 8903–8904:

> Mr. President, the Senate Finance Committee opposes this amendment. First, the matter will be in conference anyway. It can be considered fully in conference, and there is little practical advantage in tying the hands of the Senate conferees on all the important provisions in this bill and leaving us at the mercy of the House conferees, although presumably they will have good provisions which they will wish us to take. Yet we are representing this body when it is in conference.
>
> In the second place, this is a very sharply disputed question. It is one on which the Finance Committee took a great deal of testimony. It has been in sharp conflict all the time among the experts who are familiar with this problem.
>
> In the third place, it adds from one-half to three-fourths of a percent to the deductions from the entire payrolls of the country. In other words, it greatly increases the total burden on our economy and brings us back again to the point which I have tried to stress over and over and over, that we have brought forth a bill which is a good bill, which has merit in it; we have given all that our economy can really with assurance shoulder. Yet here are these efforts, by way of amendments which are offered and insisted upon, that would add and add and add to the total cost of this bill.
>
> Mr. President, the insurance companies themselves tried this question of disability insurance. They have practically abandoned it. Why? Because there is no way to insure against disability without opening up the whole system to all sorts of questions. It is possible to insure against premature death, it is possible to insure against arrival at a time when people ought to retire. But when we insure against disability and put the Federal Government into that field, then it is opening up an avenue for the expenditure of vast sums of money, which will certainly embarrass us, particularly when we are here offering the most ambitious social-security program which has ever been offered to the country.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. AIKEN. Under the provisions of the amendment, would any of the 10 million persons who were added 2 years ago, I believe, and who have become disabled in the meantime be eligible to receive disability benefits?

Mr. BYRD. They would be eligible after 5 years of disability.

Mr. AIKEN. But if they had become permanently disabled in the meantime, they could not acquire the 5 years necessary.

Mr. BYRD. That is correct.

Mr. AIKEN. That is because the provision has been in effect only 2 years.

Mr. BYRD. If they became disabled now, they would not be eligible for disability payments.

Mr. AIKEN. Suppose a widow, aged 55, became permanently disabled, but had not herself acquired credit for 20 quarters. If her husband before his death had acquired that credit, would she now be eligible for the benefits under the amendment?

Mr. BYRD. No, she would not.

Mr. AIKEN. In other words, the persons I have had in mind, who I thought would be benefited by the amendment, apparently are excluded from its benefits. No farmer, no self-employed person, no domestic employee would become eligible until he had achieved 20 quarters.

Mr. BYRD. That is correct.

Mr. AIKEN. It seems to me that if we intend to provide coverage for total disability, we should really provide it, and not exempt from the privileges a great number of persons who may need this kind of protection the most.

Mr. BYRD. The Senator is correct. The act requires 5 years of coverage; and the farmers, as Senators know, were not covered until 2 years ago.

Mr. AIKEN. A farmer who has become disabled in the past 2 years cannot possibly qualify for benefits. If he were permanently and totally disabled he never could qualify for benefits.

Mr. BYRD. That is correct.

Mr. AIKEN. I have in mind one such person, a very good friend of mine, who has become permanently disabled. He could not qualify under the amendment.

Mr. BYRD. The Senator is correct.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WILLIAMS. In line with what the Senator from Vermont has said, I think it might be well to point out that based upon a survey conducted by the committee, in some States less than one-third of those who are today permanently disabled would receive any benefits under the George amendment. Two-thirds would be entirely eliminated. If any of the farmers who were covered 2 years ago became disabled today, they would not come under the amendment. If they became disabled 2 years from now, they would not come under it. If they have less than 20 quarters of payments to their credit, they would not come under the amendment. Many farmers who have become disabled since they were covered by the act could not qualify for benefits.

I am afraid that the provisions of the amendment have been badly misunderstood, and I am one who has misunderstood them.

Mr. BYRD. The Senator is correct.

Mr. AIKEN. If the amendment will exclude the larger percentage of the persons who need the benefits the most, we had better wait until we can do a better job than apparently will be done by the amendment.

Mr. BYRD. The Senator is correct in his interpretation of the amendment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. CARLSON. My vote on the amendment in the committee was largely influenced by the fact that, in addition to the groups which have just been mentioned, there are millions of persons who were included in the act in 1954 who would never be eligible for coverage.

That is especially true of farmers, who must pay for a period of 3 additional years before they would become eligible for payments.

With the increased charges on the basis of their self-employment payments, I could not see my way clear to support the amendment. It was for that reason that I voted against it.

Mr. BYRD. The Senator from Kansas is one of the most active members of the Committee on Finance. I feel certain he will agree with me that every detail of this proposal was carefully considered before the Committee on Finance deleted the House provision by a majority of more than 2 to 1.

Mr. President, I continue to quote from the statement made by the Senator from Georgia [Mr. GEORGE] on June 20, 1950, with respect to the position he then took

in opposition to a disability amendment which was then proposed:

Mr. President, there are 35 million people now under social security, and we are multiplying the advantages of the present system by practically 100 percent, for the past and for the future. We are bringing in 10 million more people. There are 1,600,000 persons under the Railroad Retirement Act. There are about 1,200,000 under the Federal Employees Retirement Act. There are from 2,400,000 to 2,600,000 under the State and municipal system. So that when this bill passes we shall have given a maximum insurance against the real, absolute certainties against which it is possible to take appropriate safeguards, namely, arrival at retirement age, or premature death, to more than 51 million people in the United States.

We want the system to carry itself. We want a system which will be sound. We do not want the Senate to vote it down and change it to the extent that the economy cannot support it. The only way we can support a social-security system is to have an economy that will do it. It will become as worthless as a scrap of paper if we break down the economy. We cannot take from $10 billion to $12 billion a year from our economy without passing it immediately back into the economy, without hurt. Therefore, I hope that this amendment, as amended, will be rejected.

I have quoted my distinguished colleague from Georgia, for whom I have the greatest personal affection and the deepest possible admiration, because I think the arguments he made in 1950 against the disability amendment, which was then before the Senate, are the most powerful and persuasive arguments I have heard made by anyone in connection with this proposal.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. AIKEN. Under the provisions of the amendment, am I right in assuming that an industrial worker who has acquired 20 quarters' credit will be the principal beneficiary—at least for some years, probably the next 3, 4, or 5 years?

Mr. BYRD. The Senator is correct. A farmer would have to have 5 years' coverage. He has had only 2 years' coverage, so if a farmer should become totally disabled today or tomorrow, as I understand, he would not come under the provision.

Mr. AIKEN. I want all the people covered.

Mr. BYRD. Neither would dentists and neither would certain others recently covered. This bill adds additional people to those under social-security coverage. They would have to receive 5 years' coverage before they could receive any benefits of the amendment.

Mr. AIKEN. I have in mind a certain farmer who has about 2 years' credit and has become totally disabled. I know all of us will have particular cases in mind when we vote on the amendment. I find that he will not be covered by the provisions of the amendment, and he will not be able to work 3 more years.

Mr. GEORGE. His son and his neighbor may become qualified, however, if they are farmers. Of course, we cannot take care of everybody.

Mr. AIKEN. I should like to see legislation that covers all workers.

Mr. BYRD. Mr. President, we must recognize that cash disability payments to those covered by social security would establish an entirely new concept, never contemplated when the program was inaugurated. It may well involve the question of the physical fitness of 70 million persons who are currently under social security, and this number will increase as the years go on. The pending amendment for cash payments to the totally disabled of 50 years of age and over is merely the entering wedge.

The distinguished Senator from Georgia, himself, has indicated the probability of rapid expansion of this program. He has said there should be no age limitation, and he has offered this amendment to the pending bill after the Finance Committee failed to adopt his previous proposal to pay disability benefits without regard to age.

Various representatives of trade unions testified before the committee that they regarded the pending amendment as only the instrument for establishment of the principle of disability payments under social security. If this amendment is adopted, it is certain that in the immediate future the effort will be made to enlarge the scope. It is not difficult to anticipate the contention that younger persons with their young children are more entitled to disability payments than are the older group.

I emphasize that, once this principle of disability payments under social security is established, it is likely, and I think probable, that the program will be broadened to partial disability. Broadening the scope would be according to the pattern already established in other social-insurance and pension programs.

I am thoroughly sympathetic with those who are totally disabled, but I submit that relating the program proposed in this amendment to the system in which 70 million citizens are investing against their old age is an improper approach.

The private insurance companies have had unfavorable experience with total-disability insurance, resulting in millions of dollars of loss. A public disability-insurance program, such as this, is likely to have the same experience in the event of a recession. Under such circumstances, the tax proposed under this amendment may have to be increased substantially at a time when individual taxpayers would be least able to pay additional taxes.

It has been impossible to date to safeguard a Federal system of disability benefits against abuse. This is primarily because of the difficulty in defining total disability. A person may be disabled physically, but at the same time capable of making economic and social contributions. He may be disabled in a manner preventing one type of work, but not another. He may be disabled as a farmer, but not disabled as a watchman. He may be a malingerer exploiting the program, purely and simply. What would be the status of a married woman who is able to establish disability for outside employment, but who is perfectly capable of housework at home?

There is competent testimony and historical experience to demonstrate that disability rises and falls with prosperity and recession. Determination of disability is difficult enough in times of high employment conditions.

There appeared before the Finance Committee a number of the most eminent doctors and surgeons in the United States. I wish to read from the testimony of a few of them. One of the very eminent witnesses was Dr. Frank H. Krusen, of the American Congress of Physical Medicine and Rehabilitation who testified before the Finance Committee—pages 380–382. He said:

The pattern of determination of total disability, according to the "disability freeze provision" of the social-security laws * * * will be wholly inadequate for determining the real need for permanent financial assistance * * *. The standards and procedures, which are now beginning to be developed for the limited purpose of freeze determinations, will obviously be unsatisfactory for cash benefits. Whereas they may conceivably become suitable for a program which involves only limited incentives for malingering, they would seem to be wholly inadequate for a program in which we are trying truly to rehabilitate the disabled and to determine accurately whether a person is really going to be able to support himself permanently.

Under the pending amendment, it is contemplated that the first determination would be made by a physician selected by the applicant.

Who would make the determination as to who is totally disabled, and who would police the program against malingerers? The program would be characterized by inconsistency resulting from medical examinations by family physicians, by State agencies varying from State to State, and by conclusions reached in Washington.

On this point I quote directly from the testimony of Dr. F. J. L. Blasingame, representing the American Medical Association—pages 827 and 829 of the hearings:

The medical profession is concerned that they may be placed in the role of a policeman * * * the vast majority of the medical profession feel that the determination of disability is hazardous and difficult * * * (applicants) who have medically determinable physical or mental impairments * * * whose pathological conditions should not normally be expected to remove them from employment * * * include the individual who, faced with the prospect of receiving a benefit based upon their disability, will develop neurotic condition which is just as disabling as though a pathological condition would be demonstrated.

At the hearings before the Finance Committee, many very eminent physicians and surgeons testified. This testimony is condensed in a letter received from the president of the American Medical Association, which I shall read in part:

Under the definition in H. R. 7225, which relates disability to employability, the program of cash disability benefits would be virtually impossible to administer. The problem of determining whether and to what extent a person is disabled involves not only physical ailments and handicaps, but also mental and emotional factors, including such intangibles as character, will power, and personal motivation. Many people with severe handicaps, including paraplegics, multiple amputees, and the blind, are making their way as self-sufficient individuals. On

the other hand, many persons with far less serious impairments but without the will to work, would welcome early pensions at the expense of the taxpayers.

I ask unanimous consent that the entire letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN MEDICAL ASSOCIATION,
Chicago, Ill., May 25, 1956.

HON. HARRY FLOOD BYRD,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BYRD: Today the Senate Finance Committee favorably reported H. R. 7225, the social-security amendments of 1955, after deleting the section providing for payment of cash disability benefits at age 50. I should like to invite your personal attention to this legislation, which involves the most critical medical issue to come before the Congress in the past 5 years.

The committee deleted the disability section after 2 months of careful hearings in which it listened to over 100 witnesses, including a large number of responsible, well-qualified persons who testified against this dangerous change in the Social Security Act. Despite this fact, efforts may be made on the floor of the Senate to restore that section to the bill. I strongly urge you to resist such efforts by supporting the position of your Committee on Finance.

The following major points were repeatedly emphasized during the committee hearings:

1. Under the definition in H. R. 7225, which relates disability to employability, the program of cash disability benefits would be virtually impossible to administer. The problem of determining whether and to what extent a person is disabled involves not only physical ailments and handicaps, but also mental and emotional factors, including such intangibles as character, will power, and personal motivation. Many people with severe handicaps, including paraplegics, multiple amputees, and the blind, are making their way as a self-sufficient individuals. On the other hand, many persons with far less serious impairments, but without the will to work, would welcome early pensions at the expense of the taxpayers.

2. The positive, constructive approach to disability is rehabilitation, not cash benefits. Rehabilitation seeks to marshal and utilize remaining abilities so that the individual may again become a useful, productive member of society. Anything less than rehabilitation falls short of sound humanitarian and economic goals. What the disabled person wants and needs is not a pension or pity, but the incentive and dignity of a productive life. A dole for the disabled, with its adverse psychological effect on patients and its administrative difficulties, would limit and retard rehabilitation programs.

3. The proposal for cash disability benefits ignores the fact that the Nation already is making significant progress in meeting the problems of disability and rehabilitation through existing programs. Among these are Federal-State aid to the needy disabled under the 1950 amendments to the Social Security Act, the 1954 expansion of the Vocational Rehabilitation Act, various State and local activities, including workmen's-compensation programs, Veterans' Administration rehabilitation services and private insurance plans. The sound, practical approach, in our opinion, is to study, improve, and coordinate those existing mechanisms, rather than to embark on a new and dangerously unpredictable venture.

4. If a cash disability benefit becomes a statutory right, without regard to financial need, the pressure for further expansions and liberalizations will be irresistible. Many supporters of H. R. 7225 have clearly indicated that their ultimate goal is cash disability benefits at any age. Once the principle of disability benefits is established under old-age and survivors insurance provisions of the Social Security Act, the gates will be open for a flood of welfare proposals which will change the philosophy of the act and skyrocket the cost of the entire system.

5. In the absence of reliable factual and actuarial information on the problems of disability and rehabilitation, the potential cost of the program is impossible to estimate. Under the most favorable economic and administrative conditions, the cost would be high and it would increase tremendously in the years ahead, especially if the age 50 limitation were lowered and eliminated. There is, however, a limit to the tax increases that should be imposed on the people to finance a social-security program. We cannot provide every conceivable benefit, or cover every possible need, without imposing a future tax burden that might endanger public support for the entire social-security system.

6. With the social-security program now 20 years old, there is great need for a thorough, objective, impartial study of all aspects of our social-security problems, so that the Members of the Congress and the American people may have a solid foundation on which to base constructive action. A clear national decision soon must be made on whether the OASI program should remain as a basic protection for retirement and survivorship, or should be allowed to develop into a comprehensive welfare program covering all possible hazards of life.

Speaking for the vast majority of physicians in the United States, I again urge you to resist any and all efforts to restore the cash disability benefits to H. R. 7225. I further pledge the utmost cooperation of the American Medical Association in all attempts to study and solve the problems of disability and rehabilitation.

Respectfully,

ELMER HESS, M. D.,
President, American Medical Association.

Mr. BYRD. Perhaps the most unkind thing this amendment would do to disabled citizens would be to discourage their rehabilitation. Some of the finest work in all human history is being done at this time by nearly 100 well-established, recognized private and public agencies.

The committee was especially impressed with the testimony of one man, himself severely disabled. This remarkable man, Henry Viscardi, is president of an equally remarkable concern, Abilities, Inc., of Long Island, N. Y., which was established and is manned by men and women who would be considered permanently and totally disabled under the proposed amendment.

Mr. Viscardi's own description of his disability suggests the quality of the man and of his mother as well. He hold the committee:

I was born a crippled child, horribly deformed, with no lower limbs, and I spent the first 7 years of my life, consecutive years, in one hospital.

And when I was a child, I remember asking my mother, "Why me?" And she told me that when it was time for another crippled boy to be born into the world, the Lord and his counselors held a meeting to decide where he should be sent, and the Lord said, "I think that the Viscardis would be a good family for a crippled boy.

Mr. Viscardi appeared before the committee to express his apprehensions about a program providing benefits for severely disabled people, because, as he said, "I have spent my life close to this problem of disability, and I have great faith in solutions which can be obtained in a competitive, free enterprise spirit in our country."

Mr. Viscardi's firm, Abilities, Inc., was organized by a group of handicapped people three and a half years ago, on the principle that they would accept no charity. They borrowed $8,000 from local citizens at interest, paid prevailing wages, and decided to compete in the open market for contracts in the electronics field. In their first year of business, this little company grew to 59 employees, paid back the $8,000 which had been borrowed, and netted profits in excess of $52,000. The next year, the company grossed in excess of $400,000 in sales, and in the third year, its gross sales were in excess of $600,000 and its force had grown to 169 employees. Included among these people working there—all severely disabled—is every known static and progressive illness. At least 20 percent of them would qualify for retirement as well as disability benefits in social security. Some are as old as 82.

In its first 3 years of operation, these disabled people in the Viscardi firm have produced goods valued at $1,248,700. They paid in social-security taxes to the Government $22,650; $68,200 in withholding taxes; $4,830 in disability payments to the State, and $16,800 in State unemployment taxes. During this same period, it would have cost the community and local government $415,850 to have supported these people on the relief rolls. Not only have these handicapped people saved the $415,850 of support in relief but they have poured back new wealth to the community of $2,067,790 in 3 years of productive, competitive operation.

The PRESIDING OFFICER (Mr. HUMPHREYS of Kentucky in the chair). The time yielded to the Senator from Virginia has expired.

Mr. CURTIS. Mr. President, I shall yield to the Senator from Virginia whatever additional time he may desire.

Mr. BYRD. I should like to have 20 minutes more.

Mr. CURTIS. I yield an additional 20 minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia is recognized for an additional 20 minutes.

Mr. BYRD. Mr. President, I ask the Members of the Senate to listen carefully to the recommendations of this disabled man with respect to the amendment now under consideration. He said to the committee:

I come to indicate my apprehension that we may stigmatize the disabled by this legislation; we may condone the ignorance and the misunderstanding which exists; and we might then deprive millions of our citizens of the right to know a productive life and have them resigned to subsidy, which is not their heritage as Americans. * * * That, gentlemen, is how I feel about our country, about the communities of America, about American labor, and American commerce and industry. If this, the greatest industrial Nation in the world, is increasing its population of disabled and overaged people because of its progress, then no better laboratory could have been provided to give us a

pattern for the utilization—the utilization, of our priceless human resources, our disabled and overaged people."

The Finance Committee was impressed with the fact that a growing number of authorities in the field of workmen's compensation are aware that a system of cash payments places emphasis on continuing disability, rather than on rehabilitation and return to work. This view is well expressed in the Task Force Report on the Handicapped, of the Office of Defense Mobilization, in 1952, which concluded—page 384 of hearings—as follows:

> The most important single point to be remembered in considering plans for the handicapped today, is the fact that we now are in the position to do more to overcome the handicapping effects of disability than at any time in our history * * * the term "totally disabled" is a term we are today beginning to feel applies to very few people * * * even for persons in the older age groups, self-sufficiency and independence through rehabilitation are incomparably more important than cash payment. Any benefit which diminishes the incentive toward rehabilitation and self-support is socially undesirable.

Dr. J. Duffy Hancock, who served as chairman of the Medical Advisory Committee, of the Department of Health, Education, and Welfare, concerned with the administrative aspect of the "disability freeze," said "legislation at this time to begin pension payments before the age of 65 is most untimely. There is a backlog of several hundred thousand cases which much be processed" under the disability freeze. He said further that if pensions are made available immediately, they would serve as an inducement to deter the applicants from becoming rehabilitated.

It should be clear, Mr. President, that this is not a choice between providing disability benefits or doing nothing for the disabled. This year 60,000 individuals are being rehabilitated under the Federal-State rehabilitation programs. In most States, provisions have already been made, through the aid to the disabled and aid to the blind programs, to meet the basic needs of those who, because of extended and serious disability, cannot support themselves. Also, disabled parents with children under 18 are eligible for payments under the aid-to-dependent-children programs.

I want to cite a few instances to indicate what is happening in the States in rehabilitating disabled individuals.

Georgia has long ranked among the leaders of the Nation in the actual number of disabled people restored to paying jobs through vocational rehabilitation. In the 1955 fiscal year—the first year of the expanded national rehabilitation programs—Georgia led the Nation for the second consecutive year, with 4,552 successful rehabilitations. The State program has placed considerable emphasis on rehabilitating the blind and on finding light employment for persons discharged from the State tuberculosis hospital.

Virginia had the first publicly operated rehabilitation center in the country—the State rehabilitation agency, in Fisherville. There one sees people in wheelchairs or on crutches and braces, learning one of some fifty trades.

A group of 70 seriously disabled persons at Fisherville earned $3,037 more than the total cost of their rehabilitation in their first 10 weeks of work. It is estimated that the group will have returned in taxes to the State and Federal governments within less than a year a sum equal to the cost of the services they received at the Virginia rehabilitation center. Forty of these people are amputees. The others have severe disabilities of the arms, legs, or back.

The breaking of ground for Pennsylvania's rehabilitation center at Johnstown in February 1956, promises an important new addition to the Nation's rehabilitation facilities. When completed, this State center will be the most modern and comprehensive of this type in the country. The 350-bed center will fill a need in Pennsylvania which has had to send many of its injured miners, farm workers, and industrial workers to other points in the country to get the rehabilitation they needed.

The State Division of Vocational Rehabilitation for the State of Delaware has reported that:

> Of the 456 disabled persons rehabilitated this year, 83 percent were unemployed at the time of referral. The average wage before rehabilitation was $5.79 per week; the average wage after rehabilitation increased to $42.02 per week. In 1 year only, without considering wage increases, the earnings of the rehabilitated persons would amount to $996,488.

Charles H. Smith, representing the legislative committee on the Conference of State Social Security Administrators, appeared before the committee to oppose the enactment of a disability benefits program at this time. Other members of the committee who were present for the testimony were: Steven E. Schanes, of New Jersey; W. Frank DeLamarr, of Georgia; Donald M. O'Hara, of Michigan; Tatum W. Gressette, of South Carolina; Max M. Manchester, of Oregon; and W. T. Blair, the chairman, of Tennessee. Mr. Smith said:

> It is our belief that the 1954 benefit amendments are too new to have provided sufficient experience on which to add new amendments.
>
> H. R. 7225 contemplates a change in the original philosophy of social security by reducing the retirement age of women and providing disability benefits. If the basic philosophy of social security, which provides a floor benefit, is to be changed, a complete study and investigation should take place, following which amendments, changing that entire philosophy, should be enacted, rather than the piecemeal program now offered in H. R. 7225.

Another State official, Wayne B. Warrington, commissioner of the Arizona State Department of Public Welfare, warned the committee of the dangers inherent in a disability benefits program. Mr. Warrington said:

> In my opinion, the disability income provisions of H. R. 7225 would contribute to the destruction of our cornerstone—self-sufficiency. Like every individual in the future of universal coverage, John Q. Citizen together with his employer has over a period of time paid 9 percent of his income to the Federal Government as an insurance premium. He believes at age 50 that he has a physical impairment which will be long-continued and of indefinite duration and which will not allow him to engage in any substantial gainful activity. In his opinion, the Federal Government has a great deal of money and part of it came from his pocket to pay for his disability income.
>
> The agency to which he applies is subjected to the usually normal pressures of local economic conditions and is authorizing the expenditure of money which cannot be directly traced to local taxpayers. The agency, although supervised by the Federal Government, has difficulty in insuring that its decision is the same as one made in a neighboring State for another individual with the same impairment. * * *
>
> Rare is the individual that applies for a cash disability payment who does not believe he can meet the requirements to receive it. Experience of insurance companies and public agencies has established that a number of self-encouraged and/or nonexistent disability cases can be anticipated and can substantially affect costs.

Mr. President, the American people are generously supporting organizations concerned with prevention and treatment of the handicapped. Although no complete figures are available as to the total amounts so expended, funds raised for the disabled and for rehabilitation by just 13 of such agencies in 1953, suggests the magnitude to which private philanthropy is contributing for services and research on behalf of disabled men and women and children in this country:

American Foundation for the Blind	$420,065
National Council To Combat Blindness	74,104
National Society for the Prevention of Blindness	216,122
American Hearing Society	80,960
American Heart Association	8,550,197
Arthritis and Rheumatism	1,478,953
Muscular Dystrophy Association	3,914,442
National Association for Mental Health	586,631
National Foundation for Infantile Paralysis	51,487,288
National Multiple Sclerosis (national headquarters only)	447,852
National Tuberculosis Association	23,889,044
United Cerebral Palsy	6,423,000
National Society for Crippled Children and Adults (1954-55)	12,149,757
Total	109,718,415

In addition to the various programs for rehabilition of the disabled, the Congress previously has given protection to disabled participants in the old-age insurance program, through the disability freeze. The committee bill provides payments to disabled children after they attain age 18.

If present methods are inadequate for rehabilitation of the disabled or for care of those unable to provide for themselves, we should look to some other source.

As I have said, when we inaugurated the social-security program in 1935, it was not contemplated that health and physical fitness would be a factor in cash payments. It was a gigantic program to guarantee retirement benefits at the age of 65 for all who were insured under the system, regardless of health or need. It was a great, humanitarian concept in the interest of the aged, financed by joint contributions from the employee and the

employer; and this system now includes over 95 percent of the gainfully employed. In 1950 the program was extended to the self-employed for the first time.

To indicate its growth, in 1937, the first year when social-security taxes were collected, the number covered was 33 million. The number now covered is 70 million. It will continue to grow. Through April 1956 more than $40.5 billion in old-age insurance taxes had been collected. These taxes are now levied at the rate of 4 percent on gross wages, up to $4,200, divided equally between employee and employer. A tax on gross wages is a very severe tax, Mr. President, because it is not subject to any deductions. Self-employed persons are now paying at the rate of 3 percent.

Mr. President, this is a high tax, especially when it is assessed on gross income. Yet, the pending amendment would add an additional one-half of 1 percent, as only a beginning; it should be remembered that the amendment is only the entering wedge. The reduction in the age for disability will not stop at 50 years; there will be further reductions and further changes. The Senator from Georgia himself has proposed that the disability benefits be paid without regard to age. Later, disability benefits will perhaps be paid for only partial disability. When we begin to deal with the health of 70 million persons, we open up so vast a field that no one can tell where it will end.

The present law provides for further increases in the social security tax rates, as follows:

Years	Employer	Employee	Self-employed
	Percent	*Percent*	*Percent*
Through 1959	2	2	3
1960–64	2½	2½	3⅝
1965–69	3	3	4½
1970–74	3½	3½	5¼
1975 and after	4	4	6

The Senate Finance Committee deleted from the House bill an additional 1 percent tax on payrolls to finance the reducing of the age limit of women to 62 and payments for disability at the age of 50. This tax would have imposed an annual new burden on employees and employers and the self-employed of $1,700,000,000 a year.

The pending amendment, introduced by the Senator from Georgia, imposes a new tax on one-half of 1 percent on payrolls and three-eighths of 1 percent on self-employed income. This amendment would cost $850 million annually.

Let me say a word about the self-employed. They pay as employer, and as employee. Under the existing schedule the tax will be 6 percent in 1975 on his earnings. That is a very severe tax, much more so than the income tax, because there is no deduction.

A tax on gross earnings without any deduction can impose a most destructive burden. The self-employed would especially feel this burden.

The George amendment provides a new departure in financing the program by establishing a second trust fund. The separate tax and separate trust fund that would be established under the amendment offered by the Senior Senator from Georgia is as objectionable as the provision for disability benefits which was deleted from the House bill by the Committee on Finance.

What does it do? How does it protect anyone? The one-half of 1 percent tax is placed in a special fund, with all the complications which would result. If that special fund is exhausted, another tax must be levied on 70 million people in order to pay benefits to an estimated initial 250,000 who are disabled. There is no protection there. When once we make what is in effect a contract with a citizen under social security, it must be carried out, whether or not there is money in the social security fund. It has the effect of a legal contract.

The citizen has made contributions to the fund each year, and the law provides certain benefits at a certain time. I am unable to see any protection whatever. All I can see is further confusion resulting from one trust fund within another trust fund. If the special trust fund is exhausted, the money must be raised by taxing all those covered by social security.

Establishing a separate trust fund for disability benefit payments does not make it any easier to determine what future costs might be entailed. The one-half of 1 percent additional tax on payrolls and three-eighths of 1 percent on self-employed earnings as proposed in the amendment would impose $850 million in new taxes next year, and may have to be substantially higher in later years to finance disability payments.

The pending amendment establishes a satellite trust fund and a satellite tax in the name of social security. It proposes to tax 70 million wage earners, their employers, and self-employed persons to the extent of $850 million annually and segregates these funds exclusively for the benefit of totally disabled people, estimated for next year to number 340,000. If the funds become insufficient in future years, the tax must be increased. The alternative would be to appropriate money from the general fund of the Federal Treasury.

During my 24 years in the Senate I have seen many an aid program start at the size of a mouse and rapidly grow to the proportions of an elephant. Other Senators have seen the same thing.

I confidently predict that once social-security payments are made for disability the area of coverage will be promptly extended at a cost that can readily imperil the fund because there is a limit to the taxation that can be imposed on gross income.

A special trust fund is mere window dressing. It is a "heads you win, tails I lose" proposition. Until the program reaches full stride, it is possible that income will exceed outgo. This temporary balance on hand will be seized as justification for liberalizing the program by eliminating any age requirement, providing additional dependents' benefits, and perhaps providing for partial disability. On the other hand, if costs are higher than the separate tax, then either the rate will have to be increased, or a subsidy from the General Treasury will be demanded.

From a practical political standpoint, the benefits could never be reduced, restricted, or eliminated even though the worst fears of those opposed to disability benefits were realized. In other words, once the benefits were paid, the alleged control features of the pending amendment would actually have no effect on costs or in the prevention of abuses under the program.

I have the great honor to be chairman of the Committee on Finance. I have served on that committee with three of the greatest Senators who have ever sat in this Chamber. The first was Senator Pat Harrison. The second is the Senator from Colorado [Mr. MILLIKIN]. The third is the Senator from Georgia [Mr. GEORGE]. I am very proud of the fact that every single bill which comes before the Finance Committee, whether it be a major bill or a minor bill, has the fullest consideration which it is possible to give.

I say to the Senate, as the present chairman of the Finance Committee, that no proposed legislation before the committee in my 24 years' experience in the Senate has received fuller or fairer consideration than that with respect to disability. I think that fact should have some influence with the Senate. The vote to strike out the House provision relating to disability was 11 to 4. Nearly three times as many members of the committee voted to strike out the House provision as voted to sustain it.

On the basis of the preponderance of the evidence submitted at the public hearings and in the absence of sufficient experience with the disability freeze, the committee, by an 11-to-4 vote, concluded that a provision for cash disability payments to insured workers would not be desirable. This conclusion is sound, in my opinion.

I hope the Senate will sustain the Finance Committee's position and reject the pending amendment.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. DIRKSEN. I listened with a great deal of interest to the distinguished Senator from Georgia [Mr. GEORGE] as he made the case in behalf of the pending amendment. I believe he said in the course of his observations that at present about 400,000 totally and permanently disabled persons were receiving benefits of some kind or another, from some source. My question is, How many of them are over the age of 50?

Mr. BYRD. It is estimated that there are now 250,000 disabled over the age of 50.

Mr. DIRKSEN. Under this proposal, those under age 50 would not receive benefits, as I understand.

Mr. BYRD. Not until they reach 50.

Mr. DIRKSEN. If something happened to a person who was covered at age 21, and had the benefits of coverage under the program, and if he were permanently and totally disabled at age 30, even under this amendment he would have a 20-year wait before he would be eligible for benefits. Is that correct?

Mr. BYRD. That is correct.

Mr. DIRKSEN. The Senator from Georgia made some point of the fact that there would be disruption of families, hardships to children, and that sort of thing, if the breadwinner of the family were totally and permanently disabled. Logically, it seems to me, a man raises a family long before he reaches the age of 50. If he needs help, he needs it long before he reaches age 50. So if we follow the theory to its logical conclusion, the age limit should be stricken out altogether, and we ought to start from the day the person is covered.

Mr. BYRD. I agree with the Senator.

Mr. DIRKSEN. Was that subject considered in the hearings?

Mr. BYRD. That subject was considered in the hearings, to the extent that all of us realized that if we voted for a 50-year age limit, it could quickly be changed to a provision without an age limit.

Mr. DIRKSEN. It is not logical to give the benefits to a man 50 years old, without dependents, and deny them to a man 30 or 35 years of age, with dependent children, which a man of 50 would not ordinarily have.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. GEORGE. Originally, in the committee I offered an amendment to give the benefits to everyone who was totally and permanently disabled, regardless of age, if his wage credit had earned him any benefit payments. I still think the idea is sound.

But let me remind the Senator that it is a much longer time for a permanently and totally disabled man to live until he is 65 before he can obtain his benefits than it is to wait until he reaches age 50. That difference is at least some help.

Mr. DIRKSEN. My difficulty is that if we were disposed to do something in this field, this kind of approach actually does not meet the problem in the years when a man is raising a family. Furthermore, if I correctly examined the synopses of what happens under the various programs, such as the Tennessee Valley Authority, the police and firemen's fund in the District of Columbia, the civil-service retirement fund, and so forth, there is no waiting period. The benefits start when the disability occurs. So this is a departure from nearly every other program we have.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. JOHNSON of Texas. That certainly is true in the case of congressional retirement.

Mr. BYRD. That is correct.

Mr. JOHNSON of Texas. A Senator may be 31 years of age when he becomes disabled. We have already voted that he may retire and collect the benefits to which he would be entitled if he were 60, even though he may be only 31.

Mr. DIRKSEN. If the Senator from Virginia will yield, I should like to say it seems to me quite conclusive that this approach is an inconclusive approach to the matter.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. KNOWLAND. I yield 5 additional minutes to the Senator from Virginia.

Mr. BYRD. The Senator from Illinois has brought up a very important point. It shows that the estimates of the cost are utterly unreliable. Even the proponent of the amendment has indicated a desire to eliminate the age limit entirely, which would very considerably increase the cost and would make the one-half of 1 percent contribution insufficient.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. GEORGE. I am sure the Senator does not mean to misstate my position. I said I had originally offered an amendment in committee. I thought it was sound, and I still think it is sound. However, I am content to take the 50-year limit, because it gives us a choice in conference between a system that will pay its own way and one that will not.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield.

Mr. BYRD. I yield.

Mr. JOHNSON of Texas. I am sure the Senator from Georgia would be willing, if the Senator from Illinois and the Senator from Virginia would go along with him, to remove the 50-year limitation. We must take one step at a time, in an attempt to appeal to some Senators who do not wish to take any step at all.

The 50-year age limitation has been arrived at because it is much less than the 65-year limitation.

Mr. DIRKSEN. That suggests the real difficulty. What would be the cost if we were to remove the age limit?

Mr. BYRD. Certainly, it would be necessary to increase the tax.

Mr. DIRKSEN. To reduce this subject to its irreducible minimum, it would mean putting a compulsory tax on 70 million people in order to pay health benefits to some. In my judgment, such an approach would put us well along on the road of compulsory health insurance.

If the Senator from Georgia was correct this afternoon, when he said that the revenues will exceed the demand in the initial years, then of course it will be very easy to strike "permanent" and make it "temporary," and to strike "total" and make it "partial." Then the hospital benefits would be built up, and we would be well along the road of compulsory health insurance. This looks like a good way to do it. It seems to me, in view of the fact that the whole matter is so inconclusive today, the Senate would be warranted in sending the proposal back to committee for some honest-to-goodness study.

I have been groping along, and I feel very uncertain about it. I stayed in the Chamber and listened very patiently to the Senator from Georgia and to the Senator from Virginia. I am very much unsatisfied in my own mind about putting on all workers the kind of tax proposed to pay health benefits to some workers through a compulsory tax. If I am wrong, I should like to be corrected.

Mr. JOHNSON of Texas. I have not misunderstood the Senator's position. I believe I understand his position. I heard the Senator's question and his observation. I have concluded that he is not only against disability payments at age 50, but is against them at any age.

Mr. DIRKSEN. I am ready to improve the program, but I can see where we are going. We would add a good deal to the tax. The Senator from Texas is not restricted in his right as a Member of the Senate to offer an amendment to start the program at any age or regardless of any age whatever.

Mr. JOHNSON of Texas. The Senator from Texas is satisfied with the pending amendment, and intends to support it.

Mr. BYRD. There would have to be another amendment offered to increase the tax, because no one has contended that one-half of 1 percent would pay the cost, if no age limit were provided.

Let me say one word further to the Senator from Illinois in response to his question. The original social-security theory was that of saving. In other words, we compelled people to save for their old age. Under the proposed amendment, to which I am very strongly opposed, that theory would not be followed.

Under the amendment the savings would be taken from 70 million and would be used to pay benefits to a special group. That would be a great mistake. Why not have four or five groups? Under the amendment, the great mass of people would have to pay taxes for benefits to the 250,000 or so disabled persons. That burden would be borne by the entire 70 million in the way of enforced savings in order to pay disability payments. I think it is an entirely new departure.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. GORE. The very system under which Senators and Representatives retire contains that identical principle. Today many Senators are beyond the age of retirement. Yet, disability may come to a very young Senator, who would be eligible. Therefore, all the Senators have to pay a tax, so to speak, to provide benefits for the one Senator who may incur permanent and total disability.

Mr. BYRD. Yes; but merely because we have given ourselves such a pension does not make it right.

Mr. DIRKSEN. The other point is that if we wish to have the system do any good, we should apply it in the formative years, when a man is raising a family. If he must wait until he is 50 years of age before he gets any benefits, he may be starving in that time, if there are no other benefits he can draw on.

Mr. GORE. If the Senator from Illinois objects to a provision which would require a disabled man to wait until he is 50 years of age before he can draw benefits, why does the Senator believe that it is better to make him wait until he is 65?

Mr. DIRKSEN. Why make him wait until he is 50? His family is grown by the time he is 50. Therefore, the family argument does not hold water.

Mr. GEORGE. May I inquire of the Chair how much time remains for debate on the amendment?

The PRESIDING OFFICER. The Senator from Georgia has 12 minutes remaining.

Mr. GEORGE. I do not wish to use any time at present.

The PRESIDING OFFICER. The opponents have 26 minutes remaining.

Mr. KNOWLAND. Mr. President, I yield 20 minutes to the Senator from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. President, I wish to speak in opposition to the amendment offered by the distinguished Senator from Georgia [Mr. GEORGE]. This amendment provides for the payment of cash disability benefits under the Social Security Act.

Whatever differences there are in the language of the George amendment and the disability provisions of the House version of H. R. 7225, are of very little, if any, consequence. The point is that they are basically the same. Both proposals would put the United States Government into the business of paying cash benefits for physical disability of our citizens. It is a broad, important, and far-reaching step in the field of social legislation.

It may be argued that this is a modest program for the payment of disability benefits. In fact, the report of the House Committee on Ways and Means recites that the committee has designed a conservative program of disability benefits. Let no one be deceived by that approach. It is but the beginning. Do we have any reason to believe that once such a program is undertaken that it will not be enlarged, expanded, and the benefits increased at frequent intervals just as has been the case with the other titles of the Social Security Act.

Old-age and survivors insurance benefits under the present laws, to wit, title II of the Social Security Act, are determined on an objective basis involving clearly provable facts. These are simple facts. They involve primarily a determination of the number of quarters of OASI coverage and a determination of the birth date of the individual. The determination of physical disability is far different. As the committee report states, it is subjective in nature. In many instances physical disability does not necessarily produce economic disability, although this might be the tendency if monthly cash benefits are available. Lack of subjectivity in determining disability makes it both easier for the beneficiary to maintain and harbor than for the administrator to deny the presence of qualifying disability.

Not only is it extremely difficult, and sometimes impossible, to determine the degree of disability, but under this proposal State agencies would make the initial determination of disability and would have no financial interest in the result. The benefits would be paid by the Federal Government from funds obtained by the Federal Government's power to tax.

It is not unreasonable to anticipate widespread abuses if this program is enacted. If a State is in a position to be relieved of a relief load of possibly an entire family by making a determination of physical disability of the head of that family, is that not an incentive for them to make such a finding if they can do it?

I do not believe that a majority of the taxpayers of the United States want the Congress to enact legislation that will pay benefits to people if the States are going to determine who is eligible for benefits but the Federal Government alone has to pay the bill.

Mr. President, I do not believe that there are any reliable cost estimates available for such a program. Admittedly the estimates on which the House bill is based assume continuous high employment and strict administration. Even so, there is a considerable range of variation possible. These cost estimates are also based on the assumption that this program, once enacted, will not at frequent intervals be enlarged and expanded and the benefits made more generous.

Mr. President, is there anyone here so lacking in knowledge of our political system that they believe that this proposal, if enacted now, will not be added to at frequent intervals throughout the years to come. This proposal is for the payment of cash benefits for permanent total disability, but I predict that it will be followed by a proposal to pay cash benefits in cases of temporary total disability. The next step may be the payment of cash benefits in cases of permanent partial disability, and even in cases of temporary partial disability. We can just as well expect that this program will be expanded to include payments for general sickness of both short and long duration. If these steps, or part of them, are taken, then the argument will be raised that proper medical care will reduce the benefit costs and, therefore, the Government ought to provide that care. In other words, the proposal of the Senator from Georgia is a proposal that could well lead to more Government medicine.

We must be mindful of the fact that if the proposal of the Senator from Georgia is enacted it would be applied to millions of our citizens residing in our States and Territories, not only in times of full employment but in times of unemployment, and that State agencies who bear no part of the cost make the initial determination as to who is eligible for benefits.

We are all aware that the problems of the totally and permanently disabled are serious, particularly among those who are without resources to care for themselves. Our disagreement is over how these problems should be met. I believe that a careful analysis of the proposal before us will show that it is not a sound way to deal with those problems. The proposal before us is one that will invite abuses and will result in ultimate excessive costs.

We already have the experience in paying disability benefits under the Railroad Retirement Act and the Civil Service Retirement Act.

Under the railroad retirement law, benefits are paid to the disabled. The figures as to the number of employees receiving disability benefits may throw some light on what we should expect the load would be were cash disability benefits to be added to our social security program. The latest figures that I have are for the calendar year 1954. The figures for that year indicate that 26 percent of the total retirements under the railroad retirement system were for physical disability. It might also be stated this way. The retirements because of physical disability under the railroad retirement system in 1954 represent 36 percent of the retirements due to age.

It is my belief that the cost estimates concerning this proposal are entirely unrealistic. Accurate and reliable estimates cannot be made. I believe that it is reasonable to assume, however, that the proponents of this measure are relying on an estimate of the number of possible beneficiaries and the total dollar costs that is far too low.

Now let us consider the experience of the civil service retirement system in dealing with disability payments. The figures for the fiscal year 1955 are available. Under that system 28 percent of the total retirements were for disability. Putting it another way, the retirements because of disability in the civil service retirement system in fiscal 1955 represent 40 percent of the number retiring because of age. The civil service system deals with a selective group. Generally speaking, this group has job security. There has been no noticeable unemployment or layoffs, yet the number who are seeking and receiving disability benefits is surprisingly high.

Mr. President, we are not dealing with legislation of 1 year's duration. We are not voting for a program that will run for 5 years or any other stated period of time. We are not voting benefits for a group that will not be with us after a life span, such as the veterans of a particular war. When veterans' benefits are enacted they remain a continuous obligation upon the Government as long as those veterans are with us. It is not so with the social security system. That system has been set up to run in perpetuity. If we are honest we have got to take into account the costs of the program, not only 10 years or 25 years or 50 years from now, but 100 years from now. Although the social security system contains no guaranties of future payments of benefits and it definitely is not an insurance system, the benefits offered and the benefits that our people are led to believe that they will receive either will have to be paid in good faith or repudiated. We cannot escape from assuming responsibility for the future costs of the programs that we initiate.

When we consider that in the last year 40 percent as many people were retiring because of disability in our civil-service system as were retiring because of age, we must challenge the estimate that if this disability program is enacted that 25 years from now there will only be 1 million workers receiving disability benefits. I believe that the estimate of a million beneficiaries is far too speculative to be given any credence at all. We must also keep in mind that succeeding Congresses will expand this program and increase its benefits at frequent intervals, and it may happen sometimes just before election.

Mr. President, I think that sometimes those of us who occupy elective public offices err in what we think the people

back home want. The great majority of people are not demanding more and more from their Government. Were we able to get the facts concerning the mathematics of this proposal across, I doubt that it would have very widespread support. This proposal of the distinguished Senator from Georgia will place an immediate tax burden of $800 million on the American people. That is but the beginning. Most citizens are aware that if this program is inaugurated there will be some persons who will go from doctor to doctor until they can secure the necessary medical evidence supporting their claim. The people back home know that. I do not believe that the majority of the rank and file of the people have asked Congress to set such a program in motion, a program whose obligations will run in perpetuity.

The PRESIDING OFFICER. The 20 minutes allotted to the Senator from Nebraska have expired.

Mr. KNOWLAND. Mr. President, I yield 3 additional minutes to the Senator from Nebraska.

The PRESIDING OFFICER. Six minutes remain for the opponents of the amendment; 12 minutes remain for the proponents.

Mr. CURTIS. Mr. President, certainly a program to pay cash disability benefits should never be enacted hurriedly and without ample study. What are the facts in this case? The Committee on Ways and Means of the House of Representatives held no hearings at all on these disability features. The Committee on Finance of the Senate did hold hearings and recommended against such a program. The Department of Health, Education, and Welfare has studied the proposal and recommended against it.

This disability program if enacted will have a great many inequities in its application. It will not provide benefits for all the disabled. It will not provide benefits for all the disabled over 50 even though they are or have been the heads of families and producers. It will not provide disability benefits for the millions of our retired aged who are not at present drawing OASI benefits. A very important fact to note is that the amendment discriminates against farmers. No disability benefits will be paid to farmers prior to 1959 because a farmer will not have had 5 years of coverage under OASI. At the present time someone who is permanently and totally disabled can have a disability freeze, so that the lapse of quarters will not work against him. In other words, an individual who worked in employment covered by OASI from 1937 to 1941 and became disabled in 1942 could apply the freeze back to that time. Such an individual would be eligible for disability benefits if this proposal becomes law, even though he has paid no taxes toward disability benefits and but a very few dollars toward his retirement benefits.

The case of the farmers is far different. Farmers were not covered under OASI until 1955. Farmers between the ages of 46 and 65 years cannot receive disability benefits if they become disabled between now and 1959, because there is no way in which they could have had 5 years coverage. Farmers have come into the OASI program when the tax was higher, and they are required to pay 1½ times the employees' tax. If this proposal is enacted they will have to pay their share of the added disability tax, but the program will not pay benefits to farmers prior to 1959.

Mr. President, even though there are those here who believe that disability programs should be added to the existing social security program, they should hesitate in enacting such a far-reaching permanent measure on the floor of the Senate, and should proceed only after further study on a program that has been worked out by a committee which has held careful and exhaustive hearings.

Mr. President, I yield back the remainder of my time.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. How much time remains in opposition to the amendment?

The PRESIDING OFFICER. The opposition has 3 minutes remaining; the proponents have 12 minutes remaining.

Mr. KNOWLAND. I should like the proponents to use some time. The opponents have reached the point where they have very little time left. I think the discussion of the amendment should be alternated.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time for the quorum call to be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GEORGE. Mr. President, I yield 3 minutes to the Senator from Tennessee [Mr. GORE].

Mr. GORE. Mr. President, the Senate has under consideration amendments to the Social Security Act. What is security? What is social security? How is it to be applied in our complex industrial, interdependent society? Security against want from permanent and total disability is the very essence of a sound social security.

In every retirement system of the Government—civil service, congressional, railroad retirement—there are disability provisions. In hundreds of thousands—yes, I dare say millions—of private insurance policies and programs, there are disability provisions. In each of those instances the test is determined by medical examination.

Disability under the veterans program is determined by medical examination.

The amendment of the senior Senator from Georgia would apply that selfsame test to the provisions of the social security program—not to give to members of the social security system benefits to which they are not entitled, but to provide that if they are permanently and totally disabled at the age of 50 or thereafter, they shall be eligible to receive that portion—that amount—of benefit to which their contributions and the contributions of their employers over the years have entitled them. This, it seems to me, is security, social security, modest though it be.

There are two objections raised. One is that it is dangerous to provide benefits contingent on a medically determined permanent and total disability. I have not heard that objection raised to any other retirement system in the Government. It seems to be an accepted practice, as I have said in other programs private and public.

Why is it, Mr. President, that the benefits of disability programs are enjoyed by employees of the Government—by Members of Congress themselves—and yet be denied the men and women who work in private employment and who, under the amendment, together with their employers, contribute to the fund to the end of actuarial soundness? I do not believe it is a sufficient answer to question the efficacy of medical determination. Another objection is based on the fear of free riders, gold-brick perpetrators. The distinguished senior Senator from Georgia [Mr. GEORGE] outlined the requirements, which clearly demonstrate that the benefits are not intended to be available to that character of employee or worker. In order to become eligible a worker must be employed during a given number of quarters, and must pay contributions for a sufficient period of time to establish unquestionably a record of substantial employment. It has been argued that the amendment does not provide sufficient security against total disability. I agree. But how can we refuse to do this much?

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. LONG. Mr. President, will the Senator from Georgia yield me 2 minutes?

Mr. GEORGE. I shall be happy to yield 2 minutes to the Senator from Louisiana.

Mr. LONG. I am happy to support the amendment. It seems to me that disability insurance for our workers is long overdue.

As a matter of fact, this proposal has been studied by the Federal Government for 19 years; and every time it has been studied, it has been recommended. Furthermore, 37 foreign countries already insure their workers against disability, just as is proposed to be done by means of the pending amendment.

The Federal Government presently is administering disability benefits to 420,000 persons—war veterans, retired railroad personnel, Federal civil service personnel, and others.

Every State welfare director in the entire United States favors this amendment. Those persons have had some experience with this type of program.

The amendment would have the effect of saying that in the event that a man is

disabled after reaching age 50, he would be able as a matter of right to receive social security benefits for which he has contributed taxes over the years, instead of having to become a hat-in-hand pleader for public assistance.

Mr. President, the requirements set forth in the amendment are very tightly drawn, as has been discussed by the distinguished senior Senator from Georgia.

The only ones who oppose the amendment are the doctors and the private insurance companies, although in previous years the doctors have recommended that a provision similar to this one be made, in order to take care of the disabled.

Mr. President, we have long since had sufficient experience to prove that what the amendment proposes can be done, and that it is practical. The amendment means that the average person would pay approximately 87 cents a month and the employer would pay the same amount. As a result of those payments, the employee would be entitled to draw $108 a month, in the event that he became disabled after he reached age 50. This is good, sound insurance that every working man should have.

The PRESIDING OFFICER. The time yielded to the Senator from Louisiana has expired.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that at this time there may be a quorum call, and that the time required for it shall not be charged to either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, how much time remains available to those who oppose adoption of the George amendment?

The PRESIDING OFFICER. Three minutes remain available to those in opposition to the amendment; 7 minutes remain available to the proponents of the amendment.

Mr. KNOWLAND. Mr. President, I yield the 3 minutes remaining to those who oppose the amendment to the distinguished senior Senator from Pennsylvania [Mr. MARTIN]; and I also yield to him 2 minutes on the bill—making a total of 5 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 5 minutes.

Mr. MARTIN of Pennsylvania. Mr. President, it seems to me that this amendment and this bill have been very carefully debated.

I have been very much impressed with the manner in which the chairman of the Finance Committee, the distinguished senior Senator from Virginia [Mr. BYRD], has presented the bill, and also the manner in which he has presented his opposition to the George amendment.

It has also been most interesting to hear the presentation by the distinguished senior Senator from Georgia, who has given so much thought to this very important subject.

Mr. President, I have prepared a statement on this question. In order to save the time of the Senate, I ask unanimous consent that the statement be printed at this point in the body of the RECORD, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN OF PENNSYLVANIA

The able and distinguished chairman of the Senate Finance Committee has explained very forcefully the committee's reasons for recommending major changes in the social security bill which the House passed last year. I am glad of an opportunity to emphasize to the Senate the thoroughness of investigation and analysis which brought about the committee recommendations. Neither time nor effort was spared in trying to determine the best course of action—in the face of the many issues involved.

In my judgment, the bill now before the Senate is a great improvement over the House measure. It provides practical improvements to the social-security structure without adding to the tax load of employees, employers, and the self-employed.

I believe there is a limit to the additional tax burden that can be imposed upon the worker, his employer, or the self-employed to pay for a program of social insurance. The House bill would make necessary the payment of about $1.7 billion in additional social-security taxes in the first year of operation.

This tax increase, contained in the House bill, was made necessary to institute a system of "cash disability benefits," and to lower the retirement for women generally—to age 62.

Because of the number of amendments which have been offered to the Senate bill bearing upon these two issues, I should like to address my remarks in that direction.

CASH DISABILITY BENEFITS

Aside from the cost factor, there are other compelling reasons for deciding against the inclusion of cash disability payments within the old-age and survivors insurance structure.

The more striking objections are these:

According to the medical profession, it would be most difficult to determine whether or not an applicant for disability payments is totally disabled—or if such disability were actually the cause for unemployment.

It would work in opposition to the desirable effects already being attained through rehabilitation programs—which are viewed as the most promising approach to disability problems.

The payment of cash benefits would often weaken the individual's spirit of self-reliance and deter rehabilitation.

Cash disability benefits could endanger doctor-patient relationships and develop into a racket of shopping around for a doctor who would approve the disability application.

There are already established income-maintenance programs for the disabled.

Assistance grants to the needy disabled were added to the Social Security Act in 1950. Since then, 42 States have begun operations under this program, and about 244,000 needy disabled persons are now receiving monthly assistance payments, which total about $165 million annually.

Many other disabled persons or their children—over half a million—are receiving payments under other federally aided programs of aid to the blind and aid to dependent children.

In deciding against including provisions for cash benefits for disabled workers, the committee has very properly been influenced by the views of members of the medical profession and others who have had wide experience in the fields of disability and rehabilitation. I am convinced that it would be neither wise nor prudent to subject the old-age and survivors insurance system to the risks and uncertainties of such a program—even though every precaution were taken to guard against obvious dangers of administration.

GEORGE AMENDMENT ON CASH DISABILITY BENEFITS

This revised or "compromise" amendment does nothing to meet the basic objections to the original disability provisions in the House bill which were deleted by the Senate Finance Committee. On the contrary the George amendment adds new objections.

1. The separate fund idea

The amendment provides for a separate disability insurance trust fund to try to meet the objection that the launching of a disability benefit program might deplete the old-age and survivors insurance trust fund and wreck the OASI program. The separate fund does not really help to meet this objection, however.

Under the George amendment present social-securtiy taxes would be increased one-half of 1 percent (about $850 million additional taxes for the first full year of operations) and an amount equal to the additional revenues would be diverted into the separate fund. (The George amendment does not provide for a separate disability tax.) If this amount turns out to be too small, all that is needed is an amendment diverting a higher percentage of the social-security tax revenues to the disability insurance trust fund. Thus, essentially the same threat to the stability of the old-age and survivors insurance system exists under the George amendment as under the original House bill.

2. No hearings on separate fund

The House Ways and Means Committee held no hearings on H. R. 7225. The Senate Finance Committee deliberations were all on the House version of H. R. 7225. The George amendment adds a wholly new concept—that of additional Federal trust funds for new purposes. There have been no hearings on the implications of this departure.

3. The separate fund as a basis for other health benefits

The social-security tax is a compulsory tax and almost universal in scope. So far, social security has remained a retirement and death-benefit system. However, through the mechanism of the social-security tax many new kinds of benefits could be financed. It is now proposed to use this tax as the financing for a separate fund which pays benefits based on health criteria. Because the revenues come from the same social-security tax, the public is not made aware that a compulsory tax is being imposed for a health-benefit system.

Once a separate fund has been established with the "Disability Insurance" label, it will be argued that temporary disability insurance benefits, hospitalization benefits, and other health benefits are not significant new departures. A full-scale compulsory health insurance program is the possible result after a few years' time.

Thus, disability benefits—particularly with the new feature of the separate health benefit fund—are the beginning of an almost inevitable chain of events. And yet, under the scheme of the George amendment, this is done merely by increasing the familiar

social security tax. The real issue is not presented clearly and openly to the American people—namely, whether we wish to start down the Government health insurance road by the imposition of new compulsory taxes.

4. Surplus funds in early years

Underscoring the threat of added health benefits under a compulsory tax system is the fact that the additional one-half of 1 percent tax of the George amendment would raise more revenues in the early years of the disability system than would be paid out in benefits. The pressure for utilizing these surplus funds for new health benefits would be great—even though over the long run the disability system might already be actuarially unsound.

5. Unfairness to farmers and other newly covered groups

Eligibility for the proposed disability benefits depends on having been covered by social security for at least 5 years. This minimum period of coverage is essential—and, indeed, should be 10 years—in order to provide some checks against abuse. But self-employed farmers and millions of others were first covered in 1955, and many others will be first covered in 1957 under H. R. 7225.

Farmers and others among the nearly 10 million persons first covered in 1955 would not become eligible for disability benefits under any circumstances until at least 1960. And yet, they would commence immediately to pay the additional tax.

It is grossly unfair to farmers and other newly covered groups to add this increased tax burden which benefits them nothing for many years. The only fair approach is to wait until universal coverage has been in effect for at least 5 years before considering new taxes and benefits of this nature.

6. Impact of new taxes

The proposed increase in social security taxes under the George amendment would amount to $850 million in the first year of full operations. This is obviously a tremendous new burden on all taxpayers, particularly those such as farmers who have just started to pay social-security taxes for the first time.

7. The fundamental objections to disability benefits

The basic objections to a cash disability benefit system are in no way diminished under the George amendment. These are:

(a) Difficulties of determining disability:

(1) Medical experts testified before the committee that they foresee grave problems in evaluating physical and mental conditions for purposes of disability benefits.

(2) Authorities have emphasized the subjective nature of disability as contrasted with the objective nature of attainment of a specified age and death, the only risks now covered by old-age and survivors insurance.

(b) Uncertainties as to cost:

(1) Difficulty in determining eligibility and other factors make the costs of a disability benefit program much harder to estimate than costs for retirement or death benefits.

(2) The old-age and survivors insurance system is functioning smoothly and is on a sound financial basis; it should not be exposed to the uncertainties that might be involved in sharing the social-security tax revenues with a system of cash disability benefits.

(c) Possible adverse effect of cash benefits on rehabilitation:

(1) The vocational rehabilitation program is just beginning to realize its potential under the impetus of the 1954 amendments, which greatly expanded the program.

(2) Many experts believe it would be a mistake to introduce a system of cash disability benefits because the payment of such benefits would discourage rehabilitation.

(d) Recent progress in meeting problem of disability:

(1) Federal-State assistance programs provide for meeting basic needs of those who cannot support themselves because of extended and serious disability.

(2) More disabled persons are being rehabilitated under the Federal-State vocational rehabilitation program.

(3) Old-age and survivors insurance benefit rights are protected under the disability "freeze" provisions enacted in 1954.

(e) Need for more experience under the disability freeze:

(1) The disability "freeze" provisions, which protect old-age and survivors insurance benefit rights during a period of prolonged, serious disability, are just getting into operation. More experience is needed with this program particularly in making determinations of disability in cases of recent onset before undertaking a broader program of cash disability benefits.

(2) Public and private disability programs already in effect are not comparable with a universal Federal disability program. Existing programs are limited to selected groups, working for one employer or class of employers, and work experience and the nature of the disability are far more easily determined.

(f) Possibilities of abuse in the case of older women:

(1) Because the eligibility for social-security coverage depends on a very small amount of work (for example, as little as $4 a week of wages from one employer), the disability program would be particularly susceptible to great abuse by domestic help and older women who work on a very spotty and part-time basis.

(2) Also, a woman could work in her early years, get married, return to part-time employment just before reaching 50, and then claim disability benefits.

8. State determinations of disability

Under the George amendment, as in the original House bill, State agencies would make the determinations of disability. Even though reviewable by the Federal Government, these determinations would not be uniform and would undoubtedly tend to be liberal since the States would have no financial stake in the determinations and could save substantial assistance costs by transferring disabled persons from assistance rolls to OASI rolls.

9. Lack of agreement on disability benefits

In the past, major changes in OASI have been made only after substantial agreement was reached. There is wide disagreement and sharp controversy over the desirability of embarking on a program of cash disability benefits. A new program of this magnitude and importance should not be adopted until major differences are resolved.

Mr. MARTIN of Pennsylvania. Mr. President, I am opposed to the so-called George amendment. In the Finance Committee we did not have an opportunity to give proper consideration to it. Under the direction of the senior Senator from Virginia [Mr. BYRD] the Finance Committee of the Senate gave very careful consideration to the bill and to all the amendments which had then been submitted. But this particular amendment did not receive any consideration.

I am opposed to the George amendment because of the additional cost it would impose. No one knows how much the amendment would eventually cost. It simply constitutes an entering wedge, and probably will be added to by one Congress after another.

Mr. President, to my mind, social security is an investment for the 70 million persons in the United States who now are covered; it is a system of forced saving for them. It should be kept as nearly perfect, actuarily, as it is possible to make a fund of that kind. The cost of anything we do in a humanitarian way should be met by means of a direct appropriation of Federal funds. For instance, that is what we provided for, last night, by means of the so-called Long amendment. Similarly, the cost of the George amendment should come out of the general fund.

Another point which has been raised in connection with this matter should receive the very careful attention of the Senate. It will be recalled that 2 years ago we added a great number of persons to the social-security system. At that time we included the farmers of the United States, as self-employed. However, that group will not qualify under the George amendment until after 5 years have passed. Actually, many of the members of that group will never be able to qualify, because if they become disabled or handicapped before the expiration of the 5 years, they will not qualify. Mr. President, to my mind that provision would be most unfair to that group of persons. Many of the farmers did not wish to come under the social-security system. However, in view of the fact that large numbers of them did wish to come under it, 2 years ago the Congress voted that they should be a part of the system.

Mr. President, in the committee we received a great deal of testimony from the medical profession, whose representatives testified as to the difficulty of determining who was really disabled and who would be able to come under the system. That is a feature of the amendment which I believe should receive very careful consideration by the Senate before the amendment is voted on.

I shall conclude my remarks by saying that we must keep all these funds intact. They must be kept sound. We must remember that there is a limit to what the United States can do. From a material standpoint, the United States is the most powerful nation in the world; but there is a limit to what governments can do, just as there is a limit to what individuals can do.

So, Mr. President, I sincerely trust that this amendment will be rejected.

The PRESIDING OFFICER. All time for the opponents of the amendment has been exhausted.

The proponents of the amendment of the Senator from Georgia have 7 minutes remaining.

Mr. GEORGE. Mr. President, I do not wish to take very much time. I desire to refer to one or two matters.

Let me say that I have met with strange arguments before, but some of the strangest ones have been submitted today. Some Senators do not like this amendment because it does not do enough; it does not cover all disabled persons. Certainly not, Mr. President; the amendment covers only those who have earned, by their own work and by their contributions to the system, the minimum benefits; that is all.

Mr. President, in 1948, the Finance Committee set up a commission to study

this entire problem. Let me read from its conclusion. The commission was composed of very able men from all over the country. Among them was the present Secretary, Mr. Folsom. I am not critical of Mr. Folsom. He is a very good man. The commission said this:

> We believe that there is enough administrative ability in our Government organization to provide effective machinery for meeting this pressing social need.

The commission was discussing this very question of payment of benefits because of permanent and total disability.

Dr. Arthur J. Altmeyer was the first Social Security Administrator. I served on the Finance Committee and served on the conference committee which established the agency in 1935. It became effective January 1, 1937, but the act was actually enacted in 1935. Dr. Altmeyer was the first Administrator, and he remained in that post until the present administration came into power. Dr. Altmeyer has repeatedly asserted, and in a long letter to me has stated, that the proposed program is administratively possible, and he has commended it in very high terms.

Dr. John W. Tramburg, who was the first Commissioner of Social Security, appointed in 1953 by this administration, has wholeheartedly endorsed the proposal. Dr. Tramburg was responsible for initiating the administration of the disability freeze program in 1954, and he is convinced that the social security administration can efficiently handle the program, based upon its successful handling of the disability freeze.

The testimony of State public welfare administrators indicated that they believed the disability insurance program was sound and feasible. Without exception they endorsed the principle of giving benefits when the beneficiary becomes totally and permanently disabled.

Something has been said about many of the doctors and other organizations. In 1944 the United States Chamber of Commerce endorsed disability insurance benefits beginning at the age of 55. Mr. Folsom, the Secretary of Health, Education, and Welfare, was chairman of the chamber's committee. He supported the principle of disability insurance at that time. This recommendation was endorsed by 67 percent of the chamber's members.

In 1945 various private insurance companies endorsed the chamber's proposal.

In 1948 the Advisory Council on Social Security, whose conclusion I have read to the Senate, which Council was appointed by the distinguished senior Senator from Colorado [Mr. MILLIKIN], voted 15 to 2 in favor of disability insurance benefits, without any age restrictions. In 1950 and 1954 the Congress adopted every major recommendation of this Council, with the single exception of payment of total and permanent disability benefits.

The PRESIDING OFFICER. The time of the Senator from Georgia has expired.

Mr. GEORGE. Will the Senator from Texas yield me 2 or 3 minutes?

Mr. JOHNSON of Texas. Mr. President, I yield 3 minutes on the bill to the Senator from Georgia.

Mr. GEORGE. I have recently received a letter from eight outstanding citizens advocating disability insurance: They are:

Dr. Sarah Gibson Blanding, president of Vassar College;

Joseph W. Fichter, past master of the Ohio Grange;

Miss Elizabeth Magee, general secretary of the National Consumers League;

Mrs. Agnes Meyer of the Washington Post;

Dr. Ellen Potter, M. D., of New Jersey;

Miss Ollie A. Randall, vice chairman of the National Committee on Aging, National Social Welfare Assembly;

Dr. Edward S. Rogers, M. D., at School of Public Health, University of California; and

Mrs. Theodore O. Wedel, president, United Church Women.

In addition, all the great labor organizations have endorsed it. Moreover, I believe the people of the country who have given any thought to this subject endorse the proposal.

It is entirely immaterial that one cannot draw benefits until he has earned them and has reached the age of 50. I have deferred to a principle which I would rather not accept, but it is much better to get the benefits at 50 than it is to wait until 65, by which time most of the totally and permanently disabled persons will have passed away.

I regret to disagree with my distinguished friend the Senator from Virginia [Mr. BYRD], for whom I have such great admiration, and to disagree with many other members of the Finance Committee with whom I have served for a long time.

However, Mr. President, I undertake to say that this is the most important question I have ever presented to the American people. Senators may do as they please now. Within the next Congress they will accept this principle.

I now read a report from the Bureau itself:

> Under the congressional retirement system, the disability benefits are the same as the old-age retirement benefits.
>
> A Senator entering Congress in 1955 and becoming disabled after 10 years would get an annuity of $5,625.

Senators voted for that provision, but now they haggle and hesitate when they are asked to do something for the poor people of this country who earn their living by the sweat of their brows. Regardless of promises or obligations, I do not believe that the Senate will so far desert the working people of the United States.

Mr. KNOWLAND. Mr. President, I yield myself 2 minutes to clarify a statement made earlier in the day in the remarks of the distinguished Senator from Missouri [Mr. HENNINGS].

Mr. President, there seems to have been some misunderstanding in this discussion about the position of the Secretary of Health, Education, and Welfare, Mr. Marion B. Folsom, on the question of cash disability benefits under the social-security program. It has been suggested that Mr. Folsom supported cash disability payments until he became an official of the Eisenhower administration.

I should like to say that Mr. Folsom's support of a sound and effective social-security system cannot be questioned by anyone. He was one of the original pioneers in founding this system more than 20 years ago. He has participated in and supported every major expansion and improvement in social security ever since then.

The last time Mr. Folsom served on an advisory committee on social security to the Senate Finance Committee was in 1948–49. And as a member of that committee, Mr. Folsom joined in minority views which subsequently were adopted, in effect, by the Congress at that time. Mr. Folsom pointed then to the inherent dangers and uncertainties involved in a cash disability program under OASI and he recommended instead that the Congress should expand and improve the vocational rehabilitation program for restoring disabled workers to productive employment. He also recommended a program of public assistance benefits for the needy disabled. Both of these recommendations have been approved by Congress and these programs are now working very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE], for himself and other Senators.

Mr. JOHNSON of Texas and Mr. KNOWLAND requested the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a list of opponents of disability payments in general.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

OPPOSE DISABILITY BENEFITS IN GENERAL

Department of Health, Education, and Welfare (Hon. Marion B. Folsom), page 1225.

Accident and Health Underwriters of Milwaukee, Wis. (Tomm Callahan), page 490.

Adams, Dr. Wright, University of Chicago, page 824.

American Academy for the Study of Alcoholism (Dr. Marvin A. Block), page 399.

American Academy of General Practice (Drs. Mac F. Cahal and Cyrus W. Anderson), page 355.

American Congress of Physical Medicine and Rehabilitation (Dr. Frank H. Krusen), page 378.

American Life Convention and Life Insurance Association of America (John Miller, Edmund Fitzgerald, and Daniel J. Reidy), page 445.

American Medical Association (Drs. F. J. L. Blasingame and David B. Allman), page 826.

Association of American Physicians and Surgeons (Dr. James L. Doenges), page 599.

Armstrong Cork Co. (C. J. Backstrand), page 709.

Arizona State Department of Public Welfare (Wayne S. Warrington), page 882.

Beverly Hills (Calif.) Chamber of Commerce and Civic Association, page 704.

Buffalo (N. Y.) Chamber of Commerce (Charles C. Fichtner), page 709.

Bureau of Accident and Health Underwriters, Health and Accident Underwriter's Conference (John W. Joanis), page 470.
Chamber of Commerce of the United States (A. D. Marshall), page 644.
Chicago Accident and Health Association, page 491.
Commerce and Industry Association of New York, Inc. (Dr. William Zucker), page 748.
Colorado Farm Bureau (Arthur L. Anderson), page 191.
Council of State Chambers of Commerce (Gordon C. Nichols), page 694.
Florida Medical Association (Dr. H. Philip Hampton), page 801.
Gilmour, Monroe T., M. D. (the Gilmour-Hodges Clinic, Charlotte, N. C.), page 418.
Harris County (Tex.) Medical Society (Dr. Denton Kerry), page 811.
Illinois Manufacturer's Association, page 253.
Illinois State Chamber of Commerce, page 245.
Insurance Economics Society of America (Edward H. O. Connor), page 480.
Kansas State Association of Life Underwriters (Grant Hoener), page 194.
Kansas State Chamber of Commerce (C. C. Kilker), page 193.
Kansas State Medical Society (Dr. Conrad M. Barnes), page 807.
Kentucky State Medical Society (Dr. Leon Higdon), page 723.
Kirchmaier, Dr. Carl T. (Life and Casualty Insurance Company of Tennessee), page 486.
Linton, M. Albert (Provident Mutual Life Insurance Co.), page 730.
Los Angeles Chamber of Commerce, page 707.
Louisiana State Medical Society (Drs. Philip M. Jones and Cuthbert J. Brown), page 796.
Medical Association of Georgia (Dr. J. E. Chambers), page 364.
Medical Society of the County of New York (Dr. Gerald P. Dorman), page 815.
Medical Society of Delaware (Dr. Lewis B. Flinn), page 785.
Medical Society of North Carolina (Dr. J. P. Rousseau), page 416.
Minnesota State Medical Society (Dr. Philip S. Hench), page 342.
Missouri State Chamber of Commerce, page 703.
Myers, Dr. Richard T. (Bowman Gray School of Medicine, Wake Forest College, Winston-Salem, N. C.), page 419.
National Association of Life Underwriters (Albert C. Adams), page 474.
National Association of Manufacturers (William G. Caples), page 674.
National Committee on Alcoholism (Dr. Marvin A. Block), page 399.
National Medical Veterans Society (Dr. Robert S. Green), page 360.
Nevada State Medical Society (Dr. Fred Anderson), page 366.
New Hampshire State Association of Life Underwriters (Ralph Tanguay), page 488.
Nevada Industrial Commission (John F. Cory), page 371.
North Dakota State Medical Association (Dr. D. J. Halliday), page 425.
Oklahoma State Medical Association (Drs. R. Q. Goodwin and Malcolm E. Phelps), page 766.
Santa Barbara County Medical Society, page 839.
State Medical Society of Wisconsin (resolution), page 761.
Snohomish (Wash.) County Medical Society (Dr. George H. Drumheller), page 812.
Texas Medical Association (Drs. Milford O. Rouse, Mal Rumph, and seven other members of the association), page 405.
Texas Farm Bureau (J. Walter Hammond), page 553.
Tri-Professions Committee for the Study of Social Security, Santa Barbara, Calif., 13 signatures, page 838.
Utah State Medical Association (Dr. R. O. Porter), page 740.
Vermont State Medical Society (Dr. W. D. Lindsay), p. 388.
Whatcom (Wash.) Medical Society and 12 individual doctors, page 814.
Winston-Salem (N. C.) Chamber of Commerce (G. L. Irvin, Jr.), page 709.
Women's Auxiliary to the Rhode Island Medical Society, page 423.
Individual letters from 205 doctors, pages 1055–1132.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE] on behalf of himself and other Senators. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KUCHEL (when his name was called). On this vote I have a pair with the junior Senator from Texas [Mr. DANIEL]. If he were present and voting he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission, and, if present and voting, would vote "yea."

The Senator from Ohio [Mr. BENDER] is detained on official business.

The result was announced—yeas 47, nays 45, as follows:

YEAS—47

Anderson	Jackson	Neely
Bible	Johnson, Tex.	Neuberger
Chavez	Johnston, S. C.	O'Mahoney
Clements	Kefauver	Pastore
Douglas	Kennedy	Payne
Ellender	Kerr	Purtell
Ervin	Laird	Russell
Fulbright	Langer	Scott
George	Lehman	Sparkman
Gore	Long	Symington
Green	Magnuson	Wiley
Hayden	Malone	Wofford
Hennings	Mansfield	Young
Hill	McClellan	
Humphrey, Minn.	McNamara	
Humphreys, Ky.	Monroney	
	Morse	
	Murray	

NAYS—45

Aiken	Curtis	Martin, Pa.
Allott	Dirksen	McCarthy
Barrett	Duff	Millikin
Beall	Dworshak	Mundt
Bennett	Eastland	Robertson
Bricker	Flanders	Saltonstall
Bridges	Frear	Schoeppel
Bush	Goldwater	Smathers
Butler	Hickenlooper	Smith, Maine
Byrd	Holland	Smith, N. J.
Capehart	Hruska	Stennis
Carlson	Ives	Thye
Case, N. J.	Jenner	Watkins
Case, S. Dak.	Knowland	Welker
Cotton	Martin, Iowa	Williams

NOT VOTING—4

Bender	Kuchel	Potter
Daniel		

So the amendment offered by Mr. GEORGE, for himself and other Senators, was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. PASTORE. Mr. President, I move that the motion of the Senator from Texas be laid on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the motion of the Senator from Texas.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the motion to lay on the table.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on the motion of the Senator from Rhode Island to lay on the table the motion of the Senator from Texas. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL (when his name was called). I have a pair with the junior Senator from Texas [Mr. DANIEL]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission, and, if present and voting, would vote "yea." The Senator from Ohio [Mr. BENDER] is detained on official business.

The result was announced—yeas 49, nays 43, as follows:

YEAS—49

Anderson	Humphrey, Minn.	McClellan
Bible	Humphreys, Ky.	McNamara
Chavez	Jackson	Monroney
Clements	Johnson, Tex.	Morse
Douglas	Johnston, S. C.	Murray
Eastland	Kefauver	Neely
Ellender	Kennedy	Neuberger
Ervin	Kerr	O'Mahoney
Frear	Laird	Pastore
Fulbright	Langer	Russell
George	Lehman	Scott
Gore	Long	Smathers
Green	Magnuson	Sparkman
Hayden	Malone	Stennis
Hennings	Mansfield	Symington
Hill		Wiley
Holland		Wofford

NAYS—43

Aiken	Curtis	Mundt
Allott	Dirksen	Payne
Barrett	Duff	Purtell
Beall	Dworshak	Robertson
Bennett	Flanders	Saltonstall
Bricker	Goldwater	Schoeppel
Bridges	Hickenlooper	Smith, Maine
Bush	Hruska	Smith, N. J.
Butler	Ives	Thye
Byrd	Jenner	Watkins
Capehart	Knowland	Welker
Carlson	Martin, Iowa	Williams
Case, N. J.	Martin, Pa.	Young
Case, S. Dak.	McCarthy	
Cotton	Millikin	

NOT VOTING—4

Bender	Kuchel	Potter
Daniel		

So the motion to lay on the table was agreed to.

Mr. KERR obtained the floor.

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The VICE PRESIDENT. The Senator from Oklahoma [Mr. KERR] has the floor.

Mr. McCARTHY. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. McCARTHY. I ask unanimous consent that the 3 minutes which I shall take be not charged to the time of the Senator from Oklahoma. I have two amendments which I propose to offer. I shall not ask for the yeas and nays on them. I intend to speak on the amendments for less than 3 minutes.

Mr. KERR. Do I understand correctly that the Senator from Wisconsin is asking for 3 minutes, which will not be taken from my time, with the understanding that I do not lose the floor?

The VICE PRESIDENT. The Senator from Oklahoma has correctly stated the request.

Mr. KERR. If that is the form of the request, and it is agreed to, I yield.

The VICE PRESIDENT. The Senator from Wisconsin is recognized under the conditions stated.

Mr. McCARTHY. If I may have the attention of the Senator from Oklahoma, I should also like to have the amendments immediately voted on. I do not ask for the yeas and nays, but only a voice vote. I assume there will not be any argument over the amendments. If the discussion takes more than 3 minutes, I shall certainly withdraw my request.

Mr. President, I send to the desk two amendments, which I ask unanimous consent to have considered en bloc, and ask that they be immediately voted on.

The VICE PRESIDENT. Is there objection to the consideration of the amendments en bloc? The Chair hears none, and it is so ordered. Without objection, the amendments will be printed in the RECORD without reading.

The amendments offered by Mr. McCARTHY are as follows:

On page 17, beginning with line 13, strike out all over to and including line 4 on page 18, and insert in lieu thereof the following:

"RETIREMENT AGE

"SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"'RETIREMENT AGE

"'(a) the term "retirement age" means—

"'(1) in the case of a man, age 62, or

"'(2) in the case of a woman, age 60.'

"(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after August 1956 and in the case of lump-sum death payments under section 202 (i) of such Act with respect to deaths after August 1956.

"(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this Act) ended with a month before September 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (e) of such section 202, only in the case of monthly benefits under such subsection for months after August 1956 and then only if an application is filed by such individual after August 1956.

"(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

"(A) a woman who attained age 60 prior to August 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to August 1956 shall be deemed to have attained age 60 in 1956 or, if earlier, the year in which she died; and a man who attained age 62 prior to August 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to August 1956 shall be deemed to have attained age 62 in 1956 or, if earlier, the year in which he died;

"(B) an individual shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before September 1956 or the month in which he died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any individual who was eligible for old-age insurance benefits under such section 202 for any month prior to September 1956.

An individual shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(4) For purposes of section 209 (i) of such act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after August 1956."

On page 57, beginning with line 23, strike out all down to and including line 2 on page 58 and insert in lieu thereof the following:

"(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended by striking out 'age 65' each place it appears and inserting in lieu thereof 'retirement age (as defined in section 216 (a) of the Social Security Act)'."

On page 68, between lines 9 and 10, insert the following:

"STANDBY PAY

"(k) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"'(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"'(A) in the case of a man, he attains the age of 62, or

"'(B) in the case of a woman, she attains the age of 60,

if such employee did not work for the employer in the period for which such payment is made; or'."

On page 68, line 11, strike out "(k)" and insert in lieu thereof "(l)".

On page 69, line 2, after the period, insert the following: "The amendment made by subsection (k) shall apply with respect to remuneration paid after August 1956."

Amend the title so as to read: "An act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce retirement age in the case of men to age 62 and in the case of women to age 60, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes."

On page 58, between lines 2 and 3, insert the following new section:

"SEC. 121. (a) (1) Paragraphs (1) and (2) of subsection (e) of section 203 of the Social Security Act are amended by striking out '$1,200' wherever it appears therein and inserting in lieu thereof '$1,800', and (2) such paragraph (1) and paragraph (1) of subsection (g) of such section are amended by striking out '$100' wherever it appears therein and inserting in lieu thereof '$150.'

"(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1956."

Mr. McCARTHY. Mr. President, I believe that the retirement age provisions of the present Social Security Act are not realistically geared to the ability of older men and women to earn an adequate living. Some men and some women are, of course, able to keep their jobs, work full time, and keep in good health up until the age of 65. But many others are not—and this is especially true in the case of women. My own study of the matter indicates that a large number of older people either are not able to work full time until the age of 65, or that they do so to the detriment of their health.

I am, therefore, offering an amendment that will lower the age at which old people will be entitled to receive the first payments on their old-age insurance. My amendment provides that the retirement age for men shall be 62, and for women, 60. I believe it is obvious that the physical capacity of older women is generally less than that of men; therefore, women should be allowed to receive earlier retirement benefits. If the amendment is adopted, I think that many of the older people of our country will better be able to enjoy their waning years without constant and critical worries about how to pay for the necessities of life.

To this same end, I am offering another amendment, which would increase the amount of money an older person is able to earn, and at the same time be eligible for retirement benefits under the Social Security Act. The evidence is that the provisions of the present law, restricting outside earning to $100 a month, present a severe hardship to many older people. My amendment would permit persons receiving retirement benefits to earn $150 a month, or $1,800 a year, in outside employment, rather than $100 a month, as now provided.

I am not asking for the yeas and nays on the amendments, but I should like to have a vote on the two amendments at the same time. I ask unanimous consent to have that done, and I thank the Senator from Oklahoma for yielding to me.

The VICE PRESIDENT. Is there objection to the unanimous-consent request that the vote shall be considered as applying to both amendments? The Chair hears none, and it is so ordered.

The question is on agreeing en bloc to the amendments offered by the Senator from Wisconsin [Mr. McCARTHY].

The amendments were rejected.

Mr. KERR. Mr. President, I call up my amendment designated "7-12-56—A" and ask that it be printed without reading.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Oklahoma will be printed without reading.

Mr. KERR's amendment is as follows:

On page 17, beginning with line 13, to strike out all down to and including line 4 on page 18 and insert in lieu thereof the following:

"RETIREMENT AGE FOR WOMEN

"SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"'*Retirement Age*

"'(a) The term "retirement age" means—

"'(1) in the case of a man, age sixty-five, or

"'(2) in the case of a woman, age sixty-two.'

"(b) (1) The amendment made by subsection (a) shall apply in the case of benefits under subsection (e) of section 202 of the Social Security Act for months after August 1956, but only, except in the case of an individual who was entitled to wife's or mother's insurance benefits under such section 202 for August 1956, or any month thereafter, on the basis of applications filed after the date of enactment of this act. The

amendment made by subsection (a) shall apply in the case of benefits under subsection (h) of such section 202 for months after August 1956 on the basis of applications filed after the date of enactment of this act.

"(2) Except as provided in paragraphs (1) and (4), the amendment made by subsection (a) shall apply in the case of lump-sum death payments under section 202 (i) of the Social Security Act with respect to deaths after December 1956, and in the case of monthly benefits under title II of such act for months after December 1956 on the basis of applications filed after the date of enactment of this act. In the case of any woman who attains the age of 62 prior to January 1957, such an application filed after the date of enactment of this act and prior to January 1957 shall, for purposes of section 202 (j) (2) of the Social Security Act, be deemed to have been filed in January 1957.

"(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraphs (1) and (2) of this subsection)—

"(A) a woman who attains the age of 62 prior to 1957 and who was not eligible for old-age insurance benefits under section 202 of such act (as in effect prior to the enactment of this act) for any month prior to 1957 shall be deemed to have attained the age of 62 in 1957 or, if earlier, the year in which she died;

"(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1957 or the month in which she died, whichever month is the earlier; and

"(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1957,

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(4) For purposes of section 209 (i) of such act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1956.

"(c) Section 202 of the Social Security Act is amended by adding after subsection (p) (added by section 118 of this act) the following new subsections:

"'*Adjustment of Old-Age and Wife's Insurance Benefit Amounts in Accordance With Age of Female Beneficiary*

"'(q) (1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of 65 shall be reduced by—

"'(A) Five-ninths of 1 percent, multiplied by

"'(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of 65.

"'(2) The wife's insurance benefit of any woman for any month after the month preceding the month in which she attains the age of 62 and prior to the month in which she attains the age of 65 shall be reduced by—

"'(A) twenty-five thirty-sixths of 1 percent multiplied by

"'(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of 65, except that in no event shall such period start earlier than the first day of the month in which she attains the age of 62.

The preceding provisions of this paragraph shall not apply to any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence of this paragraph in which such wife does not have such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care (individually or jointly with such individual) for purposes of the preceding sentence, unless she files with the Secretary, in accordance with regulations prescribed by him, a certificate in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Such certificate shall be effective for the month in which it is filed, the period of one or more consecutive months, up to a maximum of 12, immediately preceding such month which are designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)), and months thereafter in which she did not have such a child in her care (individually or jointly with such individual). If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month in which she does not have such a child in her care (individually or jointly with such individual) and for which such certificate is effective.

"'(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable, or a wife's insurance benefit to which paragraph (2) is applicable, and who thereafter (in a later month), but before the month in which she attains the age of 65, becomes entitled to the other of such benefits, the amount of such benefit, to which she later becomes entitled, for any month before the month in which she attains the age of 65 shall, in lieu of the reduction provided in the preceding paragraphs, be reduced by—

"'(A) Five-ninths of 1 percent if it is an old-age insurance benefit, or twenty-five thirty-sixths of 1 percent if it is a wife's insurance benefit, multiplied by

"'(B) the number equal to the number of months derived as follows:

"'(i) divide such benefit to which she became entitled earlier by such other benefit (both benefits to be computed prior to any reduction under this subsection or subsection (k) (3));

"'(ii) multiply the quotient (reduced to one if it is greater than one) so obtained by the number of months (I) for which she was entitled to the benefit to which she became entitled earlier, (II) which occurred prior to the first month for which she was entitled to such other benefit, and (III) for which such benefit to which she became entitled earlier was reduced under paragraph (1) or (2) but was not subject to deductions under paragraph (1) or (2) of section 203 (b) or under subsection (c) of section 203;

"'(iii) if the product so obtained is not a whole number of months, decrease it to the next lower number of months;

"'(iv) add to such product (so decreased) the number of months specified in clause (B) of paragraph (1), if such benefit to which she became entitled later is an old-age insurance benefit, or clause (B) of paragraph (2), if it is a wife's insurance benefit,

"'(4) In the case of any woman who is entitled to an old-age insurance benefit or a wife's insurance benefit for the month in which she attains the age of 65 or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of 65 and such benefit for any such prior month was reduced under paragraph (1), (2), or (3), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

"'(A) the number of months for which such benefit was reduced under such paragraph but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

"'(B) the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which, if she was entitled to wife's insurance benefits, she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits;

but such subtraction shall be made only if the total of such months for which her wife's and old-age insurance benefits were so subject to deductions plus such months for which, in the case of a wife's insurance benefits, she had such a child in her care (individually or jointly with such individual), is not less than three.

"'(5) In the case of any woman who becomes entitled to an old-age insurance benefit or a wife's insurance benefit to which paragraph (1) or (2) is applicable and who becomes entitled, in or after the month in which she attains the age of 65, to the other of such benefits, the amount of such benefit to which she later becomes entitled shall be reduced by—

"'(A) five-ninths of 1 percent if it is an old-age insurance benefit, or twenty-five thirty-sixths of 1 percent if it is a wife's insurance benefit, multiplied by

"'(B) the number equal to the number of months derived as follows:

"'(i) divide such benefit to which she became entitled earlier by such other benefit (both benefits to be computed prior to any reduction under this subsection or subsection (k) (3));

"'(ii) multiply the quotient (reduced to one if it is greater than one) so obtained by the number of months (I) for which she was entitled to the benefit to which she became entitled earlier, (II) which occurred prior to the month in which she attained the age of 65, and (III) for which such benefit to which she became entitled earlier was reduced under paragraph (1) or (2) but was not subject to deductions under paragraph (1) or (2) of section 203 (b) or under subsection (c) of section 203;

"'(iii) if the product so obtained is not a whole number of months, decrease it to the next lower number of months.

"'(6) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203 (a) and application of section 215 (g). The amount of any benefit which, after reduction under any of the preceding paragraphs, is not a multiple of $0.10 shall be raised to the next higher multiple of $0.10.

"'*Presumed filing of application by woman eligible for old-age and wife's insurance benefits*

"'(r) Any woman who becomes entitled to an old-age insurance benefit for any month prior to the month in which she attains the age of 65 and who is eligible for a wife's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's insurance benefits. Any woman who becomes entitled to a wife's insurance benefit for any month prior to the month in which she attains the age of 65

and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless she has in such month a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, she would have been entitled to such benefit for such month.

"'*Female disability insurance beneficiary*

"'(s) (1) If any woman becomes entitled to a widow's insurance benefit or parent's insurance benefit for a month before the month in which she attains the age of 65, or becomes entitled to an old-age insurance benefit or wife's insurance benefit for a month before the month in which she attains the age of 65 which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

"'(2) If a woman would, but for the provisions of subsection (k) (2) (B), be entitled for any month to a disability insurance benefit and to a wife's insurance benefit, subsection (q) shall be applicable to such wife's insurance benefit for such month only to the extent it exceeds such disability insurance benefit for such month.

"'(3) The entitlement of any woman to disability insurance benefits shall terminate with the month before the month in which she becomes entitled to old-age insurance benefits.'

"(d) (1) The last sentence of subsection (a) of section 202 of such act is amended by striking out 'Such' and inserting in lieu thereof 'Except as provided in subsection (q), such'.

"(2) Clause (D) of subsection (b) (1) of such section is amended to read as follows:

"'(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits based on a primary insurance amount which is less than one-half of an old-age insurance benefit of her husband,'.

"(3) So much of such subsection as follows clause (D) is amended by striking out 'or she becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of her husband' and inserting in lieu thereof 'or she becomes entitled to an old-age insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of an old-age insurance benefit of her husband'.

"(4) Subsection (b) (2) of such section is amended by striking out 'Such' and inserting in lieu thereof 'Except as provided in subsection (q), such',

"(5) Paragraph (1) (E) of subsection (c) of section 202 of such act is amended by striking out 'an old-age insurance benefit of his wife' and inserting in lieu thereof 'the primary insurance amount of his wife'.

"(6) So much of paragraph (1) of such subsection as follows clause (E) is amended by striking out 'an old-age insurance benefit of his wife' and inserting in lieu thereof 'the primary insurance amount of his wife'.

"(7) Paragraph (2) of such subsection and the first sentence of subsection (d) (2) of such section are each amended by striking out 'old-age insurance benefit' and inserting in lieu thereof 'primary insurance amount'.

"(8) Subsection (j) of such section is amended by adding at the end thereof the following new paragraph:

"'(3) Notwithstanding the provisions of paragraph (1), a woman may, at her option, waive entitlement to old-age insurance benefits or wife's insurance benefits for any one or more consecutive months which occur

"'(A) after the month before the month in which she attains the age of 62,

"'(B) prior to the month in which she attains the age of 65, and

"'(C) prior to the month in which she files application for such benefits;

and, in such case, she shall not be considered as entitled to such benefits for any such month or months before she filed such application. A woman shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero.'

"(9) Subsection (k) (3) of such section is amended to read as follows:

"'(3) If an individual is entitled to an old-age insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, after any reduction under subsection (q) and any reduction under section 203 (a), shall be reduced, but not below zero, by an amount equal to such old-age insurance benefit (after reduction under such subsection (q)).'

"(10) Subsection (m) of such section is amended by inserting 'and subsection (q)' after 'subsection (k) (3)' each time it appears therein.

"(11) Section 203 (b) (3) of such act is amended to read as follows:

"'(3) in which such individual, if a wife under age 65 entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202 (q); or'.

"(12) The second and fourth sentences of section 216 (i) (2) of such act is amended by striking out 'retirement age' and inserting in lieu thereof 'the age of sixty-five'."

On page 57, beginning with line 23, strike out all down to and including line 2 on page 58 and insert in lieu thereof the following:

"(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

"(1) by striking out 'age 65' each place it appears and inserting in lieu thereof 'retirement age (as defined in section 216 (a) of the Social Security Act)'; and

"(2) by striking out 'section 202' each place it appears and inserting in lieu thereof 'title II'."

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the Kerr amendment.

The yeas and nays were ordered.

Mr. KERR. Mr. President, this amendment was offered by me for myself and my colleague the junior Senator from Oklahoma [Mr. MONRONEY], and I now ask that the name of the distinguished senior Senator from South Carolina [Mr. JOHNSTON] be shown as a joint author of the amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. KERR. Mr. President, the amendment allows full benefits for widows at age 62, as does the bill reported by the Committee on Finance, but in addition it also provides full benefits at 62 for the dependent mothers of workers who have died. It also extends to working women and wives the privilege of electing early retirement at or after age 62 with proportionately reduced benefits—a principle used in the Civil Service Retirement System, the Railroad Retirement System, and in many private pension plans to add flexibility to their retirement programs without excessively increasing the cost to the contributor.

Thus the proposal would extend the right of retirement to 600,000 women workers and wives, and dependent mothers, in addition to the 200,000 widows who would become eligible for benefits under the bill as reported by the committee.

I believe that our amendment provides a logical compromise between the bill as reported by the Committee on Finance and the bill as passed by the House.

An important consideration, in connection with our amendment, is the fact that the choice of the date of retirement is voluntary in our social security system. No woman will, of course, be required to retire at age 62. The choice will be hers. If she does not elect to take a slightly lower benefit to qualify before age 65, and instead decides to wait until she is 65 years of age to apply, she will still be entitled to her full benefit.

Specifically, our amendment will make the following changes in the existing social-security law as it applies to women.

Widows will be entitled to full benefits at age 62, as in the commitee's bill.

Surviving dependent mothers would also be entitled to full benefits at age 62—a privilege denied them in the bill as reported by the committee. Surely it is just as hard for the older mothers who have been dependent upon the deceased wage earner for their needs to support themselves at age 62 as it is for widows, since they also have usually been homemakers during their married life.

A woman worker who chooses to retire at age 62 can draw annual benefits equal to 80 percent of the amount she would have received if she had waited until age 65. She would also receive a proportionate increase—five-ninths of 1 percent—for each month she delays retirement after age 62; that is, if she retired at age 63, she would receive an amount equal to 80 percent, plus one-third of the remaining 20 percent. If she retired at age 64, she would receive 80 percent of what she would have received at age of 65, plus two-thirds of the difference.

If the wife of a retired worker, which retired worker chooses to retire at age 65 or after, and whose wife, not 65, but 62 years of age or over, chooses also to receive benefits by reason of being the wife of a retired worker, makes that choice at age 62, she would receive 75 percent of her wife's full benefit, again, however, with the related increase between 75 percent and 100 percent of the full benefit available to her should she refuse to retire at any age between 62 and 65, the benefit being computed on the basis of the increase being paid monthly. If she made her choice at 63, she would receive 75 percent, plus one-third of the remaining 25 percent, and so forth.

The choice of a reduced benefit by a woman worker will make no reduction in the benefits for her dependents, or, if she dies, in the benefits payable to her survivors. Thus, no reduction will be made in the benefits provided for the surviving children—including afflicted children—of a woman worker who dies after having chosen a reduced benefit. And no reduction will be made in the

benefit provided for her dependent husband at age 65 or her eligible children.

Mr. President, in this regard it is very important to note that if a married women whose husband was living should, by reason of making her choice earlier, choose to accept less than 100 percent of the amount available to her at age 65, in the event of the death of her husband, she would be entitled to her full survivor's benefit.

Mr. LONG. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. LONG. If I correctly understand the amendment, it would be helpful to a great number of workers' wives and single working women. It would help a great number of families in cases where the husband is working, but feels that he must retire. However, the amendment—if I correctly understand it—would not increase the cost of the program.

Mr. KERR. The Senator from Louisiana is correct. I believe that the actuarial authorities of the Department of Health, Education, and Welfare have estimated that, on the basis of the employment as of last year, the amendment would add approximately $30,000,000 a year to the cost of the fund; but they have advised me that at the increased rate of employment now in effect, the amendment would constitute no liability whatever against the fund.

Mr. LONG. I thank the Senator from Oklahoma.

Mr. KERR. Mr. President, in view of these considerations, I believe that the Members of the Senate will agree that the liberalization proposed by means of the amendment can be made in line with sound financing principles, to preserve the integrity of the old-age and survivors insurance trust fund, while at the same time making social-security benefits available to hundreds of thousands of women who would choose to receive them at an earlier retirement age.

Mr. President, I ask unanimous consent that the distinguished junior Senator from Florida [Mr. SMATHERS] be shown as a joint sponsor of the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KERR. Mr. President, how much time remains available to me?

The VICE PRESIDENT. The Senator from Oklahoma has 22 minutes remaining.

Mr. KERR. Mr. President, I reserve that time.

Mr. ALLOTT. Mr. President, I yield 10 minutes to the Senator from Iowa [Mr. MARTIN].

The VICE PRESIDENT. The Senator from Iowa is recognized for 10 minutes.

Mr. MARTIN of Iowa. Mr. President, today we are considering proposed legislation which may have more complex effects upon the future of the United States than we now contemplate. I refer to the amendment to H. R. 7225 which would provide for the payment of monthly benefits in reduced amounts to women workers and wives electing to receive them between the ages of 62 and 65. This amendment would write into law an unwarranted discrimination against women, and would adversely affect the 19 million women in the labor force in this country.

We men often speak of the inconsistency of women, but at times we may find women who show a shining example of consistency. I refer to the action taken at their recent national convention, in Miami Beach, Fla., by the National Federation of Business and Professional Women's Clubs.

More than 3,000 delegates, representing a membership of over 170,000 business and professional women, and coming from all 48 States, the District of Columbia, Hawaii, and Alaska, voted to support uniform retirement age under the Social Security Act. This organization is also one of the strongest advocates of the equal rights amendment, Senate Joint Resolution 39, which 32 of my distinguished colleagues have joined me in cosponsoring.

The National Federation of Business and Professional Women's Clubs recognizes that one cannot speak for equal rights out of one side of his mouth, and for lowering the retirement age for women only out of the other. In their statement to the Senate Finance Committee, in opposition to the proposed provision for lower retirement age for women, the business and professional women say this:

> A difference in the age of eligibility for retirement for men and women negates the principle of equality for women, both in law and in custom. Such a difference would hold women back perhaps for years, until the legislation establishing it was revoked, from obtaining either equal rights or equal pay. It would wipe out many of the gains which employed women have been able to win, through the years, in recognition of the common justice of having their abilities and their performances in their jobs or their careers judged on their merits.
>
> There are about 19 million women in the labor force in this country. A difference in retirement age for men and women would discriminate against these 19 million producers. If women may be expected to retire at an earlier age than men, they will be at a disadvantage in seeking employment or promotion; for, of course, industry seeks stability in its employees, and must foresee that it will be repaid for any investment in training and experience which goes into the development of its personnel. Thus we see that lowering of the retirement age would unfavorably affect employment of women at every stage, whether you consider the employment of a young girl on her first job, a mature woman entering the business world for the first time (perhaps a widow), or the employed woman who, for one reason or another, seeks a change in employment. The proposed difference in retirement age would operate against employed women, especially in their later years, when their skills and experience would be discounted in favor of men, who could be expected to stay longer at their posts, and when promotions which might have been earned by women will be denied them, because of the likelihood that their services may be terminated earlier by retirement than the services of a man would be.
>
> Why do women work? One might as well ask why men work; for the answer is basically the same. Women work, as men do, because of economic necessity. They work to support themselves; to support others (their dependents, either of an older or younger generation); to maintain homes; to maintain standards of living; to provide for their old age. These, to a large extent, are the major economic reasons which place women in jobs. Women must continue as economic producers if our living standards are to be maintained, if the Government is to have a sufficient amount of taxes to carry the Nation's business, and if the millions of children and old people dependent upon women as wage earners are to be cared for privately in their own homes.
>
> We oppose lowering of the retirement age for women because it would be a drawback, especially detrimental to women in times of unemployment; or when women are under consideration with men for promotion in their jobs, or appointment or election to positions of high responsibility. It is well known that a discrimination or difference which is first imposed on a "voluntary" basis quickly becomes, in custom and in fact, an arbitrary and binding straitjacket, so that we might look forward to the increasing acceptance of the "voluntary age" as the age for retirement for women.
>
> We see no advantage which employed women can gain from any retirement-age difference based on sex, but only great and accumulative disadvantage. We are opposed to a difference in the retirement age for men and women.

As we are well aware, this is an election year. No doubt some of us have felt that this proposed amendment might have considerable appeal for the voters of both parties. We sometimes, however, fail to credit our constituents with the astute evaluation of the actions of this great deliberative body which they actually merit.

I wonder if many of the voters of both parties will not recall with considerable disillusionment that in 1952 the Democratic platform pledged:

> We recommend and endorse for submission to Congress a constitutional amendment providing equal rights for women.

The Republican platform also stated:

> We recommend to Congress the submission of a constitutional amendment providing equal rights for men and women.

Remember, there are more than 2 million more women voters than men. Are these women, denied their constitutional equality, likely to be fooled by a sop of lowered retirement age, which in the end would further discriminate against their employment opportunities?

The records of the Bureau of Old Age and Survivors Insurance show that under the present 65-year retirement age as of last January, the average age at which women retire is 68. The statistics also show 200,000 women over 65 still preferring to remain in employment, as against 476,000 who have applied for their pension checks prior to age 70. Do Senators honestly believe that these women will welcome an even earlier retirement age and at a reduced rate of benefit in most cases?

I submit that every known fact—economic, sociological, biological, psychological and simple justice—argues against lowering the retirement age for women. To review very briefly—a lowered retirement age for women would have an adverse effect:

Economically—because it would make employment harder to secure for older women—who most frequently are forced to become self-supporting and it would be contrary to the established trend in all public and private pension plans of

adhering to an uniform retirement age for both men and women:

Sociologically—it would set back women's fight to secure equality under the law and set a precedent for other discriminatory legislation; it would also force more women to become dependent on relatives or on public or private relief.

Biologically—it is a proven fact that women have a longer life expectancy than men and therefore need the financial security of longer years of productivity and employment.

Psychologically—when women's years as homemakers and mothers have passed they need the additional interest of belonging in the world of business activity and of contributing as economic producers; a discrimination against women under the Social Security Act would place upon them the stigma of being second-class citizens whose skills and experience were considered of less value than those of men.

Simple justice—should we take upon ourselves the role of deciding that at a certain age one group of citizens should be treated differently than another; women are citizens and taxpayers—let us consider whether we have the right to relegate them, as a class, into earlier retirement than men, and, at that, at a reduced rate of benefit.

Mr. President, I urge that the proposed amendment to H. R. 7225 be defeated because the amendment would adversely affect the economy of the Nation and establish a precedent for discrimination against women. I urge that the Senate pass H. R. 7225 as reported by the Committee on Finance.

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR], for himself and other Senators.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Nebraska.

Mr. CURTIS. Mr. President, there are two reasons why the retirement age should not be lowered for any individuals.

In the first place, the life span is lengthening. Individuals are not only living longer, but their health is better because of the great advance made in medicine and in medical research. An individual's active and productive years have been greatly lengthened and that will be the trend in the future. To enact a law to hasten the day when individuals are labeled as retired runs contrary not only to the lengthening of the life span and the productive years, but it may invite undesirable employment trends.

In the second place, the reduction of the retirement age will add greatly to the costs of the program. The immediate cost is important, but it is far less than the long range and ultimate cost.

At the turn of the century, we only had a little over 3 million people in this country who were over 65 years of age. In 1940, we had 9 million. Today, we have over 14 million. By 1960, there will be 15.7 million. By 1970, the estimate is almost 19 million and by 1980 it is estimated that there will be 22.7 million people in the United States over 65. In the year 2000, the estimate of the

number of people that we will have that are over 65 will be 26.5 million.

In considering the future social security costs, we must keep in mind that the program was designed to run in perpetuity. We cannot avoid the consideration of the long-range costs. We not only will have more people over 65, but those people will be drawing benefits over a longer period of time. At the present time, the life expectancy of a man aged 65 is about 13.1 years and for women it is about 15.7.

If we lower the retirement age for any group by 3 years, we very materially add to the future costs of the program.

By and large, the benefits that are paid under OASI are paid by the young and middle-aged producers. At the present time, and for many years to come, the beneficiaries pay only a small part of their own retirement.

To illustrate the point that OASI benefits are paid by the current producers instead of the beneficiaries themselves, let us look at the average case today. The average benefit paid at present to an aged couple is about $110. Assuming that the man was aged 69 and the wife was aged 67—which are reasonable figures based on previous exeprience as to average retirement ages—the total benefits that will be payable to this couple, including widow's benefits, will average about $16,800—note that this represents the gross payments without any discounting for interest. The smallest amount of tax that an individual could pay to receive this benefit was about $65, not including a like amount payable by his employer. The greatest amount that an individual could have paid to receive this benefit was about $450, not including a like amount payable by his employer.

Mr. President, I have some figures showing the extent to which beneficiaries will pay for their own retirements in the future. In this bill before us, OASI is being extended to new groups. Among those new groups are the lawyers. Let us consider how the social security law will work out for them.

If OASI were to be extended to lawyers, based on existing law, a young lawyer now 25 years of age, earning $4,200 a year, would pay $8,550 in taxes in the next 40 years, and if he retires at the age of 65, according to present law, the benefits to be received would have a total expected value including the wife's benefit of $28,460. A lawyer now 40 years of age would pay in the next 25 years $4,725 in taxes, if he was 55 years of age at the present he would in the next 10 years pay $1,418 in taxes, a 62-year-old lawyer would only pay in $378 in taxes in the next 2 years, and a 65-year-old lawyer would have to pay in a total of $252 over a period of 2 years. The total expected value of the benefits in each case, including the wife's benefits, would be the same; to wit $28,460. These figures are arrived at by using averages and are based on the United States white male and female life tables for 1949 and 1951 and, of course, are based on existing law which is always subject to change.

They can qualify for benefits if their self-employed income would be as much as $400 a year. In other words, were we to extend social security as of now to lawyers, a lawyer who is 65 or nearly so could, by earning $400 annually for a period of 2 years, qualify for benefits. In that case, he would pay a total tax of $24. He would then be eligible for the minimum benefits of $30 a month, with half that amount for his wife if she were 65. Based on averages, the combined benefits for the beneficiary and his wife would have a total expected value of $8,400.

If we consider the present OASI trust fund and the obligations that are accruing against it, we can get a picture of the very heavy burden of the future costs of social security, even though benefits are never again raised. At the end of 1955, the trust fund amounted to 21.7 billion. It is estimated that the cost of paying out the benefits to the 7.9 million beneficiaries now on the roll amounts to $48 billion. However, during the period that this trust fund would be paid out, we would have an interest accrual of almost $4 billion.

In other words, if we were to close the books on January 1, last, and apply the existing trust fund and its accruing interest to the payment of the future benefits to those beneficiaries already on the roll, we would be short $23 billion. With such an application of the trust fund, there is no money in it to pay the benefits to individuals eligible to retire but have not done so, nor any money in it to pay the individuals who might become 65 today or tomorrow or next month and, of course, there is nothing saved up in the trust fund to pay the benefits of the current workers.

Mr. President, about 5 million of our aged are not now drawing OASI benefits. The time will soon come when practically all of our aged will draw benefits. The total number of aged people during the lifetime of our children will double. These future costs will be heavy. We should not add to it by lowering the retirement age for any group.

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

The PRESIDING OFFICER (Mr. PAYNE in the chair). The question is on the amendment offered by the Senator from Oklahoma [Mr. KERR] for himself and other Senators.

Mr. KERR. Mr. President, I yield 2 minutes to the distinguished Senator from Oregon [Mr. NEUBERGER].

Mr. NEUBERGER. Mr. President, my principal interest in the social-security bill, before the Senate today, is to bring

about a reduction in the eligibility age for women. It is to this phase of social security that I shall address myself.

The present eligibility age is 65 for everybody. As passed by the House, H. R. 7225 lowered the age for women to 62. The provision was, unfortunately, eliminated from the bill as reported by a majority of the Senate Finance Committee, except insofar as it applies only to widows.

The distinguished Senator from Oklahoma [Mr. KERR] has now presented a compromise, which will permit women to retire at the age of 62, but on a sliding scale of benefits geared to the span of years between 62 and 65. I intend to support that compromise, because it is definitely a step in the right direction—toward a lower eligibility age for women citizens.

On January 18, 1955, I introduced for myself and 10 other Senators S. 521, a bill to lower the retirement age for all women to 60. This, incidentally, was the first major legislation I ever offered as a Member of the Senate. That bill (S. 521) still represents my goal and my belief. It was the first Senate bill presented in the 84th Congress to lower the social-security retirement age for women. I pride myself on believing that it has helped to bring about just such a forward-looking compromise as Senator KERR's amendment for gradual retirement at the age of 62.

Occasionally, Mr. President, we must progress slowly and carefully, in order to move in the right direction at all.

However, Mr. President, careful study over the years has convinced me that a social-security eligibility age for women of 60 can be eminently justified. It must come soon. I hope to explain to the Senate at this time my reasons for this conclusion.

PROGRESS NEEDED IN SOCIAL SECURITY

Before dealing specifically with the reasons for singling out this particular improvement in our social-security laws, I would like to discuss some of the major developments in recent years which make a major step forward in social security so necessary now.

All of us realize, Mr. President, that we in the United States have tremendous blessings to be grateful for. The shortened workday and workweek, amazing medical advances, and the general rise in income and productivity have brought about a vast improvement in our standards of living. In the last half century, we have added about 20 more years to our life expectancies.

A major consequence of these factors has been the significant increase in our aged population relative to the total population. For example, in 1900 only 1 person in 25 was 65 years old or more; in 1950, 1 person in 12 had reached 65. Today we count over 14½ million of these older persons among our citizens.

But while older people have become a larger and larger proportion of our population, their income position in our economy has lagged behind that of the rest of the population, which has materially improved.

There are a number of reasons why this is so. People over 65 years old can expect to live many more years. In practically all cases, these years will be years of leisure and retirement. By this age, the older person must rely on his life's savings and whatever pension benefits he has earned over the years of his employment. Although wage levels have risen greatly, few persons in their fifties or sixties can find jobs available. Moreover, for some older persons such full-time work as can be found may cause personal hardship.

In other words, in recent years, the average per capita income in this country has gone up substantially—but that of retired people living on fixed incomes and on limited savings has lagged behind that of working people.

As a result, older people today constitute a greater part of our low-income group than ever before in history. These facts have been illustrated in an informative study made last October by the Joint Committee on the Economic Report Regarding Characteristics of the Low-Income Population of the United States.

For instance, according to this report, by 1954 there were estimated to be more than 2,460,000 families headed by persons 65 years old or over, earning incomes under $2,000. Over a period of 6 years, the proportion of these families had risen from one-fourth to nearly one-third of all families in that low-income group. In marked contrast, less than one-tenth of the families with incomes of $3,000 or more were headed by elderly persons during this time. Likewise, the figures show a proportional increase of elderly single individuals, from one-third to one-half of all persons in the low-income group receiving $1,000 or less annually.

COST OF LIVING HAS RISEN MORE FOR OLDER PEOPLE

One of the obvious problems of retired people who cannot benefit from wage increases is that they must still meet the rising costs of living. The Bureau of Labor Statistics estimates that, since 1947, there has been a rise in the general cost of living of about 12 percent. This is a serious matter for the low-income group, three-fourths of which was reported to have less than $500 worth of savings. Cost-of-living is a particularly serious matter for elderly people because the cost of medical care has risen over 30 percent since the end of the Second World War. Elderly people necessarily require more medical attention than those of younger years.

The significant fact, however, is not that retired people in general have less money now than they had before—they may actually have a little more. It is that standards of living have risen tremendously. The expectations of people who live in America have become greater—and this is one test of the success of the celebrated American way of life. People are used to better things. So the important fact is not just whether retired people have a larger income today than they did 5 years ago or 10 years ago, but also how it compares with income before retirement. A married couple or a single individual retiring today are often faced with a real and painful reduction in living standards.

Mr. President, is this necessary? I believe that the economy of this Nation is strong enough, and that it is expanding fast enough, with rapid strides toward greater productivity per man-hour of work, to allocate an adequate sector of the gross national product to maintaining the standards of living of retired people.

In the most general terms, this must continue to be the philosophy of efforts which our society must make in many different ways and through different channels. It is the premise behind private industry pension programs, Government employee retirement programs, State old-age assistance, as well as aid to dependent children and to schools and every other program which, in some way, places the economic burdens of a longer youth and a longer period of retirement on the productive years in between.

Chief among such programs is the social-security program, with which we are concerned today.

LOWER RETIREMENT AGE FOR WOMEN PRIMARY SOCIAL-SECURITY IMPROVEMENT

I shall now explain one improvement which for a number of years has seemed to me of particular usefulness and importance.

In the case of widows, the committee, in recommending a reduction of the eligibility age to 62, states:

> Many women widowed in their fifties or early sixties have never worked or have not had recent work experience and find it difficult to secure jobs. Many are left with no financial resources and face the alternatives of being dependent on their children (who are themselves attempting to make ends meet while raising their own families), or of seeking assistance from public or private welfare agencies.

But it is not only the widow who faces an uphill struggle in the search for employment in later years, as one might gather from the report of the Senate Finance Committee. Unmarried women who have held jobs for substantial periods of time find employers' policies an almost insurmountable obstacle when seeking new work. In testimony to this fact, the minority of the Finance Committee states:

> Any woman who loses her job between the ages of 62 and 65 cannot easily get other employment. The fact is that the overwhelming majority of women at the ages of 60 to 65 are not gainfully employed. When this age group is compared to the age group 55 to 64, we find that women go out of the labor force about 2½ times faster than men.

Social-security benefits from the age of 60 would provide some aid to those widows and unmarried women for whom, even in a time of high employment, there are no jobs today. A retired woman on a very modest budget is estimated today to require over $1,500 annually. Lowering the age for these groups would make possible the immediate opportunity for 1,330,000 additional women to begin receiving the full benefits for which they have been contributing over the years.

In the case of workingwomen, whatever their married status, the argument against lowering the age of social-secu-

rity eligibility is made that it will force earlier retirement. It is suggested that it runs counter to the whole tendency of people to live and work longer years. It is said that this will cause a reduction in the number of older women already employed, at a time when we must exert every effort to permit them to work as long as they desire.

Mr. President, I consider this a very shallow charge. It is not in accord with the trends, as I understand them. In the first place, a reduction in the eligibility age for women does not in and of itself cause people to stop working, if they do not wish to stop. On the contrary, experience demonstrates over and over again that most people in this country would rather work, as long as they are healthy and able, than live on greatly reduced incomes.

If women are laid off work on account of a lowered social-security eligibility age, it can only be because of the policies adopted by employers. I do not see that the reduction of the eligibility age has any necessary connection with such a policy. I believe that it is commendable when employers set up their own employee pension plans, permitting later retirement at progressively higher benefits. Such plans should be encouraged. But they ought not to interfere with the demonstrated needs of the many people who cannot hold jobs in later years. I wish to emphasize, Mr. President, that to retire under social-security provisions would be voluntary on the part of women aged 60 and over. The initiative would lie with the employee.

WIVES SHOULD BE FREE TO RETIRE ALONG WITH THEIR HUSBANDS

Besides widows and workingwomen, there is one other large and important group of women that deserves special attention. I refer to the wives of men 65 years of age or more.

Without full benefits, wives of retired men, like other women, must often face the serious choice of trying to find employment or accepting the painful task of reducing the family's standard of living. With a total income, for instance, of $100 a month in benefits, a 65-year-old husband with no additional income cannot hope to retire and provide a decent living for himself and his wife, who is not 65 herself. This is illustrated, for example, by an excellent study published by the Welfare and Health Council of New York City, which shows that a modest budget for an elderly retired couple with few medical or special expenses calls for approximately $2,137 annually.

The estimated cost of providing benefits to women 60 years of age and over is substantial. Nearly 670,000 qualifying wives, with the others—a total of 2 million additional—would become eligible. Of course, it is difficult to predict how many of these would feel it necessary to retire on social-security benefits at this earlier age. I am told by the Social Security Administration that the tax contribution of both employees and employers to this program, over and above what it now presently calls for under the law, will amount to one-half percent of payroll each, or a total additional amount of 1 percent of payroll. I am prepared to advocate this increase, and I think the public would support it. Our largest national labor organizations have declared that their millions of members would be ready and willing to assume their share of the increased payroll taxes necessary to cover this change.

MUCH SUPPORT FOR LOWER SOCIAL-SECURITY AGE FOR WOMEN

Apart from the consideration of costs, this plan has been actively supported by organizations and individuals for almost two decades. Dr. Arthur J. Altmeyer, who as a member of the first Social Security Board, Chairman from 1937 to 1946, and Commissioner of Social Security until April 1953, is an undisputed authority on this subject, has been a strong advocate of this measure. He recommended the lowering of the eligibility age for women to 60 before the Senate Committee on Finance on January 17, 1950, and the House Committee on Ways and Means in 1949.

Nor was this a new idea at that time. Every year from 1942 to 1946 this was repeated in the annual reports of the Social Security Board, as it was in those of the Social Security Administration in 1948, 1950, and 1952. Many able witnesses presented testimony before the Senate Committee on Finance during the lengthy hearings on H. R. 7225 this year, and among those who testified, a number expressed preference for a more realistic voluntary retirement age of 60 for women. I am convinced, and the mail I have received for a long time has borne me out in this, that an amendment to reduce the qualifying age for women would be overwhelmingly approved by the people.

In conclusion, Mr. President, I would like to point out one consideration which applies not only to the eligibility age for women, but to our attitude toward maintaining progress in our social-security laws in general.

Everyone in the world recognizes the United States as by far the richest nation in history. We pride ourselves on the fact that our economy, our social structure, our form of government have made a steadily increasing standard of living the main characteristic of American civilization.

We are indeed able now to raise our sights to the goal of a comfortable period of retirement and old age for all of our citizens—freed from poverty, from the pain of many diseases, lightened by the conveniences of modern housing, and brightened by the prospect of an increased span of leisure years. Our thinking on social security must face up to the needs of these longer years of retirement without drastic impairment of the standard of living to which Americans have now become accustomed during their working years.

SOCIAL PROGRESS IMPORTANT TO LEADERSHIP IN FREE WORLD

And it must also face up to the fact that our claim to international leadership rests on the success with which we can make our acknowledged riches work for all of our citizens. Other peoples constantly watch the success of our country in this respect. As the leading exponent of free and democratic methods of government, we are continuously compared with our Communist competitors.

It would be wrong of us to remain satisfied with our present advances in social security and social services. As a matter of fact, in some of these areas we have actually fallen behind several progressive measures of other democratic nations, such as the Scandinavian lands.

I want to suggest to the Senate that there is no reason why the people of this rich Nation should not be able to have the assurance of adequate security in old age and retirement. I am convinced that it is not unreasonable, nor is it premature, to call for this expansion in the social-security law. If adopted, this amendment will be regarded in a future era as a logical step, taken in good time, to recognize the changing character of our economy and our population's needs.

Mr. KERR. Mr. President, I yield 2 minutes to the distinguished Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, we are now considering the proposal to extend benefits under the Social Security Act to women at the age of 62. I do not intend to discuss this proposal in all its technical aspects. I do, however, want to talk about the basic issues involved in the question of lowering the retirement age for women from 65, where it now stands, to 62.

I have long supported the principle of a lower retirement age for women. As a matter of fact, I have on various occasions proposed that the retirement age for women be lowered to 60. I think, however, that the basic issues are the same whichever figure we choose. Although I would prefer to see us adopt an amendment lowering the age to 60 for women, I am willing to accept the proposal making it 62.

We all know that life expectancy is increasing. The average person is living longer and working longer. Many individuals are able to work well past the age of 60 or 65, or even 70. Some of the individuals in this group are women. This is a fine thing and we can all be proud of the progress that has been made along these lines.

But I am not concerned here with averages. I am not concerned with those who have benefited from these advances and improvements. I am concerned about those who have not derived any benefit from them. I am concerned about the woman who finds herself a widow in her early sixties and is unable to find a job after years away from the labor market while she was raising a family. I am concerned about the woman who has been working all her life and suddenly loses her job after she has passed the age of 60. I am concerned about the problem this woman has in finding a new job in the face of the reluctance of so many employers to hire an older woman. I am concerned about the man who has reached the age of 65 and has qualified for social-security benefits, but cannot retire because his wife is only 60 or 62 and without the supplemental wife's benefits their income would be too small for them to make ends meet no matter how carefully and frugally they lived. I am concerned about the

widow who has been receiving benefits as the mother of children under 18. I am concerned about the problem she has between the time the children reach the age of 18 when children's benefits cease and the time she reaches the age of 65 and once again qualifies for benefits.

These are the people I am concerned about—the woman who does not have resources of one kind or another on which to fall back—insurance, savings, investments, aid from their children or other relatives. I am concerned about the woman who has nowhere to turn—no one to go to for help.

We cannot let these women depend on private charity, on relief and public handouts. We must do all we can to encourage these people to keep working as long as possible. We must do everything possible to make these people self-sufficient.

But, at the same time, we must give them a sense of security that comes with the knowledge that they will be able to maintain their independence in their advanced years.

Lowering the retirement age for women, under social security, to 62 will not solve the problem of all these women. It is not by any manner or means the complete answer. But it will certainly go a long way towards finding the answer. We cannot fail the thousands and thousands of people in this Nation who are looking to us to approve this proposal. Let us act now. Let us approve this amendment.

Mr. KERR. Mr. President, I yield 2 minutes to the senior Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I favor the amendment offered by the senior Senator from Oklahoma because I have an amendment which is somewhat similar to it, and which reduces the age of retirement for women to 62.

I first thought the age for retirement of women should be reduced to 60; but in order to insure the passage of some legislation of this kind, I advocate the adoption of the amendment of the Senator from Oklahoma, which would reduce the retirement age for women to 62.

I have found, from my examination of the matter, that not only do many widows need to retire at the age of 62, but also a great many women are married to men who are considerably older than they are. On the average, I think it will be found that the husbands are 3 or 4 years older than the wives; in some cases, the husbands are as much as 6 or 7 years older. So it is that a married woman at the age of 62 may have a husband who is practically no help to her from a financial standpoint. Instead of being 62, the husband may be 66, 68, or 70 years of age. So if we take into consideration the fact that a woman's husband is many years older than she is, and is no help to her from a financial standpoint, that woman is being penalized.

For the reasons I have stated, I think the amendment should be agreed to.

Mr. KERR. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 10 minutes remaining; the Senator from California has 2 minutes remaining.

Mr. KNOWLAND. Mr. President, I am glad to yield back the remainder of my time, if the Senator from Oklahoma is prepared to yield back the time remaining to him.

Mr. KERR. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement by the junior Senator from Florida [Mr. SMATHERS], who is one of the joint authors of the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SMATHERS

I congratulate the very able and distinguished Senator from Oklahoma, Senator KERR, for his effective presentation of this important matter. As he knows, I intend to support and vote for his amendment for I not only agree with his position but would go even a little further for the following reasons:

I am in entire agreement with the committee's decision that surviving widows deserve the right to benefits at an earlier age for it recognized the economic plight of many women widowed when they are a few years under their 65th birthday. This action would award benefits to widows at age 62, on the ground that the problem of maintaining themselves during a waiting period until they become 65 is especially acute. However, I am convinced that the plight of many older women workers, or elderly couples, and of dependent mothers who find themselves in the same circumstances is equally urgent.

It is only fair and equitable therefore that the eligibility age be lowered for all women under the social-security system from 65 to 62 years of age. This would mean that about 800,000 women would receive benefits immediately, and during the first year another 400,000 working women would be eligible to draw benefits when they or their husbands retire.

In his testimony before the Finance Committee, the Secretary of the Department of Health, Education, and Welfare was opposed to this change because, he said, a lower retirement age would be a "disservice to many thousands of older women by reducing their opportunities for satisfying employment."

On the surface, this would seem to be a noble sentiment. But I wonder how many of the women in this country who have passed their 62d birthday have the opportunity of "satisfying employment," and how many would be able to take such jobs even if they were to become available. I wonder if it would be good policy for the Members of the Senate to take the position that we should not pay benefits to the mothers and grandmothers of this country at age 62 because we might keep them from getting a job.

I cannot agree with the Secretary on this point. For I believe such a position overlooks the fact that the 62d birthday is an unhappy milestone for far too many American women because they are told that they are not old enough to be entitled to retirement benefits under social security and too old for job opportunities. Let us remember that the older women who would become eligible for benefits under the pending amendment are, today, the special victims of a period of unprecedented prosperity and a revolution in industrial production which has increased the costs of living while shortening the average work life. As the standard of living goes up—and as prices and wages increase—they are caught in a cross-current. Any savings which they may have accumulated for their old age dwindle rapidly. High living costs work a special hardship on people in this age group, many of whom had worked hard during their earlier years to build up what seemed like an adequate income at the time. Now, at a time when the buying power of that income is sharply reduced, the cost of medical care is usually increased because of the frailties of advancing years.

Most American women, we know, have spent the better part of their lives raising a family. We recognized the social importance of this fact in our social-security system back in 1939 when the wife of a retired worker was made eligible for her own benefit at age 65 even though she had never worked herself. At the same time, and for the same reason, the widow of a worker who dies was made eligible for a monthly benefit in her own right, on the death of her husband. The wisdom of that decision has been demonstrated in millions of homes throughout the country where social-security benefits are now being paid as a matter of right to wives, widows, and dependent mothers of the family breadwinner. Such a policy in our social-security system conforms with the situation in which most women in America find themselves in their later years.

The pending amendment will broaden that policy to provide benefits for the wife of a retired worker when she reaches age 62 instead of requiring her to wait until she is 65. In so doing, we would extend the purpose of social security that a married couple should not have to get along on the same amount that is required by a single person by paying the full family benefit 3 years earlier.

We know that wives are generally a few years younger than their husbands. According to the most recent estimates, only 19.6 percent of wives are 65 or over when their husband reaches his 65th birthday. By reducing the eligibility age for wives, we will thus be helping to relieve hardship in the homes of thousands of elderly couples now living on a sharply reduced income because the husband has been forced to retire at a time when his wife is not yet old enough to qualify for her benefit.

These, then, are some of the very urgent reasons why I believe we must provide benefits at age 62 for the wives of workers who have retired, and for their dependent mothers, as well as for widows.

I am just as convinced that we must, at the same time, lower the eligibility age for working women in the same way. For, as the minority report on the bill now before us pointed out, any woman who loses her job between the ages of 62 and 65 cannot easily get other employment. These limitations on job opportunities for older women arise not only because of lack of opportunity to work, but also because of physical limitations. In her testimony before the Committee on Finance, Miss May Bagwell, representing the American Nurses Association, well described the very real problems faced by most older working women in this respect. She said:

"Older women—widows and dependent mothers of deceased beneficiaries—find it practically impossible to enter employment if they have not been very recently employed. Especially is this true of professional nursing, where rapid changes in practice require the nurse to constantly refresh her knowledge, and where the work is often physically taxing.

"In addition, many employed nurses at age 62 and after find it difficult to perform the strenuous tasks required in hospital nursing today on a full-time basis. If they could receive social-security benefits they would be able to continue working part-time and thus prevent a drastic reduction in their standard of living and at the same time help to meet the demand for professional nursing service. * * *

"The American Nurses' Association urges this committee to act favorably upon the

proposed lowering of the age at which women may become eligible to claim benefits under the social-security system."

I am convinced that Miss Bagwell expresses the view of the majority of the women of this country. She speaks from intimate experience with the situation in which the older professional nurse finds herself. But the same considerations apply, even more forcibly, in the case of those older women who find jobs after they have raised a family. In view of their inexperience, such jobs as they are able to get are usually in the lowest wage scales. Most of them, I am sure, could hardly be described as "satisfying."

Many of them are part-time jobs. And, as Miss Bagwell points out, lowering the eligibility age for women to 62 would not mean that we would be requiring a woman in these circumstances to give up such a low-pay or part-time job to qualify for social-security benefits unless she chooses to do so. For, under our social-security system, she would be entitled to benefits in addition to her small earnings if those earnings do not exceed $1,200 a year. Thus the relatively small number of women in this age group who are now working would be able to supplement their social-security benefit with moderate wages and so prevent a drastic reduction in their standard of living.

Some 650,000 women workers now between 62 and 65 years of age would be eligible for benefits immediately if this amendment is adopted. I believe it should be adopted to make these benefits available to them.

We must recognize the unusual demands upon the strength of an older working woman which results from the dual responsibility of a job and a home.

We must recognize that in many retirement systems women are required to retire at an earlier age than are men, and that the waiting period of such women is, therefore, much longer than it is for men.

We must recognize that any woman who loses her job between the ages of 62 and 65 cannot easily find other work. Recent studies by the Department of Labor show that age limits are applied more often on jobs for women than on jobs for men. The want-ad section of most newspapers also demonstrates this fact of our times.

In lowering the eligibility age for all women from age 65 to 62 we would be accepting a principle which has been carefully studied and advocated by leaders in the field of social security for many years. It was recommended by the Social Security Administration in each of its annual reports beginning in 1942, and in the years that followed until 1952. It is recommended by Dr. Arthur J. Altmeyer who was a member of the first Social Security Board and its Chairman from 1937 to 1946, as well as while he was Commissioner of Social Security from 1946 until April of 1953.

The advisory council on social security to the Senate Committee on Finances of 1949 included a recommendation in its report that the qualifying age for women should be lowered to age 60 to accomplish the broad purposes of the social security system. For, as this report pointed out in describing these broad purposes:

"The very success of the economy in making progress while creating opportunities, also increases risks. Hence, the more progressive the economy, the greater is the need for protection against economic hazards. This protection should be made available on terms which reinforce the interest of the individual in helping himself. A properly designed social-security system will reinforce the drive of the individual toward greater production and greater efficiency, and will make for an environment conducive to the maximum of economic progress."

Their recommendation calling for a lower eligibility age for women was made only after months of deliberation by the members of this advisory council. It is significant to note that the council's recommendation for a lower eligibility age for all women is the one major recommendation made by this body which has not yet been incorporated into our social-security system. The rest have all been written into the law, sometimes in a modified form, in the major improvements which have been made in the social-security plan beginning with the 1950 amendments.

Now we have the opportunity to incorporate also this very important liberalization into our social-security law. The level premium cost of adding benefits for working women, wives, and dependent mothers, would be only 0.36 percent of payroll over the costs acccpted in the committee's bill. In terms of what this investment will mean to the security and well-being of thousands of American women, now and in the future, I am sure that the small added costs are a moderate price to pay. The working women of this country are entitled to the same right of earlier retirement that has been provided for them in most private pension plans and in other governmental plans.

I urge the Members of the Senate to join with the Members of the House of Representatives in endorsing this improvement in our social-security law so that we can make this long-delayed improvement in our social-security system at this time. I sincerely hope that this body will unanimously adopt the amendment proposed by the very able and distinguished Senator from Oklahoma.

Mr. KERR. Mr. President, I yield back the remainder of my time.

Mr. KNOWLAND. Mr. President, I yield back the remainder of my time; and I suggest the absence of a quorum.

The PRESIDING OFFICER. All time having been yielded back, and the absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR]. The yeas and nays having been ordered, and all time having been yielded back, the clerk will call the role.

The Chief Clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL] is absent on official business.

I further announce that, if present and voting, the Senator from Texas [Mr. DANIEL] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission.

The Senator from Colorado [Mr. MILLIKIN] is necessarily absent.

On this vote, the Senator from Colorado [Mr. MILLIKIN] is paired with the Senator from Michigan [Mr. POTTER]. If present and voting, the Senator from Colorado would vote "nay" and the Senator from Michigan would vote "yea."

The result was announced—yeas 86, nays 7, as follows:

YEAS—86

Aiken	Beall	Bridges
Allott	Bender	Bush
Anderson	Bible	Butler
Barrett	Bricker	Capehart
Carlson	Humphrey, Minn.	Murray
Case, N. J.	Humphreys, Ky.	Neely
Case, S. Dak.	Ives	Neuberger
Chavez	Jackson	O'Mahoney
Clements	Jenner	Pastore
Cotton	Johnson, Tex.	Payne
Dirksen	Johnston, S.C.	Purtell
Douglas	Kefauver	Russell
Duff	Kennedy	Saltonstall
Dworshak	Kerr	Schoeppel
Eastland	Knowland	Scott
Ellender	Kuchel	Smathers
Ervin	Laird	Smith, Maine
Flanders	Langer	Smith, N. J.
Frear	Lehman	Sparkman
Fulbright	Long	Stennis
George	Magnuson	Symington
Goldwater	Mansfield	Thye
Gore	McCarthy	Watkins
Green	McClellan	Welker
Hayden	McNamara	Wiley
Hennings	Monroney	Williams
Hickenlooper	Morse	Wofford
Hill	Mundt	Young
Holland		
Hruska		

NAYS—7

Bennett	Malone	Robertson
Byrd	Martin, Iowa	
Curtis	Martin, Pa.	

NOT VOTING—3

Daniel	Millikin	Potter

So the amendment offered by Mr. KERR, for himself and other Senators, was agreed to.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may yield to some of my colleagues for the purpose of making insertions in the RECORD and other routine business, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement of my own on the pending bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON

Pending before the United States Senate is one of the most important measures we will be called to act upon before adjournment—the social-security bill.

I should like to urge my fellow Members on both sides of the aisle to join with me in passing legislation to lower the social-security-retirement age for women from age 65 to age 62. This provision would make it possible for all women—women workers—and wives of retired workers—and dependent mothers of workers who have died—as well as widows to be entitled to social-security benefits at age 62 instead of waiting until age 65 as is the case in existing law. According to estimates—about 800,000 women would receive benefits immediately if this bill is enacted into law- and another 400,000 women in this age group—who are working or are wives of workingmen—would become eligible to draw benefits in case they retire. In about 25 years—when a larger proportion of people will have qualified—1,800,000 more women will be receiving benefits than would be the case under existing law.

Under the bill a woman worker could become eligible for benefits at age 62—the age for men would continue to be age 65—widows and surviving dependent mothers would become eligible for benefits 3 years earlier than is the case under existing law. And the wife of a retired worker would also become eligible for a wife's benefit when he retires at age 65 if she is younger than her husband by 3 years or less. Under existing law such a retired worker receives only his own benefit until his wife reaches age 65—at which time the amount of the family benefit is increased 50 percent by the wife's benefit.

The case for including wives in their provision arises because—although the principle of social security is that a retired married couple should not have to get along on the same amount as is provided for a single person—the fact is that wives are generally a few years younger than their husbands. In such circumstances it is necessary for the retired couple to live on a single payment for a period of years until the wife can qualify until she, too, has reached her 65th birthday. Under the amendments such couples would become eligible for the full family benefits at an earlier date than under existing law—thus reducing the waiting period for family benefits.

I submit that lowering the age for women from 65 to 62 would not only bring more of the sunshine of life into the lives of these women—but would strengthen the entire economy of our Nation.

We must not be content with merely lowering the eligibility age for women to 62.

We must remember other groups badly in need of help from this Congress. My colleagues—Senator RUSSELL LONG of Louisiana and Senator WALTER GEORGE of Georgia—recognize several of these categories. I joined with them in an attempt in committee to increase—for example—the Federal portion of the matching program for old age pensions paid by the various States.

Under the old age amendment—the Federal Government would match the first $5 State contribution with $25 monthly of Federal funds instead of the $20 as provided by existing law. The Federal Government then would match on a 50-50 basis all additional State contributions up to a total of $65 instead of the $55 maximum as presently provided.

An important feature of that amendment which was considered by Senate committee was a "pass along" provision to require that States availing themselves of the new matching formula—not reduce their average contributions per person. The practical effect of this amendment would be to increase welfare payments to persons over 65 years by at least $5 per recipient and in some cases by as much as $7.50 per recipient. For example, enactment of this amendment—with the pass along provisions, of course—would affect 58,289 persons in Washington State and result in the State receiving $5,128,057 in additional Federal funds—on the basis of assistance rolls of last September.

I emphasize the "pass along" provision because unless we enact this, then many States—as did my State of Washington the last time Congress increased the Federal contribution—could pocket the additional money and maintain old age grants as they were.

In addition, I submitted to the committee an amendment increasing by the same proportion, payments under our blind totally and permanently disabled, and aid to dependent children programs.

My colleagues, Senator LONG and Senator GEORGE agreed to amendments covering blind, and totally and permanently disabled. In fact, they rewrote their amendment and included my proposals in it.

That amendment, I understand, is at the desk at this moment and the Senate shall have an opportunity to vote upon it before the social security bill comes up for final approval.

The Long amendment follows past precedents of the Congress in improving all the categories of public assistance simultaneously rather than changing the matching formula for only one of the categories.

Our Nation can surely afford to be more generous to the blind, and to the permanently and totally disabled as well as to the aged. The additional outlay of $100 million or perhaps $200 million a year would relieve much suffering, would increase markets for farm products, and would add to the well-being of communities throughout the country. The investment would be more than repaid in human welfare, a more productive population, and greater prosperity.

The resultant increase in payments would be $5 to $7.50 a month for some 105,000 blind persons and 244,000 permanently and totally disabled persons now receiving assistance.

Because programs for the blind and totally and permanently disabled are included in the Long amendment, I would now confine my remarks to the increase so vitally needed in the aid-to-dependent-children's program.

We must ever seek ways to improve and broaden this great cornerstone of our democracy, social security. One of these ways is contained in the amendment which I have at the desk, which will extend aid to dependent children to a level commensurate with other social-security beneficiaries.

Such an amendment would be, in my opinion, simple justice. Under this amendment to the aid-to-dependent-children categories, the mother or the other relative with whom the child lives would receive increased payments on the same basis as the aged. For widows with dependent children, this means an increase in the individual's monthly payment, to which the Federal Government will contribute from $30 to $65. Each child would receive an increased Federal payment ranging from $3 to $4.50 per month, or, if the State matches, up to a total of $6 more if the State makes full use of the Federal increase.

As a result of my amendment the Federal Government would offer to pay five-sixths of the first $30 a month paid on the average by a State—to the mother or other relative caring for dependent children. This would be instead of the present formula of four-fifths Federal matching up to $25. Above the initial $30 there would be offered 50-50 matching of Federal and State funds up to a maximum of $65 instead of the present $55.

For dependent children—the five-sixths matching would apply for the first $18—and the 50-50 matching would be available up to $36 a month for the first child in a family and up to $27 for each other child. A monthly increase in payments for each child of $3 to $4.50 would probably result.

These more liberal Federal matching grants would be made available to the States on the same pass-along basis proposed in the earlier amendment for the aged—in order to assure that increased payments to the recipients would result.

Any State desiring to avail itself of the liberalized matching formula would have to demonstrate that the average State contribution has not been reduced from the 1955 level. If a State does not desire to comply with this requirement, the State would be permitted to continue Federal matching as under existing law, namely on the formula established by the McFarland amendment in 1951.

Congress has never provided grant formulas as liberal for dependent children as for the other categories. My amendment would establish more equal treatment by providing the same matching formula for the mother or other relative caring for the children as is provided for the aged, the blind, or the disabled. Some 600,000 adults would have the advantage of this improvement, and over 1,500,000 children, in their care, would also benefit.

Only 26 percent of the Federal funds spent for public assistance goes to help dependent children and adults caring for them—although together they constitute 43 percent of the persons receiving public assistance.

I myself would gladly go still further in providing more generous Federal grants for assistance to dependent children. The average monthly payment they receive is far too low—only $32 per child or $24 per recipient as compared to the monthly average of $54 received by the aged and $58 by the blind. More than one million and a half children are now receiving such aid.

I estimate that my amendment would increase Federal outlays to children by $3 to $4.50 a month—or—in round figures by between $46 and $54 a year depending on the number of cases and the liberality of the States. The prospective total outlay at the higher figure by the Federal Government would be well under $100. It would be supplemented by the additional grants for mothers or other relatives caring for the children.

These expenditures would be both humane and sound.

I want to say that since I first introduced this amendment early this year—I have received many hundreds of letters from widows and parents who would be affected by this amendment. They have informed me that they have been receiving scaled-down and—in many cases—totally inadequate and unrealistic payments under the aid to dependent children program in my own and other States.

Denying these payments to widows and others with dependent children contributes to the growing juvenile delinquency problem in this country—which has been so ably and dramatically analyzed by the subcommittee headed by my esteemed colleague—the senior Senator from Tennessee. My amendment—I am advised by the Department of Health, Education and Welfare—will affect some 1,700,000 children and approximately 600,000 widows and other caretakers of young, dependent children.

I hold that it is a short-sighted policy to deny so many young children the help which may lead them toward a happier, healthier, and more useful life for themselves and their country. In many cases—cases that I know about in my own State—these children come from broken homes—homes where the father has died or has deserted his wife. Many of these mothers have not been trained at jobs or professions with which they can adequately support themselves and their children. Many of them have been tossed, so to speak, into the deep sea of life and are desperately dog-paddling to stay afloat.

This amendment, in short, would represent an important move toward meeting one of the significant deficiencies in our present social security legislation. I hope the Members of this distinguished body will join with me in seeing that common justice is done for the 1,700,000 children of our country now receiving public assistance and the 600,000 widowed and deserted mothers and caretakers of these children.

Mr. CLEMENTS. Mr. President, I understand that the Senator from Illinois [Mr. DOUGLAS] has an amendment which he desires to offer at this time.

Mr. DOUGLAS. Mr. President, I offer an amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. On page 90, between lines 17 and 18, it is proposed to insert the following:

PART VI—AMOUNTS DISREGARDED IN DETERMINING NEED FOR PURPOSES OF OLD-AGE ASSISTANCE

SEC. 351. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such determination the State agency may disregard not more than $50 per month of net earned income."

(b) The amendment made by subsection (a) of this section shall be effective on and after October 1, 1956.

The PRESIDING OFFICER. How much does the Senator yield himself?

Mr. DOUGLAS. I yield myself 10 minutes.

Mr. President, this is a very simple amendment. It would permit the recipients of old-age assistance to earn up to $50 a month without having the amount so earned subtracted from their subsistence grants. The present law provides that—

The State agency shall, in determining need, take into account the entire income and resources of an individual.

What this means in practice is that if a recipient of old-age assistance earns anything, that amount is deducted from his grant. If he earns as much as his grant, his assistance is completely cut off. That is, if it is determined that his grant shall be $55 a month and he earns $15, this $15 is deducted from the $55, and the payment made to him is only $40. If he should earn $55 a month, the entire payment would be discontinued. The result is not only hardship to the recipients of old-age assistance because of the meager amounts they receive, but it also discourages them from earning odd bits of income.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG. Will the Senator tell me the estimated cost of his proposed amendment?

Mr. DOUGLAS. The cost, as estimated by the Department of Health, Education, and Welfare, would be approximately $12 million a year. I think that is a rough figure. It is somewhat difficult to approximate the precise amount.

Mr. LONG. The Senator's amendment has a great deal of merit. In the State which I have the honor in part to represent there are a great number of people receiving welfare checks of $50 or $60 a month. Old ladies can do a little baby sitting and make a few dollars. Old men can tend a garden, or do a little work around the house and pick up perhaps $10 or $15. It seems very cruel and unfair to elderly people who can do a little work of that kind, and thereby make a few dollars, to deduct such income from their welfare payments.

Mr. DOUGLAS. I am glad the Senator from Louisiana feels that way. I expected him to take that position.

The present system of deductions discourages the recipients of old-age assistance from seeking such casual and part-time employment, because if they later lose these casual jobs, a great deal of time is required for them to get back, in old-age assistance grants, the amount which they have lost because of losing their casual employment. Several months may go by before they are restored to full payments. Or if they have lost their claim to assistance completely, it may be several months before they get back upon the rolls. The result is that the recipients of old-age assistance are very reluctant to do the casual and part-time work which is within their strength, which is badly needed by the community, and the income from which they need.

Mr. LONG. If I correctly understand the purpose of the Senator's amendment, it is to encourage needy people to help themselves so far as they can.

Mr. DOUGLAS. That is correct. I thank the Senator.

Mr. LONG. As I understand it, the estimated cost would be only $12 million annually.

Mr. DOUGLAS. That is the estimate of the Department of Health, Education, and Welfare.

The deduction provisions in the present act are hangovers from the depression days, when the community wanted to discourage as many old people as possible from working, in order to open up as many jobs as possible for younger workers. But today this is an outmoded idea. We should encourage people to contribute something to the productive life of the Nation so long as they can do so.

The average age of the recipients of old-age assistance is 76. It is clear that this group cannot go into the labor market to any large extent, but many of them, as the Senator from Louisiana has pointed out, could do the very kinds of jobs which have been increasingly difficult to fill. They could do domestic work, gardening, raking leaves, babysitting, and the like. Not only could these aged persons fill a need, but they could thereby add a little to their standard of living.

Furthermore, earning even a little would preserve the dignity of those people by enabling them to feel useful.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. As to the latter point, I should like to make a very brief comment.

I think the Senator's amendment is absolutely sound from the standpoint of the health and psychological benefits it would bring to aged people. I do not have to call the Senator's attention to the fact that each one of us knows a considerable number of old people who are receiving social-security benefits, but they are exceedingly small benefits. We are not talking about a social-security system which pays to old people a benefit which really permits them to live out their old age in decency.

Consider the social-security benefits under even the maximum payments. What actually happens in the typical American home? The old person receives those small benefits, but other members of the family, relatives, sons, and daughters, supplement the income to maintain the old folks on a decent standard of living.

I do not have to tell the Senator from Illinois the effect that such a situation creates in many an American home. It has a serious psychological and depressing effect on many of the old people of our country. To use the hypothetical figure of $55 a month, they receive an income of $55 a month, but they are still able to do some lawn or garden work, for

example, or they may even be able to do a little clean up work at a lodge—an Elks lodge or Masonic lodge, or for the Knights of Columbus, or some other institution in the town—and earn $20 or $25 or $30 a month for such little chores.

What do we do? We deduct such earnings from the paltry $55 a month, to use the Senator's hypothetical figure, which these individuals receive in social-security payments.

Mr. DOUGLAS. That is the average figure for the country as a whole.

Mr. MORSE. I say it shows a lack of social conscience on our part as Members of Congress that we have not already adopted an amendment like the Senator's amendment, which would permit these people to keep the small amount they receive over and above their social-security benefits, for the helpful psychological effect, if none other, it would have.

It would mean a great deal to them from the standpoint of health. The Senator and I, and other colleagues in the Senate know—without going into personal matters—from personal family experience the effect a psychological depression has on old people, who feel that, after all, society has turned against them. Here is a chance to build these people up psychologically at a very small cost to the people of the country as a whole.

I wish to argue for the Senator's amendment from the standpoint of social consciousness. It is easy to demonstrate that it is a sound amendment. I hope for the sake of the health and the psychological build-up of such old people that we will not be parsimonious about it and will not squeeze the dollar until the eagle itself squawks, but will let them keep the small sums they may earn, in the amounts the Senator provides in his amendment, over and beyond what they receive from social-security payments.

Mr. DOUGLAS. I thank the Senator. He has touched on a very important consideration. It is that we all want to feel useful and that we are earning our way. We do not want to feel rejected by the community. If a person cannot work or is discouraged from doing so he feels thrust out from the community around him. It is very depressing to feel that way.

The amendment would not only increase the income of the older citizens, it would also give them a greater sense of belonging to the community.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The time of the Senator from Illinois has expired.

Mr. DOUGLAS. I yield myself 5 additional minutes.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LANGER. I join with the Senator from Oregon wholeheartedly in what he has said. I have before me a letter from the North Dakota Welfare Association, signed by its executive secretary. I offer it to the Senator from Illinois, who may wish to put it in the RECORD at the appropriate time.

Mr. DOUGLAS. I thank the Senator. Several States have wanted the National Government to take some action about this matter. The legislature of California, for example, has several times passed resolutions requesting Congress to permit them to disregard some earned income. Last year Illinois enacted legislation whereby up to $50 a month of earned income would be disregarded if the Federal Government permitted it.

My amendment would protect these States and any other States which wished to do likewise. It would not require the States to do so. I want to emphasize that point. However, it would permit them to do so, if they so desired.

A few years ago Congress adopted a similar provision for recipients of aid to the blind. It is about time that we extend such a provision to the recipients of old-age assistance. I hope we will adopt the amendment and thereby make a small contribution to the dignity and well-being of our needy and aged elder citizens.

I hope the amendment will be accepted.

Mr. BYRD. Mr. President, the amendment offered by the Senator from Illinois was considered by the Committee on Finance and rejected. It would cost $12 million annually and would affect about 180,000 people. I hope the Senate will reject the amendment. It is a public assistance amendment. The bill before the Senate is a social security bill.

Mr. DOUGLAS. I should like to ask my good friend from Virginia whether it is not true that the Senate adopted an amendment proposed by the Senator from Louisiana [Mr. LONG] last evening which related to public assistance. Therefore I do not think that my amendment is any more out of order than the amendment offered by the Senator from Louisiana, and adopted by the Senate last evening. That amendment was ruled by the Chair to be germane.

Mr. BYRD. I do not say the Senator's amendment is out of order. I am saying that the committee considered the amendment and rejected it, as the Senator knows.

Mr. DOUGLAS. I appeal to the gentle nature of the Senator from Virginia, and hope that he will accept the amendment.

The PRESIDING OFFICER. Do the Senator from Virginia and the Senator from Illinois yield back the remainder of their time?

Mr. DOUGLAS. I yield 5 minutes to the Senator from Minnesota.

Mr. HUMPHREY of Minnesota. Mr. President, I wish to associate myself with the pending amendment as one of its supporters. Of all the amendments which have been proposed relating to the economic and the social well-being of people and old-age assistance, I know of none that is more important than the amendment offered by the senior Senator from Illinois [Mr. DOUGLAS].

It was my privilege to serve for almost 4 years as chairman of the Board of Public Welfare of the city of Minneapolis. We had a rather substantial number of people who were receiving some kind of welfare assistance. Hennepin County in the State of Minnesota, because of its large population, had the largest number of recipients of old-age assistance of any county in the State. Study committees were appointed to look into welfare problems, not only with respect to the economic cost of welfare, but also with respect to the social costs and lack of proper welfare standards. I should say that as a result of the studies made in our community, as well as in other States, practically in every instance recommendations were made which went toward the objective of the amendment offered by the Senator from Illinois.

First of all, in most States the old-age assistance payment is inadequate to provide a decent standard of living.

I wish to say again that a nation which is so wealthy as is our Nation, and so capable of spending as much as the United States spends for purposes of defense and for purposes of mutual security and for the purpose of subsidies to industry, and for other purposes, and aid to different groups, is certainly capable of providing a decent income for its senior citizens.

Those people, as all of us know, are in dire need, or they would not be receiving public assistance. No one likes to receive old-age assistance or any kind of welfare assistance. Community after community has screened old-age assistance recipients down to the least number in terms of need. Therefore, the few people who are receiving old-age assistance are the ones who are genuinely deserving of it, because they are the ones who have been screened very carefully as to need which the State or the locality provides in a means or needs test.

The Senator from Oregon [Mr. MORSE] emphasized a point that is very close to my heart, namely, the morale factor involved, not only the economic factor, but the morale factor. He said the elder citizens do not wish merely to sit around. Many of them want to work. Many of them cannot, because of physical limitations, take on too much work. Many of them would like to spend a few hours, possibly, in a little shop in a small suburban community. Many would like to spend a little time in the local fraternal order, in the lodge hall. Many of them might want to have jobs, for example, in their churches. Many of them might want to be available for schoolwork. But now if they take a job and receive $2 or $3, it is deducted from the paltry amount they receive an old-age assistance. It is not morally right, Mr. President. I have seen those people. I have talked to them by the hundreds, as have other Members of this body. I have been in social welfare work, and I think I have a little appreciation of the heartache and the difficult economic and social problems which they face.

I may say to the Senator from Illinois that the adoption of his amendment would be like a gift from heaven for those deserving people.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY of Minnesota. I yield.

Mr. MORSE. There comes to my mind a grand old woman who wants to do a little baby sitting, or an old gentleman who can be hired to sit up with a sick relative, so that other members of the family can be sure that there is someone at home to take care of the sick relatives. The old gentleman is willing for a small sum of money to perform such service during the day, so that

other members of the family may go to work.

Such are the cases we have in mind; and when we talk of the $12 million involved in this amendment in comparison with the billions of dollars we spend for other purposes—and I am not questioning their legitimacy—the sum of $12 million spent on the morale of the old people represents an objective which is not only humanitarian, but which happens to be Christian.

Mr. HUMPHREY of Minnesota. I thank the Senator from Oregon.

I shall conclude my argument by saying that we are not really spending $12 million when we are permitting these people to have that much more to spend for themselves in the stream of commerce. Under old-age insurance we permit people to earn up to $100 a month——

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. DOUGLAS. Mr. President, I yield 1 more minute to the Senator from Minnesota.

Mr. HUMPHREY of Minnesota. Mr. President, I wish to say that some of our senior citizens may have a little annuity coming in from an insurance policy. It may be a small one, but it is deducted by county welfare establishments and State welfare boards. The accounting problem sometimes is more expensive than the $12 million to which reference has been made.

There are three groups of people who have a priority call on their Government—the old people, the children, and the disabled. The rest of us should make it on our own. We should think of these three groups primarily, those who are in the twilight of their life, those who are in the dawn of their life, and those who are in the dark hours of disability. I am for legislation at any time which will provide for those who are in those three deserving groups—the dawn, the twilight, and the dark hours of their life.

Mr. CASE of South Dakota. Mr. President, will the Senator from Illinois yield a little time to me?

Mr. DOUGLAS. Mr. President, I yield 1 minute to the Senator fom South Dakota.

Mr. CASE of South Dakota. Mr. President, it occurs to me that this is an amendment which should receive general support. There is precedent for what it proposes to do. Members will recall that some years ago, during the war, we provided for labor an exemption for income up to a certain sum so that social security payments could be added to. At that time it applied to those who worked on farms, but it is a good precedent for this amendment. It was found useful at that time. It restored health to many people who felt they were being put on the shelf and were forced to be idle because the mechanics of getting back on the rolls after taking a job caused them to want to get off the rolls.

I hope the amendment will be adopted.

Mr. DOUGLAS. Mr. President, I yield two minutes to the Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, I am very happy, indeed, to support this amendment. I think it is a humane and a just amendment. It is as little as we can do for the old people of this country.

Mr. LONG. Mr. President, will the Senator from Illinois yield a minute to me?

Mr. DOUGLAS. Mr. President, I yield 1 minute to the Senator from Louisiana.

Mr. LONG. Mr. President, I shall be very happy to vote for this amendment. In the State which I have the honor, in part, to represent there are a great many old people. The State authorities do not want to make the cruel investigations to find that an old man has made $2, or $2.25, in a little odd job. The State does not want to cut the income of such old people, but the law requires them to do so. Under this amendment, if the State wanted to permit these old people to do a little work to help themselves without being penalized for doing so, the State would have the privilege of doing it.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the quorum call be made independently of the time granted to either side.

Mr. CLEMENTS. Mr. President, reserving the right to object, I ask for the yeas and nays on the amendment of the Senator from Illinois.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered. Does the Senator from Illinois yield back his time?

Mr. DOUGLAS. I do.

Mr. BYRD. I yield back the remainder of my time, Mr. President.

Mr. CASE of South Dakota. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. As I understand, the yeas and nays have been ordered, and the vote will come upon the amendment offered by the Senator from Illinois [Mr. DOUGLAS], which would provide that the first $50 of income received by the clients of old-age assistance could be disregarded by a State in estimating the need of the client. Is my understanding correct?

The PRESIDING OFFICER. The Senator from South Dakota is correct. The vote will be on the amendment offered by the Senator from Illinois [Mr. DOUGLAS]. The Chair feels certain that the Senator's explanation will be of interest to other Senators.

Mr. LANGER. Mr. President, may I ask the Senator from Illinois a question?

The PRESIDING OFFICER. All time has been yielded back.

Mr. LANGER. I simply wanted to know whether if the legislature had not enacted appropriate legislation, the State welfare board could act nevertheless.

Mr. DOUGLAS. That is true; yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] for himself and other Senators. On this question the yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

I also announce that, if present and voting, the Senator from Texas [Mr. DANIEL] would vote "yea."

Mr. KNOWLAND. I announce that the Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission.

The Senator from Colorado [Mr. MILLIKIN] is necessarily absent, and is paired with the Senator from Massachusetts [Mr. SALTONSTALL] who is detained on official business.

If present and voting, the Senator from Colorado would vote "nay," and the Senator from Massachusetts would vote "yea."

The result was announced—yeas 56, nays 34, as follows:

YEAS—56

Aiken	Hill	McCarthy
Anderson	Holland	McNamara
Barrett	Humphrey, Minn.	Monroney
Beall	Humphreys, Ky.	Morse
Bender	Ives	Murray
Bible	Jackson	Neely
Bush	Johnson, Tex.	Neuberger
Capehart	Johnston, S. C.	Pastore
Case, N. J.	Kefauver	Payne
Case, S. Dak.	Kennedy	Purtell
Chavez	Kerr	Scott
Clements	Kuchell	Smathers
Douglas	Laird	Smith, Maine
Duff	Langer	Sparkman
Ellender	Lehman	Symington
George	Long	Wiley
Gore	Magnuson	Wofford
Green	Mansfield	Young
Hayden		
Hennings		

NAYS—34

Aliott	Ervin	Mundt
Bennett	Flanders	Robertson
Bricker	Frear	Russell
Bridges	Goldwater	Schoeppel
Butler	Hickenlooper	Smith, N. J.
Byrd	Hruska	Stennis
Carlson	Jenner	Thye
Cotton	Knowland	Watkins
Curtis	Malone	Welker
Dirksen	Martin, Iowa	Williams
Dworshak	Martin, Pa.	
Eastland	McClellan	

NOT VOTING—6

Daniel	Millikin	Potter
Fulbright	O'Mahoney	Saltonstall

So the amendment offered by Mr. DOUGLAS, for himself and other Senators, was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1956

The Senate resumed the consideration of the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

Mr. LEHMAN. Mr. President, I call up, on my own behalf and that of the Senator from Connecticut [Mr. BUSH], my amendment identified as "6-7-56-G."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

Mr. LEHMAN. Mr. President, in the interest of saving time, I waive the reading of the amendment.

The PRESIDING OFFICER. The amendment will be printed in the RECORD.

The amendment offered by Mr. LEHMAN for himself and Mr. BUSH is as follows:

On page 90, between lines 17 and 18, insert the following:

"PART VI—AID TO DEPENDENT CHILDREN IN THE VIRGIN ISLANDS

"SEC. 351. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ', and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18'.

"(b) Section 1108 of such act is amended by striking out '$160,000' and inserting in lieu thereof '$300,000'.

"(c) The amendments made by this section shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years."

Mr. LEHMAN. Mr. President, some days ago I submitted this amendment, which relates to the public assistance title of the Social Security Act as it affects the Virgin Islands. Under the present law, there is a limit on the total amount of Federal matching that can be made available to the Virgin Islands each year. The limit is now set at $160,000. The restriction imposed on the Virgin Islands is a prohibition against the expenditure of funds under the aid-to-dependent-children program

for payments to a needy parent or other relative caring for a child. My amendment would remove the second of these restrictions completely, and it would raise the ceiling under public assistance to $300,000.

I am pleased that I have been joined in sponsoring this amendment by the distinguished Senator from Connecticut [Mr. BUSH]. I would emphasize that this proposal has the support of the administration, which recognizes that the limit of $160,000 is completely unrealistic and there is an urgent need to raise the ceiling.

I would have preferred to see the complete elimination of the present ceiling. However, realizing that some Members of the Senate might, for various reasons, be reluctant to do this at the present time, I am proposing in my amendment only to raise the maximum, by the relatively small amount of $140,000. This amount is supported by the administration, I am informed.

When considered in relation to the other aspects of the Social Security Act which are before us, this is a rather minor amendment and could easily have been overlooked by the Senate Finance Committee in its consideration of the major provisions of H. R. 7225. I do not mean this as any reflection on the committee. But, of course, this is not a minor proposal so far as the Virgin Islands are concerned.

Mr. President, I ask the distinguished senior Senator from Virginia [Mr. BYRD], the chairman of the Finance Committee, whether he will take the amendment to conference.

Mr. BYRD. Mr. President, I am informed that the amendment is not opposed by the Department of Health, Education, and Welfare. So I am willing to take the amendment to conference.

Mr. LEHMAN. I thank the Senator.

Mr. BUSH. Mr. President, I wish to say that I am very happy to have been associated with the Senator from New York in sponsoring the amendment, which, as the distinguished chairman of the committee has said, has been approved by the Department of Health, Education, and Welfare. While the amendment seems to be a minor one, I congratulate my friend, the Senator from New York, on proposing it, and I am very glad to have been permitted to join in sponsoring it.

Mr. LEHMAN. Mr. President, I ask unanimous consent to have the remainder of my statement printed at this point in the RECORD, as a part of my remarks:

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

The imposition of the ceiling, as far as the Virgin Islands are concerned, represents a totally different pattern than that which is established by the Social Security Act for the States. For the States the total amount of Federal matching under the public assistance titles is determined by State expenditures and not by an arbitrarily established Federal dollar amount.

The unrealistic limit of $160,000 on payments to the Virgin Islands contributes greatly to the woefully inadequate public assistance programs in this area. For example, the average monthly—I repeat, Mr. President—monthly payment with respect to a child under the aid to depend children's program in the Virgin Islands is $11.30. Compare this with the national average monthly payment in the States under the aid to dependent children's program of $24.46 per month—more than double the amount of payments in the Virgin Islands.

As I have said, the increase amounts to $140,000. Compared to the billions of dollars that the Federal Government has been spending for one project or another, this is indeed a small sum of money.

This is an amendment which has the support of the administration. The administration recognizes, as I am sure each and every one of my colleagues in the Senate does, that there can be no justification for continuing the present ceiling. The Virgin Islands have clearly demonstrated that they can handle this program efficiently and fairly. They are actually entitled to participate in it on the same basis as the rest of the Nation. Residents of the islands—our fellow American citizens—should get the same benefits as American citizens in any of the States.

The second injustice which my amendment would correct deals with the elimination of the restriction against the use of Federal Funds to match assistance payments in the aid to dependent children's program with respect to the relative with whom the child is staying.

Here, too, this is a limitation which is not applicable to the States. To exclude from Federal matching payments to relatives, only in the case of the Virgin Island, completely subverts the original purpose of the aid to dependent children's program and also places an undue and totally unwarranted burden on the Government of the Virgin Islands which must, because of the limitation, bear the entire burden of making such payments.

When title IV of the Social Security Act was originally passed it was felt, as it is still felt, that its provisions would enable a child's mother to remain at home and give the child the care and attention it needs. How can we say that we are carrying out that purpose when in the Virgin Islands we do not permit payments with respect to the child's mother? How is she to live?

Must she leave the child to go its own way, without the needed maternal care and guidance, and work to support herself? If that be our attitude, then why the aid to dependent children's program? What becomes of our valid and entirely worthwhile objective of granting the children's mothers assistance to give their children the care needed? Why this discrimination in the Virgin Islands?

We are, in truth, perverting our purpose as far as this Territory is concerned.

Instead, we should adopt the same system in the Virgin Islands as in the States. The aid to dependent children's program is one of our first lines of defense in the prevention of neglect and delinquency of children. This objective is as important in the Virgin Islands as on the mainland of our country, in the States. From my observations during the hearings on juvenile delinquency held by the Labor's Committee Subcommittee on Juvenile Delinquency, of which I am chairman, I have come to realize that our defense against neglect and delinquency are woefully weak.

Let us strengthen them wherever we can. The elimination of this illogical limitation on the use of Federal matching funds in the aid to dependent children's programs in the Virgin Islands is one way of strengthening those defenses.

I hope that the Senate will accept and approve this amendment—an amendment that has bipartisan support and the support of the administration. Let us do at least that much to lessen the inequality of treatment in the application of the public assistance titles of the Social Security Act to the Virgin Islands.

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the sponsor of the amendment yield back the remainder of his time?

Mr. LEHMAN. I do.

Mr. BYRD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment of the Senator from New York has been yielded back.

The question is on agreeing to the amendment offered by the Senator from New York [Mr. LEHMAN] for himself and the Senator from Connecticut [Mr. BUSH].

The amendment was agreed to.

Mr. MORSE. Mr. President, I call up my amendment which is identified as "4-19-56—A," and I offer the amendment in modified form, on behalf of my colleague [Mr. NEUBERGER] and myself.

The PRESIDING OFFICER. The amendment as modified will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

MISCELLANEOUS PROVISIONS

SEC. 203. (a) Section 152 of the Internal Revenue Code of 1954 (relating to definition of the term "dependent") is amended by adding at the end thereof the following new subsection:

"(e) Special support test in case of children receiving survivor benefits under public retirement systems: For purposes of subsection (a), in the case of any individual who is—

"(1) a son, stepson, daughter, or stepdaughter of the taxpayer (within the meaning of this section), and

"(2) a surviving dependent child under the social security system,

amounts received by such individual, or by any person in respect of such individual, under the social security system shall be taken into account in determining whether such individual received more than half of his support from the taxpayer only to the extent that the total of such amounts received during the calendar year exceeds $600.

(b) The amendment made by subsection (a) of this section shall apply in respect of amounts received after December 31, 1956.

Mr. MORSE. I yield myself 10 minutes, although I do not expect to use that much time.

Mr. President, in fairness to the committee, I wish to say that I submitted the amendment on April 19, and it was referred to the Finance Committee, which considered the amendment, but finally decided against it.

Although the chairman of the Finance Committee can speak for himself, I am sure I quote him accurately when I say that the amendment was rejected by the committee on the ground that, in effect, it amounted to an amendment of the Internal Revenue Code.

Mr. President, I have perfected my amendment—and, as perfected, the amendment has been read by the clerk—by striking out, in lines 5 and 6, on page 2, the words "a public retirement system," and inserting in lieu thereof the words "the social security system." I have made a similar modification on the same page, in lines 8 and 9; and later on that page I have stricken out most of lines 13,

14, and 15, which had to do with the definition of public retirement systems.

By means of the amendment, as modified, I seek to correct what I believe the Senate will agree is a gross injustice involving widows who have dependent children.

I can best illustrate the situation by referring to a hypothetical case, although such a case was first called to my attention on the part of a widow living in Portland, Oreg., and her case is typical of many across the Nation. The widow has two dependent children. She receives from them $450 a year in social security benefits. Under our present system, she must be able to show that she contributes 50 percent to the support of the children, in order to obtain the deductions which my amendment seeks to provide.

Mr. President, my amendment simply provides, in effect, that social security payments for dependent children of widowed mothers, up to the amount of $600, shall be deductible from the widows' taxes. I think the amendment is a humanitarian one.

Mr. President, I should like very much to have the Senator from Virginia take the amendment to conference, and see whether it could be perfected in any way, over and above the form in which I have submitted it.

In this case we are dealing with a difficult situation, similar to the one in Portland, Oreg., to which I have referred, in which the widow earns only a small amount of money. The widow may earn a total of $750 or $1,000—only that small an amount annually, Mr. President; and she receives annual benefits amounting to $450 for her children. But she will be taxed on those benefits unless she can show that she contributes 50 percent to the support of her children. However, that is not possible with an income of between $750 and $1,000. In this case we are dealing with families in the lower income brackets.

I have pointed out that the average income of families supported by widowed women is far below the $3,600 standard which Government statistics show is the minimum required for a decent American standard of living. The income of families supported by women averages $2,200, instead of the $3,600 required in order to maintain a decent American standard of living.

All that my amendment seeks to do is to allow this benefit to go to widows with dependent children, so they will not be required to pay taxes on the benefits amounting to $450 for their dependent children.

Mr. BYRD. Mr. President, the amendment may have merit but it is an amendment to section 152 of the Internal Revenue Code. The Finance Committee thought the amendment should be considered in relation to a tax measure.

I will say to the Senator from Oregon that the Finance Committee would be glad to consider the amendment, but I do not think it should be added to the pending social security bill.

We hope to have a meeting of the Finance Committee tomorrow or the next day, and the chairman will be glad to present this matter to the committee.

But I do not think we should adopt a policy of amending the tax code while we are dealing with a social security bill.

Mr. MORSE. Mr. President, I wish to say most respectfully to the Senator from Virginia that I have had the amendment pending before the Finance Committee since April 19. I do not care to what bill the amendment is added; I simply wish to have this benefit given to such widows. I do not think I should be put in the position of being required to say that the amendment should be attached to some other bill, when it has been before the committee since April.

Mr. BYRD. Mr. President, the Senator from Oregon submitted the amendment as an amendment to House bill 7225, the social security bill.

Mr. MORSE. But I am sure the Senator from Virginia will agree with me that it would have been the prerogative of the committee to have considered the amendment in connection with an internal revenue bill, if the committee had wished to do so.

Mr. BYRD. Certainly, Mr. President, it is not sound legislative procedure to amend the Internal Revenue Code by means of an amendment submitted to a social security bill. The amendment is not at all germane to the pending bill. If the Senator from Oregon had introduced his proposal as a separate bill the Senate Finance Committee could have considered it as such. However, he offered it as an amendment to House bill 7225.

Mr. MORSE. I may be in error, but I understand that, with the perfecting language which I have added to the amendment, it is germane.

Mr. BYRD. If the Senator will read his own amendment, it says:

Section 152 of the Internal Revenue Code of 1954 * * * is amended by adding at the end thereof the following new subsection:

Mr. MORSE. I have read it. As I understand, the fact that it refers to social security payments makes it germane to the social security bill, if I can persuade the Senate to adopt it.

Mr. BYRD. I have no desire to raise the point of germaneness, but the Senator's amendment is an amendment to the Internal Revenue Code. It is very bad policy to make amendments to the Internal Revenue Code in connection with a social security bill.

Mr. MORSE. The Senator from Virginia and I have never had any difficulty in agreeing upon procedural arrangements. Will the Senator advise me whether or not he will be willing to submit the amendment to the Senate Finance Committee at the next meeting to which he has referred?

Mr. BYRD. The chairman will be very glad to submit it to the committee at its next meeting.

Mr. MORSE. My colleague, Mr. NEUBERGER, is a cosponsor of the amendment. I am perfectly willing to rest my case with the Senator from Virginia, as I always have been.

I should like to ask my cosponsor of the amendment if he would be willing to join me in withdrawing the amendment, provided the Senator from Virginia will give consideration to the amendment in the committee in another connection?

Mr. NEUBERGER. Mr. President, being comparatively innocent when it comes to procedural matters, I defer to the judgment of my colleague and the Senator from Virginia.

Mr. MORSE. Mr. President, I yield back all my remaining time.

Mr. BYRD. Mr. President, I yield back all my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. All time has been yielded back, and the amendment is withdrawn.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 30, line 20, immediately after the word "production", it is proposed to insert "or the management of the production."

On page 61, line 22, immediately after the word "production", it is proposed to insert "or the management of the production."

Mr. CAPEHART. Mr. President, I have discussed this amendment with the senior Senator from Virginia [Mr. BYRD], and I believe he has agreed to accept it. It is purely a clarifying amendment.

Mr. BYRD. Mr. President, this is a clarifying amendment, and I shall be glad to accept it and take it to conference.

The PRESIDING OFFICER. Does the Senator from Indiana yield back his time?

Mr. CAPEHART. I yield back all my time.

The PRESIDING OFFICER. Does the chairman of the committee yield back his time?

Mr. BYRD. I yield back all my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

The amendment was agreed to.

Mr. KEFAUVER. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. On page 90, between lines 17 and 18, it is proposed to insert the following:

PART VI—PROHIBITION OF DISCRIMINATION BECAUSE OF SEX UNDER PUBLIC ASSISTANCE PROGRAMS

SEC. 351. (a) Section 2 (a) of the Social Security Act is amended (1) by striking out the word "and" at the end of clause (9) thereof, and (2) by striking out the period at the end of clause (10) thereof, and inserting in lieu thereof a semicolon and the following: "and (11) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(b) Section 402 (a) of such act is amended (1) by striking out the word "and" at the

end of clause (10) thereof, and (2) by striking out the period at the end of clause (11) thereof, and inserting in lieu thereof a semicolon and the following "and (12) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(c) Section 1002 (a) of such act is amended (1) by striking out the word "and" at the end of clause (11) thereof, and (2) by striking out the period at the end of clause (12) thereof, and inserting in lieu thereof a semicolon and the following: "and (13) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(d) Section 1403 (a) of such act is amended (1) by striking out the word "and" at the end of clause (10) thereof, and (2) by striking out the period at the end of clause (11) thereof, and inserting in lieu thereof a semicolon and the following: "and (12) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(e) The amendments made by the preceding subsections of this section shall take effect on July 1, 1957.

The PRESIDING OFFICER. Does the Senator from Tennessee yield himself time?

Mr. KEFAUVER. I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes.

Mr. KEFAUVER. Mr. President, this amendment provides that there shall be no discrimination based upon sex in determining the needs of individuals receiving assistance under the old-age assistance program. Such a program may strike many as being strange, but if we look at the record we find that in a number of States, in calculating the budget of needs, as between individuals, there is some discrimination against women recipients. For example, in the State of Illinois, women are allowed about $4 a month less than men in calculating their needs for food.

It has never been my experience that women eat less than men, but apparently some of the boards, composed largely of men, think that women should not have as much assistance as men should have.

In any event, in connection with a budget of $20 or some such amount, such discrimination as this should not exist.

We have been talking about equal rights. An equal rights amendment will soon be proposed. I think one of the practical, realistic steps we could take toward treating women equally with men is in seeing that, under a program of this kind, they are treated on the same basis.

It should be pointed out also that in connection with food allowances women, more frequently than men, share with others the very small amount they may be allowed to have.

I think this old discrimination, which was not intended by the original sponsors of the act, but which has nevertheless developed as matter of custom in many States in calculating budgets for individuals, should be eliminated by this amendment.

Mr. BYRD. The amendment offered by the Senator from Tennessee is a public assistance amendment, and was not considered by the committee. We are dealing with a social security bill. The amendment is opposed by the Department of Health, Education, and Welfare. For the committee I shall oppose it. I may say, however, that I do not favor any discrimination because of sex. [Laughter.]

Mr. KEFAUVER. Since the chairman of the committee disagrees with the Department of Health, Education, and Welfare, I wonder whether he would not take the amendment to conference, and use his good arguments with the Department.

Mr. BYRD. It is such an unusual amendment that I will agree to accept it and take it to conference.

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Tennessee yield back the remainder of his time?

Mr. KEFAUVER. I do.

The PRESIDING OFFICER. Does the chairman of the committee yield back the remainder of his time?

Mr. BYRD. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time for debate on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. KEFAUVER].

The amendment was agreed to.

Mr. THYE. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 32, line 19, it is proposed to insert "Minnesota" after "Georgia."

Mr. THYE. Mr. President, all the amendment would do would be to exempt any organization or any employee group in Minnesota which has a retirement system of its own. I have spoken to the chairman of the commitee about the amendment, and he has no objection to it. He said he has been authorized to accept the amendment. Therefore, I do not believe it is necessary to go into any further explanation of it.

Mr. BYRD. Mr. President, I will accept the amendment.

The PRESIDING OFFICER. Does the Senator from Minnesota yield back the remainder of his time?

Mr. THYE. I do.

The PRESIDING OFFICER. Does the chairman of the committee yield back the remainder of his time?

Mr. BYRD. I do.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. THYE].

The amendment was agreed to.

Mr. CURTIS. Mr. President, I call up my amendment "7-13-56-A." I ask unanimous consent that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment proposed by Mr. CURTIS is as follows:

On page 58, between lines 2 and 3, insert the following new section:

"DEFINITION OF CHILD

"SEC. 121. (a) The first sentence of subsection (e) of section 216 of the Social Security Act is amended to read as follows: 'The term "child" means (1) the child of an individual, and (2) in the case of a living individual, a stepchild or adopted child who has been such stepchild or adopted child for not less than 3 years immediately preceding the day on which application for child's benefits is filed, and (3) in the case of a deceased individual, (A) an adopted child, (B) a stepchild who has been such stepchild for not less an 1 year immediately preceding the day on which such individual died, or (C) a child with respect to whom an individual has stood in loco parentis for not less than 5 years immediately preceding the day on which such individual died.'

"(b) Subsection (d) of section 202 of such act is amended by adding at the end thereof the following new paragraph:

"'(6) A child shall be deemed dependent upon the individual who stands in loco parentis with respect to such child at the time specified in paragraph (1) (C) if, at such time, the child was living with and was receiving at least three-fourths of his support from such individual.'

"(c) The amendments made by subsections (a) and (b) shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this act."

Mr. CURTIS. Mr. President, I yield myself 2 minutes. The amendment deals with the definition of a child. It is intended to take care of a situation in which an individual has taken a child into his home but has not completed adoption proceedings. If the person should die, the amendment provides that if he stood in loco parentis to the child for a period of 5 years and the child lived in the home during that time, and three-fourths of its support was furnished by such individual, the child shall be considered to be a child under the terms of the Social Security Act for the purpose of survivior benefits only. I am prepared to yield back the remainder of my time.

Mr. BYRD. Mr. President the amendment does not affect the Treasury in any way, and does not involve any cost. I am willing to take the amendment to conference.

The PRESIDING OFFICER. Does the Senator from Virginia yield back the remainder of his time?

Mr. BYRD. I do.

The PRESIDING OFFICER. Does the Senator from Nebraska yield back the remainder of his time?

Mr. CURTIS. I do.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. CURTIS.]

The amendment was agreed to.

Mr. KEFAUVER. Mr. President, I call up my amendment "6-13-56-J," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 90, between lines 17 and 18, it is proposed to insert the following:

PART VI—AMENDMENT TO NEEDS TEST UNDER OLD-AGE ASSISTANCE

SEC. 351. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that, in making such determination, the State agency shall disregard the ownership by such individual (alone or with his or her spouse) of a home having an assessed value, less all encumbrances of record thereof, of less than $5,000 (except to the extent that he is receiving rental therefrom)."

(b) The amendment made by subsection (a) shall take effect on July 1, 1957.

Mr. KEFAUVER. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 10 minutes.

Mr. KEFAUVER. Mr. President, I hope the chairman of the committee will agree to accept the amendment. It would permit a recipient or applicant for public assistance to own a home having an assessed value, minus all encumbrances, of less than $5,000, except to the extent that he has a rental income therefrom. The figure would be merely a floor, not a ceiling. If the State wished to allow a recipient to own a better home, that would not be prohibited.

Anyone who examines the record of the hearings when the Federal Social Security System was first inaugurated, in 1935, will find that there was a great deal of discussion of the proposal to allow a recipient to own a home valued up to $5,000. Most of the members of the committee seemed to be in favor of it, but felt it might be a burden and might be considered a limitation rather than a floor, and also might be considered as an indication to the State that a larger amount should be allowed for a home.

After 21 years of trial it has become evident that Congress must establish some uniformity in our public assistance laws. I know of no more humane place to start than by allowing applicants and recipients of public assistance to own a modest home.

In looking over the laws of the various States, I find that some States allow up to $8,000 with no liens. Such States are Arizona and Colorado. Some States, on the other hand, have no limitation whatever. Other States require liens no matter what the small value of the home may be.

Since this program is financed substantially by the Federal Government, I see no reason why an aged person in one State should be permitted to own a home valued up to any amount without affecting his right to draw old-age assistance; that in other States, such as Colorado and Washington, a person may own a home valued up to $8,000 without any lien having to be placed against it; and that in some other States, even though a home may be worth only $1,500, it is necessary to have a lien placed against it before a person can draw old-age assistance.

I ask unanimous consent to have printed at this point in the RECORD, a brief digest of the laws of the various States on this subject.

There being no objection, the digest was ordered to be printed in the RECORD, as follows:

DIGEST OF 48 STATES' REAL PROPERTY AND RECOVERY PROVISION—OLD-AGE ASSISTANCE LAWS

Alabama: Property; homestead not to exceed $5,000 assessed value. Liens, no.

Arizona: Property; residence with fair market value not over $8,000. Liens, yes.

Arkansas: Property; homestead not to exceed market value determined by agency for each locality. Liens, no.

California: Property; real property not to exceed $3,500 assessed value less all encumbrances. Liens, no.

Colorado: Property; no limit on real property used as home. Liens, no.

Connecticut: Property; no limit on real property used as home. Liens, yes.

Delaware: Property; real property used as a home of reasonable value. Liens, yes.

Florida: Property; real property used as home, not over $5,000 assessed value. Liens, no.

Georgia: Property; home of reasonable value. Liens, yes.

Idaho: Property, home or equity herein may not substantially exceed market value of modest homes in community. Liens, yes.

Illinois: Property; real property used as a home. Liens, yes.

Indiana: Property; all property considered on individual basis. Liens, yes.

Iowa: Property; real property equity not over $2,000 assessed value for individual, or $3,000 for married couple. Liens, yes.

Kansas: Property; all property considered on individual basis. Liens, yes.

Kentucky: Property; must not own real property equity with fair market value over $5,000 in counties having first-, second-, or third-class city; $4,000 in urban counties; $3,000 in rural counties having no city over fourth-class. Liens, yes.

Louisiana: Property; real property used as home considered on individual basis. Liens, no.

Maine: Property; ownership of a home does not of itself disqualify provided equity of nonrecipient spouse does not exceed $5,000. Liens, yes.

Maryland: Property; ownership of home allowed if not substantial investment. Liens, yes.

Massachusetts: Property; home allowed. Liens, yes.

Michigan: Property; may own home with market value up to $10,000. Liens, yes.

Minnesota: Property; real property not over $7,500 real value. Liens, yes.

Mississippi: Property; home limited to $2,500 real value. Liens, no.

Missouri: Property; all, real and personal, limited to $5,000 for individual or for married couple living together. Liens, no.

Montana: Property; home limited to $3,000 market value of equity. Liens, yes.

Nebraska: Property; home of moderate value exempt. Liens, yes.

Nevada: Property; real property considered on individual basis. Liens, yes.

New Hampshire: Property; real property limited to $1,500 net equity for individual or $3,000 for couple. Liens, yes.

New Jersey: Property; no value limitation on home, but liquidation may be required under certain circumstances. Liens, yes.

New Mexico: Property; home not to exceed $4,000 net equity fair value. Liens, no.

New York: Property; all resources explored and considered on individual basis. Liens, yes.

North Carolina: Property; ownership of home does not of itself disqualify. Liens, yes.

North Dakota: Property; may own home not exceeding $8,000 market value. Liens, yes.

Ohio: Property; homestead allowed regardless of value. Liens, yes.

Oklahoma: Property; home with market value not over $8,000. Liens, no.

Oregon: Property; no specific limit on home value. Liens, yes.

Pennsylvania: Property; all property considered on individual basis. Liens, yes.

Rhode Island: Property; real property or insurance considered on individual basis. Liens, yes.

South Carolina: Property; real property considered on individual basis. Liens, no.

South Dakota: Property; may own home not over $5,000 market value less encumbrances. Liens, yes.

Tennessee: Property; may own home not over $3,000 market value. Liens, no.

Texas: Property; may own resident homestead, 200 acres or less, or plot in town worth not more than $5,000 exclusive of improvements. Liens, no.

Utah: Property; ownership of home considered on individual basis. Liens, yes.

Vermont: Property; real property not over $2,000 equity for individual, $4,000 if married, plus $1,000 value for property used as home. Liens, yes.

Virginia: Property; all property considered on individual basis. Liens, yes.

Washington: Property; may own home without regard to value. Liens, yes.

West Virginia: Property; property ownership considered on individual basis. Liens, yes.

Wisconsin: Property; homestead, regardless of value, or house trailer used as home. Liens, yes.

Wyoming: Property; may own home of reasonable value. Liens, yes.

(35 States require liens; 13 States do not require liens.)

Mr. KEFAUVER. Mr. President, in the first place, the States and the Federal Government recover very little from these liens. By the time they are enforced and go through the various hands, the amount which is recovered is very meager. In the second place, if a person has a small home, and he must borrow money from a bank in order to repair the roof, for example, if there is a lien against the home, because of the requirement of complying with the law in a particular State, means he finds it very difficult to secure a loan from the bank to repair his home.

In the third place, Mr. President, it seems to me that if a person has been thrifty, if he has saved his money from year to year, and has tried to pay off a small mortgage on his home—and in most cases that is all such a person has in the world—he should not be penalized because of his thrift. Perhaps the man across the street has not been so thrifty and he has a mortgage on his home so that he can draw old-age assistance. But the man who has been thrifty and has paid off his mortgage is denied that opportunity.

Mr. President, this program is for the benefit of those who need assistance. Many people who should be assisted under the program do not ask for assistance because of the requirement that they must place a lien on their homes or be embarrassed by selling their homes.

We all know that the age-old American concept of living and of participating in Government, and of being a good citizen, is encouraged by the ownership of a small home. I do not think any law of Congress or any program of this kind should make it necessary for people to dispose of small homes of the value of $5,000, in order to participate in the program. We shall have a better nation, more stable citizens, more responsible politics and government, if we make it possible on a nationwide basis for old persons to have such modest homes. The amendment provides a floor, not a ceiling, as to what the States may do.

I sincerely hope that in the interest of treating the old people humanely, the chairman of the committee will accept this amendment and take it to conference.

Mr. BYRD. Mr. President, this is an amendment affecting the rights of States. It was not considered by the Finance Committee because it related to public assistance. It was opposed by the Department of Health, Education, and Welfare. I do not think I can take it to conference.

The PRESIDING OFFICER. Does the Senator from Tennessee yield back his time?

Mr. KEFAUVER. Mr. President, I see the Senator from North Dakota [Mr. LANGER] rising.

Mr. LANGER. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield.

Mr. LANGER. The Legislature of North Dakota passed an identical act some years ago with a limitation of $4,000 instead of $5,000.

Mr. KEFAUVER. Does not the Senator feel that in allowing the recipient of old-age assistance in North Dakota to have a modest home is in the public interest, and that it should be done on a national basis?

Mr. LANGER. Certainly. The legislature of my State passed the measure unanimously. It was felt that it would help to make good citizens in the State and would make the people feel that they were a part of the government.

Mr. KEFAUVER. Home ownership is the basis of good citizenship, and it should not be negatived by placing a lien against a person's home.

Mr. HUMPHREY of Minnesota. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield.

Mr. HUMPHREY of Minnesota. I think the Senator's amendment is most worthy. There has been a long struggle in the State of Minnesota in connection with the lien law. I think that kind of legislation is utterly undesirable. It has been of continuing interest in my State and the party of which I am a member is vigorously opposed to it.

I wish to commend the Senator for proposing to do in behalf of elderly persons what I think should have been done long ago.

Mr. KEFAUVER. I thank the Senator from Minnesota.

Mr. President, if there is going to be a vote on my amendment, I should like to have a standing vote.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. KEFAUVER. I do.

The PRESIDING OFFICER. All time has been yielded back on the amendment.

The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. KEFAUVER].

The amendment was rejected.

Mr. HUMPHREY of Minnesota. Mr. President, I call up my amendment designated as "7-11-56—A." I understand that my colleague offered an amendment which, in part, is contained in my amendment, so I ask that the last line of my amendment be considered.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 33, line 14, to insert "Minnesota," after the word "of."

The PRESIDING OFFICER. Does the Senator yield himself some time on his amendment?

Mr. HUMPHREY of Minnesota. I yield myself a little time.

Mr. THYE. Mr. President, will my colleague yield?

Mr. HUMPHREY of Minnesota. I yield.

Mr. THYE. I understand the Senator from Virginia agreed to accept my amendment. I realize that my colleague's amendment is on page 33, line 14, of the bill.

Mr. HUMPHREY of Minnesota. That is correct. The amendment which was acted on a short time ago was on line 19. My amendment refers to the section of the bill relating to nonprofessional and school district employees, on page 33, line 14, of the bill. It is offered on request of the State government.

Mr. BYRD. Mr. President, I shall be glad to accept the amendment.

The PRESIDING OFFICER. Does the Senator from Minnesota yield back his time?

Mr. HUMPHREY of Minnesota. I do, Mr. President.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. HUMPHREY of Minnesota. Mr. President, I ask unanimous consent that two letters which I have received be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MINNESOTA CHAPTER, INTERNATIONAL ASSOCIATION OF PERSONNEL IN EMPLOYMENT SECURITY,
Minneapolis, Minn., June 1, 1956.

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: On behalf of the 690 employees of the Minnesota Department of Employment Security, and agreeable to the executive board of the Minnesota Chapter, IAPES, we respectfully urge your support of our interests in H. R. 7225, as to which the report of the Senate Committee on Finance is to be considered on the floor of the Senate during the week beginning June 4.

Our stand in this matter is identical to that of Employment Security Local, No. 22, AFL, whose position is outlined in a letter being sent you this date.

You are requested to ask, during the forthcoming debate, that the word "Minnesota" be added to line 18 on page 32 and to line 15 on page 33 of the committee's print No. 2. This should be made retroactive to January 1, 1955.

This will provide for increased flexibility in any final decisions that may be made by the Minnesota Legislature's Interim Commission on Retirement when it submits its report to the 1957 legislature.

Such a liberalization of our present State retirement plan has the support of DFL Gov. Orville L. Freeman and since such liberalized interest is in line with the basic retirement policy of President Eisenhower, our position is not only nonpartisan, but has the approval of all persons who believe that retirement rights for public employees should at least be comparable to those of workers in private industry.

What we are asking is the right to buy, and to pay for, the basic protection of old-age and survivors insurance such as is now enjoyed by approximately 13 million workers, employed by about 20,000 employers whose retirement plans include OASI as the basic foundation.

Respectfully yours,

JOHN G. MOBERG,
President, Minnesota Chapter, IAPES.

MISCELLANEOUS EMPLOYEES POLICY COMMITTEE,
June 1, 1956.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: We respectfully request that you favorably act on a consideration of placing the employees of the Minnesota Department of Employment Security under the provisions of the George Amendment to the Social Security Act (line 18, p. 32 and line 15, p. 33 of the Committee Print No. 2 of H. R. 7225 in the Senate of the United States).

During the 1955 session, the Minnesota Legislature passed general enabling legislation as the first step in providing OASI coverage for public employees in the State. Thus, the Board of Regents of the University, using its own funds, was able to provide OASI supplementation for members of the faculty.

However, since the legislature failed to provide funds and authority, other State employees are still without redress. Instead of enacting the program desired by the overwhelming majority of State employees, the 1955 legislature set up an interim commission and instructed it to make a thorough study of the whole subject.

The commission is digging deep into the details, especially the financing, of all the retirements plans, large and small, that the legislature has authorized through the years.

It is our hope that some solution will materialize. If so, the opportunity will be provided for Employment Security personnel to vote on whether they want OASI rights. There will then be no need to utilize the Federal legislation that we are urging you to support.

If the Minnesota Legislature again fails to take positive action then, under the provisions of the George proposal, Employment Security personnel would not continue to be the victims of the many oppressive aspects of the present inadequate retirement system.

The three outstanding problems, as we see it, are

(1) Inability of superannuated employees to retire, if they wish to, due to an inadequate retirement benefit,

(2) Inability to retain and recruit young married persons because of the lack of survivorship protection, and

(3) Inability to recruit tradesmen into State service due to the diruption of their OASI coverage.

In our department, as it is in many others, for the people immediately affected, the OASI consolidation into our retirement program takes precedence over even such a pressing problem as depressed salaries.

We, in the department, are located in all parts of the State. We look to you as one of our Representatives at the national capital to reflect our interests. In all sincerity, we hope that you give our request your kindest consideration when the matter comes up on the floor of the Senate, as scheduled for the week beginning June 4.

Sincerely yours,

LESLIE C. SMITH,
President, Employment Security Local No. 22.

Mr. HUMPHREY of Minnesota. Mr. President, I have another amendment which I send to the desk and ask to have stated and about which I have spoken to the chairman of the Finance Committee.

The PRESIDING OFFICER. The amendment will be stated.

Mr. HUMPHREY of Minnesota. Mr. President, I may say, before the amendment is stated, that there are two amendments which are technical in nature and which should be considered en bloc. This is a third one, which refers to a different page in the text of the bill, but we can discuss them en bloc. I believe the amendment will be accepted.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 11, line 17, immediately after the period, to insert the following new sentence:

Any individual who refuses to undergo surgical or medical services shall, for the purposes of the preceding sentence, be deemed to have done so with good cause.

On page 11, line 17, strike out "preceding" and insert in lieu thereof "first."

On page 76, line 16, strike out "reduce dependency and."

Mr. FLANDERS. Mr. President, I wish the clerk would always give the date and the letters of every amendment read.

The PRESIDING OFFICER. The Chair will inform the Senator from Vermont that this amendment was not printed.

Mr. HUMPHREY of Minnesota. Mr. President, the amendment is a means of clarifying what I believe to be the intent of the measure, but which I believe should be specified. Under the section relating to deductions on account of refusal to accept rehabilitation service it is provided that any individual who refuses to undergo surgery or medical service shall, for the purpose of the preceding section, be deemed to have done so with good cause. I think that is the intent of the bill, but I thought it should be specified, because there are instances where a disabled person has strong convictions about not being willing to undergo surgery or some other type of medical care, and I think such convictions should be honored.

The other amendment is to bring the bill into compliance with the text of the amendment which I offered.

Mr. BYRD. Mr. President, I have consulted with the Senator from Minnesota regarding this amendment, and I shall be glad to accept it and take it to conference.

Mr. HUMPHREY of Minnesota. Do I correctly understand that the Senator accepts my amendments en bloc?

Mr. BYRD. I accept the amendment the Senator has just explained.

Mr. HUMPHREY of Minnesota. With the technical amendment substituting the word "first" for "preceding"?

Mr. BYRD. Is the Senator speaking of the surgery?

Mr. HUMPHREY of Minnesota. That is correct.

Mr. BYRD. The other amendment has been accepted.

Mr. HUMPHREY of Minnesota. That is correct.

Mr. BYRD. There are two amendments.

Mr. HUMPHREY of Minnesota. That is correct. As I understand, the amendment is accepted by the chairman.

The PRESIDING OFFICER. Does the Senator from Minnesota yield back the remainder of his time?

Mr. HUMPHREY of Minnesota. I will in a moment. The third provision of my amendment was on page 76, line 16, to strike out "reduce dependency and."

I believe that would bring the declaration of purpose into conformity with the standards which are prescribed in the matching of assistance expenditures for medical care for old-age assistance recipients.

The PRESIDING OFFICER. The Chair was under the impression that the Senator from Minnesota had offered three amendments en bloc.

Mr. HUMPHREY of Minnesota. Yes; but it was not clear to me whether the chairman clearly understood that and had accepted that particular point.

The PRESIDING OFFICER. Does the chairman of the committee accept the amendments en bloc?

Mr. BYRD. The chairman accepts the amendments en bloc.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. HUMPHREY of Minnesota. I yield.

Mr. ALLOTT. I still do not get the full meaning of the Senator's amendments. I listened to as much as I could hear of what the Senator said, but I should like to have the Senator explain his amendments further.

Mr. HUMPHREY of Minnesota. Does the Senator from Colorado refer to the amendment regarding surgery?

Mr. ALLOTT. The amendment on line 7.

Mr. HUMPHREY of Minnesota. An individual who refuses to undergo surgery or medical service shall be deemed to have done so with good cause.

Mr. ALLOTT. I thank the Senator for his explanation.

The PRESIDING OFFICER. Does the Senator from Minnesota yield back the remainder of his time?

Mr. HUMPHREY of Minnesota. I do.

The PRESIDING OFFICER. Does the chairman of the committee yield back the remainder of his time?

Mr. BYRD. I do.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing en bloc to the amendments of the Senator from Minnesota [Mr. HUMPHREY].

The amendments were agreed to.

Mr. DOUGLAS. Mr. President, I call up my amendment designated "6-28-56-A." Since the language of the amendment is necessarily technical, I ask that the reading of it be dispensed with.

The PRESIDING OFFICER. The amendment of the Senator from Illinois will be printed in the RECORD, without reading.

Mr. DOUGLAS' amendment is as follows:

On page 78, line 1, after the word "exceeds", to insert "(A)."

On page 78, line 3, after the word "month", to insert the following: "plus (B) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the individuals who received old-age assistance under the State plan for such month had received as old-age assistance in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable."

On page 79, line 7, after the word "month", to insert the following: "plus (C) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the dependent children and each of the relatives with whom dependent children were living who received aid to dependent children under the State plan for such month had received as aid to dependent children in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable."

On page 80, line 2, after the word "exceeds", to insert "(A)."

On page 80, line 4, after the word "month", insert the following: "plus (B) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the individuals who received aid to the blind under the State plan for such month had received as aid to the blind in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable."

On page 81, line 3, after the word "exceeds", to insert "(A)."

On page 81, line 6, after the word "month", insert the following: "plus (B) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the individuals who received aid to the permanently and totally disabled under the State plan for such month had received as aid to the permanently and totally disabled in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable."

Mr. DOUGLAS. Mr. President, the objective of the amendment is very simple. It is directed to the medical payments provisions of the bill reported by the Committee on Finance.

This section of the bill provides for the matching of assistance expenditures for medical care and is intended "to promote the health of the Nation by assisting States to extend and broaden their provisions for meeting the costs of medical care for persons eligible for public assistance by providing for separate matching of assistance expenditures for medical care."

The foregoing statement of purpose makes it clear that the medical care provisions of the bill are intended to encourage the States to broaden their medical care programs for the recipients of public assistance. This is to be done by providing a program for vendor medical payments—that is, payments to the hospital, doctor, dentist, or nursing home which renders the medical service, rather than to the individuals who receive the care—with Federal matching up to an average of $8 for each adult on the public assistance rolls and $4 for each child. This objective is a good one and has my strongest support. However, the bill as now drawn has the effect of forcing some States either to curtail their existing medical care programs or drastically to change the methods of operating their assistance programs. I believe that this was not intended for it was not known at the time the Finance Committee adopted the provision that this would be the effect.

Under a provision of the act adopted in 1950, a state may use matching funds for "vendor medical payments" within the $55 limit on which the Federal Government provides part of the funds. Since this provision was adopted, a number of States have established medical payments programs for public assistance recipients which are quite extensive and in which the payments average more than $8 per month for each person. In January of 1956, the following States and Territory made medical payments averaging more than $8 per recipient in one or more of the categories for public assistance: Connecticut, Hawaii, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, New Hampshire, New York, North Dakota, Rhode Island, Washington, and Wisconsin.

The bill separates medical payments from cash payment and limits Federal matching for medical payments to one-half of $8 per month for each adult and one-half of $4 per month for each child. This means that the States listed above have only two alternatives open to them under the bill as reported. They can either first continue their systems as they now operate them and lose Federal funds on one or more of their medical payments programs; or, second, they can limit their medical payments to $8 and increase their cash payments, and thus receive the maximum Federal contribution, but at the cost of impairing their existing medical program.

I may say that one reason why the medical payments are high is that they include, as I understand, the payments to nursing homes, which are having an increasing importance in the care of the aged. I submit that neither of these alternatives is desirable.

After many consultations with the Department of Health, Education, and Welfare, the Senate Legislative Counsel, and the staff of the Finance Committee, my amendment has been worked out. It would permit any State to receive Federal matching funds for medical payments up to the $8 limit, and would further permit the States to continue to switch matching funds for cash payments to operate their medical care programs if they chose to do so. In other words, it would combine existing law and the new medical care provisions of the bill.

This amendment only permits a State to receive in Federal matching funds what it could get under the present bill if it chose the second alternative, that is, holding its medical payments to $8 and increasing its cash payments so as to maximize the Federal contribution. Another way of putting it is that the amendment permits the States to operate medical payments plans as under existing law with additional Federal matching of the one-half of $8 per month for each adult recipient.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a statement which illustrates the way in which the amendment would work for Illinois and Connecticut.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Thus, Illinois' average money payment to recipients of old-age assistance is now about $42. Its average payment for medical care is about $20, a total of $62. By assessing medical payments against the cash accounts, the State receives Federal matching funds up to the limit of $55. Under the bill as now written Illinois would get Federal matching funds up to $42, but only one-half of $8 for its medical payments. My amendment would enable it to receive the $4 and to continue assessing medical payments against cash accounts, and therefore to receive Federal matching up to the maximum provided in the law.

It would also assist States with cash payments averaging over $55 as well as high medical payments. Connecticut has average money payments of about $72 to its recipients of old-age assistance. However, because some of its money payments are less than $55, and matching is on a case basis, its average Federal contribution is about $33 rather than the $35 it would be if each money payment were $55 or higher. Under present law this difference can be used for its medical payments which average $15. My amendment would permit Connecticut to continue doing this and also to take full advantage of the new provision of the bill.

These examples are representative of the situations in the other States which are immediately affected.

Mr. DOUGLAS. Mr. President, at the suggestion of the able senior Senator from North Dakota [Mr. LANGER], I ask unanimous consent to have printed at this point in the RECORD a letter which I have received from the public welfare board of North Dakota.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PUBLIC WELFARE BOARD
OF NORTH DAKOTA,
Bismarck, N. Dak., July 9, 1956.

Hon. PAUL H. DOUGLAS,
United States Senate,
Washington, D. C.

DEAR SENATOR DOUGLAS: I wish to present further information to you on the cost of medical care to recipients of security assistance in North Dakota to supplement the information contained in my telegram to you dated July 2.

For a number of years North Dakota has had a sales tax of 2 percent. Five-twelfths of the proceeds of this tax has been dedicated to providing the funds for the State's share of the security-assistance payments. For this reason, even though North Dakota has a low per capita income, it has been able to include complete medical care in its security-assistance plan.

The cost of medical care in North Dakota, as throughout the Nation, has been rapidly increasing. A comparison of the costs of medical care during the first and second 6 month's period in the past fiscal year, by program, illustrates the increase:

	Total	OAA	ADC	APTD	AB
July-December 1955	$1,111,001	$888,044	$84,019	$131,864	$7,074
January-June 1956	1,250,153	965,142	112,051	164,791	4,169
Total, fiscal year	2,361,154	1,853,186	196,070	300,655	11,243
Increase in 2d 6 months over 1st 6 months	139,152				

During the past fiscal year, the average payment per case for medical care was as follows:

Old-age assistance	$19.02
Aid to dependent children	10.56
Aid to the permanently and totally disabled	27.54
Aid to the blind	8.08

In the old-age assistance program, the Federal Government shared in this average payment for medical care $2.50 per case since the major portion of Federal funds was used in matching the costs of maintenance such as food, clothing, et cetera.

In the aid to the permanently and totally disabled program, the Federal Government's share was $3.

Therefore, under H. R. 7225, North Dakota would only receive $1.50 more per old-age-assistance case and $1 more per aid-to-the-

permanently-and-totally-disabled case than it is at present receiving.

Your amendment to H. R. 7225 would substantially increase the Federal Government's share of the payments for medical care and would give North Dakota and the other States who provide comprehensive medical care through their security assistance programs an opportunity to maintain and broaden their medical programs. Without your amendment, in view of the increasing costs of medical care and the small benefit that North Dakota will derive from H. R. 7225, it is highly probable that a curtailment of the medical care provided in the security assistance programs will be necessary.

We sincerely hope that favorable action is taken on your amendment to H. R. 7225.

Very sincerely yours,

CARLYLE D. ONSRUD,
Executive Director.

Mr. DOUGLAS. Mr. President, while this amendment immediately benefits the 13 States which now expend more than $8 per recipient on medical care in one or more categories for public assistance, it offers a potential benefit for every State within the near future. Medical costs are increasing steadily. Recipients of public assistance are requiring more and more medical care relative to other kinds of assistance. As States which have more modest medical care programs, and those which have none at all, move to take advantage of the provisions of this bill, they are likely to find that their average medical payments will soon exceed $8. At that time my amendment will better enable them to keep up with their needs, and will benefit all States.

I believe that it was the committee's intention to encourage all States to develop as good medical-care programs for the recipients of public assistance as they can. It seems to me that the amendment makes it easier to achieve that objective.

I hope very much that the chairman of the committee will accept the amendment.

Mr. BYRD. Mr. President, I think the amendment may be necessary to correct losses which will occur to certain States by reason of the amendment adopted by the committee, known as the Kerr amendment. The Department of Health, Education, and Welfare has taken no position on the amendment of the Senator from Illinois; but I am willing to take it to conference.

Mr. DOUGLAS. I thank the Senator from Virginia for his assurance, and I express the hope that the amendment will not only go to conference, but will come back from conference, and that it will not be strangled to death in the dark chambers of the conference tower.

The PRESIDING OFFICER. Do the Senator from Illinois and the Senator from Virginia yield back the remainder of their time?

Mr. DOUGLAS. I yield back the remainder of my time.

Mr. BYRD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS].

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, on behalf of the Senator from Kansas [Mr. SCHOEPPEL] and myself, I call up the amendment at the desk designated as "6-13-56-B."

The PRESIDING OFFICER. The amendment will be read, for the information of the Senate.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD at this point, rather than have the clerk read it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment offered by Mr. WILLIAMS (for himself and Mr. SCHOEPPEL) is as follows:

On page 28, between lines 4 and 5, to insert the following:

"TERMINATION OF BENEFITS UPON CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES

"SEC. 110. (a) Section 202 of the Social Security Act is amended by adding at the end therof the following new subsection:

"'*Termination of benefits upon conviction of espionage, sabotage, treason, sedition, or subversive activities*

"'(o) (1) If any individual is or has been convicted of an offense under chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and su versive activities) of title 18 of the United States Code, or under section 4, 112, or 113 of the Internal Security Act of 1950, then, notwithstanding any other provision of this title, no monthly benefit under this section shall be paid to such individual for any month after the month in which the Secretary is notified by the Attorney General that such individual has been so convicted.

"'(2) As soon as practicable after the date of the enactment of this subsection, the Attorney General shall furnish the Secretary with a complete list of all individuals who have theretofore been convicted of offenses under the provisions of law enumerated in paragraph (1) of this subsection; and as soon as practicable after the conviction of any individual under any such provision after such date, the Attorney General shall notify the Secretary of such conviction.'

"(b) The amendment made by subsection (a) of this section shall not be construed to restrict or otherwise affect any of the provisions of the act entitled 'An act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes,' approved September 1, 1954 (Public Law 769, 83d Cong.)."

Mr. WILLIAMS. Mr. President, the purpose of this amendment is to terminate any benefits under the social security program to persons who have been convicted of espionage, sabotage, treason, sedition, or subversive activities.

In simple language, the amendment would stop social-security benefits to anyone who had conspired to overthrow the Government of the United States.

I offered the amendment and had it in the committee, and it was discussed, but the day we were to vote on the amendment I was called out and did not have a chance to offer it, so the amendment was neither rejected nor adopted by the committee.

I am hoping the chairman of the committee will agree to take it to conference.

In support of the amendment, I know of no stronger argument for it than an article by Jack Steele, entitled "Red Inmate Gets $88.10 Monthly Security From Hand He Tried To Bite," which was published in the Washington Daily News of October 27, 1955.

I now read the article:

The Social Security Administration each month mails a check for $88.10 to a Communist inmate of the Federal penitentiary at Atlanta, Ga.

It goes to Alexander Bittelman, a high-ranking Red now serving a 3-year sentence there for conspiring to advocate overthrow of the United States Government by force and violence.

The $88.10-a-month payment is made to the 65-year-old Mr. Bittelman under the Government's old-age insurance program. He can cash the check and spend the money, and, furthermore, it isn't subject to income tax.

DOUBLE SECURITY

His monthly check is a sort of double security from the hand of the Government he tried to bite.

Even that isn't the whole story.

Mr. Bittelman gets the check even though he hasn't paid a penny of the $6,000 fine imposed when he was sentenced on February 3, 1953, for violating the Smith Act.

And the Government keeps on paying his social security even though it expects to deport him to his native Russia as soon as he finishes serving his sentence.

Government officials did a lot of stuttering today trying to explain the Bittelman case. They were partially tonguetied because the social-security laws bar disclosure of details of the cases of individual beneficiaries.

HYPOTHETICAL

This picture was pieced together from what they could and would say about a hypothetical case similar to Mr. Bittelman's.

Social-security laws and regulations do not bar payments to prisoners. Old-age insurance is based on taxes paid by both employees and employers in covered industries. The theory seems to be that it is a statutory right which is not canceled—as many others are—by conviction for a serious crime.

(The only exception, which does not apply to the Bittelman case, is that payments may not be made to a person who would thus benefit from his own crime, such as a woman who murdered her husband and thus became eligible for social security.)

There is no legal bar to payments to persons convicted under the Smith Act or other antisubversive laws. Presumably, anyone serving a sentence for treason would receive social security if eligible.

Social-security checks cannot be seized or garnisheed by the Government or any other creditor.

Both the Justice and Health, Education and Welfare Departments are investigating the Bittelman case—presumably to see if there is any way these loopholes in the law can be closed.

If not, they may ask Congress to amend the law next year.

CREDIT

Credit for bringing the Bittelman case to light goes to William H. Hardwick, warden of the Atlanta Penitentiary.

Warden Hardwick declined to talk about the case today, but it was learned that he did some vigorous eyebrow raising when Mr. Bittelman's social-security checks began to turn up at the prison several months ago.

He reported the situation to the Bureau of Prisons, which told him to continue delivering the checks until further orders and bucked the case along to the Social Security Administration.

Mr. Bittelman is one of the founders of the Communist Party in this country. He came to the United States in 1912 after having been deported to Siberia by the Czar for revolutionary activity. He attended an underground meeting in 1920 at Kingston, N. Y., at which the party was supposedly formed.

and later served as a member of the party's national committee.

Mr. Bittelman was 1 of 13 second-string Communist leaders convicted under the Smith Act in January 1953. He began serving his sentence last January 11. He once worked for a New York publishing house, but it is not known whether this is where he earned his social security.

I think that article explains the need for the amendment well enough. Certainly, no taxpayer for one moment would condone the payment of social-security benefits to any person who has been convicted of conspiring to overthrow the Government of the United States.

I am wondering if the chairman of the committee will be willing to accept the amendment.

Mr. BYRD. Mr. President, this matter was discussed by the members of the Finance Committee. I am willing to take the amendment to conference for consideration.

Mr. WILLIAMS. I yield back the remainder of my time.

Mr. BYRD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment offered by the Senator from Delaware for himself and the Senator from Kansas [Mr. SCHOEPPEL].

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I send to the desk an amendment, identified as "3–6–56—H." I ask unanimous consent that the clerk not read it, but that the amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. MAGNUSON'S amendment is as follows:

At the end of the Long amendment insert the following new section:

"AMENDMENTS TO MATCHING FORMULA FOR AID TO DEPENDENT CHILDAEN

"SEC. 302. (a) Section 403 (a) of the Social Security Act is amended to read as follows:

"'SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount which shall be used exclusively as aid to dependent children, equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $33, or if there is more than one dependent child in the same home, as exceeds $33 with respect to one such dependent child and $24 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $33.

"'(i) five-sixths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $18 multiplied by the total number of dependent children with respect to whom aid to dependent children is paid for each month, and the product of $28 multiplied by the total number of individuals (other than dependent children) with respect to whom aid to dependent children is paid for such month, plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of the expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $55—

"'(i) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children with respect to whom aid to dependent children is paid for such month, and the product of $25 multiplied by the total number of individuals (other than dependent children) with respect to whom aid to dependent children is paid for such month, plus

"'(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose.'

"(b) Section 403 of such act is amended by adding at the end thereof the following new subsection:

"'(c) (1) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"'(A) (i) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"'(ii) if, in the case of any quarter occurring after the quarter commencing October 1, 1956, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; or

"'(B) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for old-age assistance under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for old-age assistance which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter.

"'(2) A State which has qualified under paragraph (1) of this subsection to receive the amount provided by the formula contained in subsection (a) (1) (A) for not less than four consecutive quarters shall be qualified to receive such amount for all subsequent quarters.'"

Mr. MAGNUSON. Mr. President, the amendment provides for an increase for aid to dependent children similar to the increase provided for in the amendment which was offered by the Senator from Louisiana [Mr. LONG], which the Senate adopted last night.

In the amendment adopted by the Senate, payments were increased for the aged, the blind, and the disabled, but the Senate omitted to include any increase whatsoever for dependent children.

The reason I call attention to this matter is that on each previous occasion, in 1946, 1948, and 1952, when an increase of $5 was voted for old-age assistance, the Senate also increased aid for dependent children by $3. Such an increase was omitted in the so-called Long amendment.

All I am hoping is that this amendment, or one like it, may at least go to conference and that an effort may be made to treat dependent children the same way in this bill that we have treated them on three previous occasions. I am sure the Senate would not want the bill to be passed without doing something for the 1,600,000 children who are receiving aid under the aid-to-dependent-children section.

I should also like to point out that every State in the Union has a law providing aid for dependent children. Every State is receiving Federal funds for this purpose under title 4 of the Social Security Act.

The best estimate I have received as to the cost for increasing benefits to dependent children by $3 is $73 million. I have changed my original amendment. It may be that Congress will not want to go that high. I think it is little enough. Surely, we would not want to see the bill passed, when all the other benefits have been provided, with an omission of increased benefits for dependent children.

I am hopeful that the amendment can be sent to conference and that there an effort will be made to work out a satisfactory provision so that when benefits are raised for the blind, the aged, and disabled, there will be some corresponding increase in the aid for dependent

children. As the bill now stands, such increased aid for dependent children is completely omitted.

Someone has suggested that the bill might be vetoed. If a peg were desired on which to hang a veto of a humane bill such as this, I can think of no better one than that Congress forgot to take care of 1,600,000 dependent children in the United States.

I do not want to see the bill vetoed. I want to prevent such a possibility. But, in view of the fact that the Senate increased benefits for dependent children on three previous occasions, and in view of the fact that the Long amendment, and the bill itself in some instances, increased benefits, it seems to me there should be a corresponding increase in benefits for dependent children. That is why I offer the amendment.

The distinguished chairman of the committee may think that the amendment should have been offered to the Long amendment last night, but at the time I was under the impression that aid to dependent children had been raised correspondingly. Upon examination, apparently such increase has not been provided.

I hope the amendment can be taken to conference, so that we may do something about the omission in the bill.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. DOUGLAS. Is it not true that in times past State legislatures have been much less liberal in the grants which they have made for dependent children than in those provided for old people? And that has been true of Congress as well?

I wish to ask the Senator a further question, with the understanding that it does not apply to the present Members of this body. May not this greater liberality with respect to older people than to children be due to the fact that older people can vote and children cannot?

Mr. MAGNUSON. Mr. President, in my brief statement I probably should have said that none of the persons we are trying to help are voters at all.

Mr. DOUGLAS. In a sense, they are wards of the community; and, in a sense, they deserve our care. Is not that true?

Mr. MAGNUSON. Yes. We have done this on every other occasion.

If we do not agree to such an amendment as this one, the question will not be in conference, and it will not be possible to have the conference report on the bill make any provision in behalf of dependent children.

I hope the chairman of the committee will accept the amendment. I would be willing to reduce the amount, so the amendment could be taken to conference and discussed there.

Mr. BYRD. Mr. President, the latest estimate is that the amendment will cost $256 million. When that is added to the $108 million which the amendment of the Senator from Louisiana [Mr. LONG] will cost, the total cost of the two will be $364 million.

Mr. MAGNUSON. According to the amendment, as I submitted it on March 7, the cost would be that large; but as I have modified the amendment, the cost now would be $73 million.

Mr. BYRD. It is difficult to estimate what the cost of the amendment as modified would be.

Mr. MAGNUSON. In 1942, when we provided for the $5 increase, we made the increase for children $3.

The modifications which have been made in my amendment will make it cost $73 million, as I understand.

Mr. BYRD. Where did the Senator from Washington obtain that information?

Mr. MAGNUSON. I got it from the Social Security Agency, by calling it up; and I was referring to the $3 amount. I will tell the Senator from Virginia that I got it very hastily.

Mr. BYRD. We received an estimate of $256 million as the cost of the amendment, before it was modified.

Mr. MAGNUSON. In any event, regardless of whether the cost of the amendment is $256 million or $73 million, it seems to me that we should wish to do something to aid dependent children.

Mr. JACKSON. Mr. President, will my colleague yield to me?

Mr. MAGNUSON. I yield.

Mr. JACKSON. I believe the estimate of $256 million was for the cost of the amendment as it was originally submitted.

Mr. MAGNUSON. Yes; and since then I have revised the amendment.

Mr. BYRD. But the revision has only recently been made, and no one has had a chance to consider the amendment as revised.

Mr. MAGNUSON. In my amendment, on page 2, instead of the figure "$36", in line 13, I have revised it to $33; I have made the same change in line 14; and in line 15 I have stricken out "$27" and inserted "$24"; and in line 19 I have stricken out "$65", and have inserted "$33"; and in line 25, I have stricken out "$30", and have inserted "$28." With those revisions or modifications, the cost of the amendment, if enacted, will be $73 million, generally speaking.

Mr. LONG. Mr. President, will the Senator from Washington yield to me?

Mr. MAGNUSON. I yield.

Mr. LONG. I believe I can assist the Senator from Washington somewhat in connection with his revised amendment. My recollection is—and I feel fairly sure that I am correct about this matter—that an increase of $3 for such children would cost $73 million. That is what I understand.

Mr. MAGNUSON. Yes, that is my understanding, according to the best figures available.

Mr. BYRD. Mr. President, I submit that we have no accurate estimate of the cost of the amendment, as revised. As chairman of the committee, I could not accept the amendment when the estimates of its cost vary from $73 million to $256 million.

The amendment of the Senator from Louisiana [Mr. LONG] will cost $108 million. It seems to me that this amendment should have been added to the Long amendment.

Personally I am not willing to accept the amendment, because we have no official figures regarding its cost, as it has now been revised or modified; and I do not know what its cost would be.

Mr. MAGNUSON. The amendment merely adds $3 for dependent children. Whatever the cost would be could be easily ascertained by the Congress. The amendment adds the same amount that has been added three times for dependent children. In 1946, in 1948, and in 1952, when we increased the other benefits by $5, the increase I now propose for dependent children was made.

Mr. President, I hope the amendment will be taken to conference, because I am sure the conferees will wish to take care of dependent children, if there are to be any increases.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Washington and the Senator from Virginia yield back the remainder of the time available to them?

Mr. MAGNUSON. Yes.

Mr. BYRD. Yes.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). All remaining time on the amendment of the Senator from Washington has been yielded back.

The question is on agreeing to the modified amendment of the Senator from Washington [Mr. MAGNUSON].

The amendment, as modified, was rejected.

Mr. LEHMAN. Mr. President, I call up my amendment identified as "6-7-56-H." In order to save time, I ask that the amendment be printed at this point in the RECORD, instead of being read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment submitted by Mr. LEHMAN is as follows:

On page 90, between lines 17 and 18, insert the following:

"PART VI—AID TO DEPENDENT CHILDREN IN PUERTO RICO

"SEC. 351. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ', and, in the case of Puerto Rico, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18.'

"(b) Section 1108 of such act is amended by striking out '$4,250,000', and inserting in lieu thereof '$8 million.'

"(c) The amendments made by this section shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years."

Mr. JOHNSON of Texas. Mr. President, very few amendments remain to be acted upon, and we should be able to conclude our action on the bill this evening.

We have an important conference report which we should also like to have acted on this evening. So I ask each Member of the Senate to be as cooperative as possible.

Mr. LEHMAN. Mr. President, this amendment is similar to the proposal which I discussed earlier, in connection with the Virgin Islands.

Puerto Rico is subject to the same restrictions, under the public assistance and aid-to-dependent-children programs, as are the Virgin Islands. This is to say, a ceiling is placed on the

amount of funds that are made available to this area for Federal matching under the Public Assistance program, and the same restriction is imposed on the payment of funds to a needy parent or other relative caring for a child under the aid-to-dependent-children program. These restrictions are applicable only to these two areas. As I pointed out during the discussion of my amendment relating to the Virgin Islands, no State and no other Territory operates under these limitations.

The limitation on payments under the aid-to-dependent-children program is unnecessary and unjustified. It is clearly recognized by all who have had experience with the aid-to-dependent-children program that provisions for the payment of funds to a needy parent or other relative caring for a child are absolutely essential if this program is to operate on a sound basis and if it is to accomplish its full purpose. This retriction is making it extremely difficult, if not impossible, for the Government of Puerto Rico to provide adequate services under the aid-to-dependent-children program services to our fellow American citizens.

With respect to the other part of my amendment, dealing with the ceiling which is placed on the amount of funds that can be allocated under public assistance, I would, of course, prefer to see this ceiling eliminated entirely. I realize, however, that there is overwhelming opposition to going this far at the present time. I am, therefore, proposing to lift the ceiling from its present limit of $4,250,000 to a ceiling of $8 million.

While there may have been some justification for the ceiling when the public-assistance program was first made applicable to Puerto Rico in 1950, I think experience with it over the past 6 years has clearly demonstrated that the government of this area is perfectly capable of handling the public-assistance program on the same basis as the States. The Puerto Rican government has demonstrated that it is able to administer public assistance fairly and efficiently.

Although the administration supports the proposal to raise the ceiling in the case of the Virgin Islands, it is opposed to doing the same thing for Puerto Rico. To me, this attitude is without justification. It seems to me that the same principle applies in this case as in the case of the Islands.

I realize, of course, that a somewhat larger sum of money is involved in this instance than in the case of the Virgin Islands. I hope, however, that my colleagues in the Senate will agree with me that the need for this change is as important as in the case of the Virgin Islands, and that they will join with me in approving this amendment.

Mr. President, the chairman of the Finance Committee was kind enough to agree to take to conference my amendment dealing with the Virgin Islands. I think the two situations are, broadly speaking, analogous. So I hope the chairman of the committee will take this amendment to conference.

Mr. BYRD. Mr. President, let me say to the Senator from New York that the pending amendment would increase the cost by $3,750,000; and the amendment is opposed by the Department of Health, Education, and Welfare, whereas the Virgin Islands amendment was not opposed by the Department.

Mr. LEHMAN. I realize the amount involved.

Mr. BYRD. The amendment would raise the ceiling to $8 million, from the present limitation of $4,250,000. That makes an increase of $3,750,000.

Mr. LEHMAN. I realize that. I pointed that out in my statement.

Mr. BYRD. This amendment is not similar to the Virgin Islands amendment.

Mr. LEHMAN. Let me explain to the distinguished Senator that this is a matching program. The Puerto Rican Government has the right and duty to set the amount it will pay for dependent children, just as any other State has. The Federal Government, as in the case of States and other Territories, matches that contribution. However, in the case of Puerto Rico it is prevented from matching to the extent of the amount which the Puerto Rican government desires to give aid to children who are in need of aid, because of the arbitrary ceiling of $4,250,000.

All this amendment would do would be to provide for the raising of the ceiling, so that the Federal Government could match appropriations and allowances in Puerto Rico in exactly the same manner as it matches them in my own State of New York, the State of the distinguished Senator from Virginia, and in other States.

Mr. BYRD. The Department of Health, Education, and Welfare did not oppose the amendment relating to the Virgin Islands. Am I correct in that statement?

Mr. LEHMAN. That is quite true.

Mr. BYRD. I accepted that amendment. However, the Department does oppose this amendment, because it would add $3,750,000 to the cost.

Mr. LEHMAN. I realize that the Department opposes it because of the larger amount of money involved, but the principle is identical; and in my opinion the principle with respect to Puerto Rico should be exactly the same as with respect to New York, Virginia, California, Georgia, or Michigan. Puerto Rico is a part of the United States. It is not a foreign territory. All I am asking is that the distinguished Senator take this amendment to conference.

Mr. BYRD. Would the Senator agree to reduce the ceiling to the administration figure of $5,312,500?

Mr. LEHMAN. I would do that. I would not do it happily, but I know that if this amendment comes to a vote, I shall be defeated. I will agree to accept the figure stated by the Senator from Virginia.

Mr. BYRD. If the Senator from New York will modify his amendment to the amount of the administration figure of $5,312,500, the Senator from Virginia will accept it.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. JOHNSON of Texas. I gather that the Senator from Virginia does not accept the amendment happily, and the Senator from New York does not accept the proposed amount happily; but if there is a meeting of the minds, the amendment can be taken to conference.

Mr. LEHMAN. I know that the Senator from Virginia would not have suggested the change unless he intended to take it to conference in good faith, as I know he will. Therefore, I am not glad, but willing, to accept his suggestion.

Mr. BYRD. The Senator must modify his amendment.

Mr. LEHMAN. Mr. President, I wish to modify my amendment by striking out "$8,000,000" and inserting "$5,312,500."

The PRESIDING OFFICER. The Senator has a right to modify his own amendment.

Mr. LEHMAN. Mr. President, I yield back my time—not happily, but I will do it. [Laughter.]

Mr. BYRD. Mr. President, I yield back all my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the modified amendment offered by the Senator from New York [Mr. LEHMAN].

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SMATHERS. Mr. President, on behalf of my very able and distinguished senior colleague [Mr. HOLLAND] and myself, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. On page 31, line 20, after the words "State of", it is proposed to insert the name "Florida." The same amendment is proposed on page 32, line 19, after the words "State of"; on page 33, line 14, after the words "State of"; and on page 34, line 7, after the words "State of."

Mr. BYRD. Mr. President, the Senator from Virginia will accept the amendment.

Mr. KNOWLAND. Mr. President, may we have a brief explanation as to what the amendment does?

Mr. SMATHERS. Mr. President, the sole purpose of the amendment is to include the State of Florida under the special provisions of the pending bill dealing with the coverage of State and local governments who are under local retirement systems.

Under the bill as reported by the Finance Committee, amendments were adopted which would authorize States specifically named, at their option—

(a) To cover those persons now members of a State retirement system who wish to be covered, provided that new employees are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States.

(b) To cover their employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act—either by themselves or with other employees of the department of the State

in which they are employed—after complying with the referendum provisions.

(c) Up until July 1, 1957, to include employees of public school districts who are under teachers' retirement system, but who are not required to have teachers' or school administrators' certificates—for example, school custodians—in the State's OASI agreement without a referendum and without including the certificated employees who are under the teachers' retirement system.

(d) To make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.

Prior to the adoption by the committee of these amendments all States were asked whether they desired coverage under any or all of them. Only those States which desired coverage were named in the amendments adopted by the committee. The chairman of the Florida Industrial Commission apparently misconstrued correspondence received by him concerning this matter, since he was under the impression that these were not optional amendments. As a result a wire was sent to the Department of Health, Education, and Welfare indicating that Florida did not desire to be specifically named. Upon further inquiry and after it was made clear to the chairman of the Florida Industrial Commission that these amendments were optional, word was received that Florida desired to be included.

The only purpose of the amendment is to include Florida in the list of States specifically named in the particular optional provisions of the pending bill, and I trust that the distinguished chairman of the Finance Committee will see fit to accept it.

The PRESIDING OFFICER. Does the Senator from Virginia accept the amendment?

Mr. BYRD. The Senator from Virginia has been authorized to accept a similar amendment.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. SMATHERS. I am happy to yield back my time.

Mr. BYRD. I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment offered by the Senator from Florida [Mr. SMATHERS] for himself and his colleague [Mr. HOLLAND].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LEHMAN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

Mr. LEHMAN. Mr. President, in order to save time, I will waive the reading of the amendment and ask that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point without reading.

Mr. LEHMAN's amendment was, on page 58, between lines 2 and 3, to insert the following new section:

"TIPS AS WAGES

"SEC. 121. (a) Section 209 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"'Tips and other cash remuneration customarily received by an employee in the course of his employment from persons other than the person employing him shall, for the purposes of this title, be considered as remuneration paid to him by his employer; except that in the case of tips, only so much of the amount thereof received during any calendar quarter as the employee, before the expiration of 10 days after the close of such quarter, reports in writing to his employer as having been received by him in such quarter shall be considered as remuneration paid by his employer, and then only if the sum of the wages of the employee in the possession of the employer at the time of such report and the amount, if any, remitted by the employee with such report is not less than the tax imposed by section 3101 of the Internal Revenue Code of 1954 with respect to such wages plus the tax which would be imposed by such section with respect to the remuneration so reported. The remuneration so considered as paid by the employer shall be considered as paid by him to the employee on the date on which such report is made.'

"(b) The amendment made by subsection (a) of this section shall be applicable only with respect to remuneration paid after 1956."

On page 72, between lines 4 and 5, insert the following new section:

"TIPS AS WAGES

"SEC. 202. (a) Section 3121 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraphs:

"'Tips and other cash remuneration customarily received by an employee in the course of his employment from persons other than the person employing him shall, for the purposes of this chapter, be considered as remuneration paid to him by his employer; except that, in the case of tips, only so much of the amount thereof received during any calendar quarter as the employee, before the expiration of 10 days after the close of such quarter, reports in writing to his employer as having been received by him in such quarter shall be considered as remuneration paid by his employer, and then only if the sum of the wages of the employee in the possession of the employer at the time of such report and the amount, if any, remitted by the employee with such report is not less than the tax imposed by section 3101 with respect to such wages plus the tax which would be imposed by such section with respect to the remuneration so reported. The remuneration so considered as paid by the employer shall be considered as paid by him to the employee on the date on which such report is made.

"'In applying the provisions of paragraph (1) of this subsection and the provisions of section 6413 (c) (1), remuneration to which the tax imposed by section 3101 would be applicable (if such remuneration constitutes wages) shall first be counted.'

"(b) The amendment made by subsection (a) of this section shall be applicable only with respect to remuneration paid after 1956."

Mr. LEHMAN. Mr. President, this amendment provides that tips and other gratuities shall be included in the wage base for social-security purposes.

Under the present terms of the Social Security Act, wages received in the form of tips and other gratuities are not counted for social-security purposes—no social-security taxes are paid on this money—the worker gains no social-security credit for the money he receives in this form.

I think this is an unreasonable distinction. I think this is particularly so because these same people must declare this portion of their wages for income tax purposes. In other words, the Internal Revenue Code includes tips in its definition of wages; yet the Social Security Act does not. An individual must pay income tax on tips—but he is not permitted to pay social-security taxes on this money or acquire social-security credit for it. I think this is illogical and inconsistent.

My amendment would extend to thousands of people in this country the same degree of social-security protection already given to the vast majority of our citizens. The effect of the present limitation is to deny to those individuals who receive a portion of their earnings in the form of tips a full measure of social-security coverage. It means that those who receive all of their wages directly from their employer are acquiring higher wage credits than those who receive part of their wages from their employer and part from customers of their employer. The people who are affected by the existing limited definition of wages for social-security purposes include those who make their living as taxicab drivers, barbers, hairdressers, waiters and waitresses, bellhops and doormen. I am sure we could all name many other groups of working people who find themselves in a similar situation.

Opposition to the change I am proposing has, in past years, come primarily from employers who argue that it would present record-keeping difficulties. They claim that it would be impossible to establish satisfactory bookkeeping procedures particularly with respect to reporting on the part of the employee. I think that my amendment has been drawn up in such a way as to answer this objection. It simply provides that the employee reports to his employer the amount of money which he has received in the form of tips during the calendar quarter. The amendment provides further that the report must be made within 10 days after the expiration of the quarter. Under my proposal, therefore, it is the employee who has the primary responsibility and obligation to see that this information is made available. I know that these workers are willing to assume this responsibility.

The main impetus for this change has come from waiters and waitresses and they have indicated widespread support for it. I am confident, however, that the other groups who are affected by it are equally in favor of my proposal.

The Senate now has an opportunity to end this unjustified discrimination. It now has an opportunity to put these people on an equal footing with the other individuals covered under the social

security system. I hope this amendment will be approved.

Mr. BYRD. Mr. President, the amendment was very carefully considered by the Committee on Finance, and it was rejected because the committee thought it was unworkable. Present law requires tips and other gratuities to be reported only if the employee accounts to his employer the actual or estimated amount of such remuneration. In other words, there is no way to compel an employee to tell an employer how much he receives in tips. The proposal was very fully discussed, but it was rejected by the Committee on Finance because the committee found it to be unworkable. I am sorry that I am unable to take the amendment to conference.

Mr. LEHMAN. I should like to point out to the distinguished chairman of the Committee on Finance and to my other colleagues that I believe the present system is unjustifiably unfair. A waiter or any other employee who receives tips is criminally liable if he does not report his tips as a part of his income. The distinguished chairman of the committee may be familiar with the fact that in my State of New York the headwaiter of one of our prominent hotels was not only indicted but convicted and sentenced to prison because he had not reported his tips as a part of his earnings.

Another waiter of another hotel is now under indictment. He has not yet been tried, but he is under indictment and will be brought to trial.

If a man is responsible to the Government for his tips as a part of his income for income tax purposes, it seems to me completely unfair that he should be deprived of using that income in computing the social security to which he is entitled.

It does not make any sense to me to say to a man, "The tips which you make cannot and will not be recognized as a part of your income by your Government for social security purposes, but the Government will send you to jail if you do not report those same tips as a part of your income and pay an income tax on them."

It just does not make sense to me. I think it is unfair and unreasonable. I am very sorry indeed that the distinguished chairman of the Committee on Finance will not take the amendment to conference.

Mr. BYRD. The present law does not require those who receive tips to report them to their employers.

Mr. LEHMAN. I believe that under my amendment it would be required.

Mr. BYRD. We considered the amendment in committee. There is no requirement in law that tips shall be reported to employers. In fact, many of the persons who receive tips do not want their employers to know how much they receive. They do not have to report such tips, unless they wish to do so. The objection made was that the employees would report the tips they wanted to report, but would not be compelled to report all the tips, and there was no penalty attached for not reporting them.

The income tax is an entirely different proposition.

Mr. LEHMAN. Why it it?

Mr. BYRD. Because the employees are responsible to the Internal Revenue Service. This is a question of reporting tips to those who employ them. The employer pays a tax on the earnings of the employees. The social-security tax is paid half by the employer, and half by the employee.

Mr. LEHMAN. The Social Security Administration is a part of our Government, and it is responsible for carrying out the law.

Mr. BYRD. Can the Senator from New York point out in what way the amendment requires an employee to report his tips to his employer?

Mr. LEHMAN. It seems to me very unfair indeed. I shall not ask for a yea-and-nay vote on the amendment, but I do wish to have a vote on it. I consider it to be entirely incongruous that a man should be deprived of social-security benefit, but at the same time be punished by his Government if he does not report his earnings to the Government and pays an income tax on them. It does not make sense to me. Regardless of whether my amendment is approved, I very much hope that the distinguished Senator from Virginia will request the Department of Health, Education, and Welfare to study this subject, and determine whether any workable plan can be developed.

Mr. BYRD. I will say to the Senator that if a workable plan can be developed, I will be very much in favor of it. I agree with what the Senator says as to the justice involved. However, no plan has been evolved by which the employee can be required to report tips to employers. Naturally if such a plan could be worked out, something could be done about it along the line suggested by the Senator from New York.

Hotel people have appeared before our committee and have testified that it was not workable. They said they could not find out how much the tips of their employees amounted to.

Mr. LEHMAN. Mr. President, may I ask the distinguished Senator from Virginia whether he will agree to request the Department of Health, Education, and Welfare to study the subject and to recommend means whereby the problem can be solved and a system of reporting worked out, so that tips may be included in the computation of social-security benefits, and, further, to report to the next session of Congress.

Mr. BYRD. I shall be glad to communicate with the Department of Health, Education, and Welfare, and ask what the department can suggest along that line.

Mr. LEHMAN. In view of the assurance of the distinguished Senator from Virginia, the Chairman of the Committee on Finance, I withdraw my amendment.

The PRESIDING OFFICER. The Senator from New York withdraws his amendment.

The bill is open to further amendment.

Mr. PAYNE. Mr. President, I call up the amendment intended to be proposed by the senior Senator from Michigan [Mr. POTTER], identified as "6-13-56—C." In view of the fact that the senior Senator from Michigan is in Europe on official business, I ask that it be called up at this time.

I ask unanimous consent that the amendment be printed in the RECORD and that the reading of it be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. POTTER'S amendment is as follows:

At the end of the bill add the following new title:

"TITLE V—ESTABLISHMENT OF THE UNITED STATES COMMISSION ON THE AGING AND AGED

"Declaration of policy

"SEC. 501. The Congress recognizes that an increasingly large proportion of our population consists of persons past middle age. It is the sense of the Congress that the implications of this fact require further study and investigation from the standpoint of the national economy and the general welfare. It is hereby declared to be the policy of the Congress, in recognition of this fact, to assist in defining the problems of the aging and aged segment of the population, and in finding solutions therefor, by providing for an immediate study leading to recommendations for integrated action particularly with respect to—

"(a) employment and employability;

"(b) income maintenance;

"(c) health and physical care;

"(d) housing, living arrangements, and family relationship; and

"(e) effective use of leisure time.

"Establishment of the United States Commission on the Aging and Aged

"SEC. 502. (a) For the purpose of carrying out the policy set forth in section 501, there is hereby established a Commission to be known as the United States Commission on the Aging and Aged (hereinafter referred to as the 'Commission').

"(b) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

"Membership of the Commission

"SEC. 503. (a) Number and appointment: The Commission shall be composed of 10 members as follows:

"(1) Six appointed by the President of the United States, 3 from the executive branch of the Government and 3 from private life;

"(2) Two appointed by the President of the Senate from the Senate; and

"(3) Two appointed by the Speaker of the House of Representatives from the House of Representatives.

"(b) Vacancies: Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"Organization of the Commission

"SEC. 504. The Commission shall elect a Chairman and a Vice Chairman from among its members.

"Quorum

"SEC. 505. Six members of the Commission shall constitute a quorum.

"Compensation of members of the Commission

"SEC. 506. (a) Members of Congress: Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they

shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(b) Members from the executive branch: The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necesary expenses incurred by them in the performance of the duties vested in the Commission.

"(c) Members from private life: The members from private life shall each receive $50 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"Staff of the Commission

"SEC. 507. (a) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

"(b) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $50 per diem for individuals.

"Expenses of the Commission

"SEC. 508. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this title.

"Duties of the Commission

"SEC. 509. (a) Investigation: The Commission shall study, investigate, analyze, and assess existing knowledge and programs related to the problems of the aging and the aged in this country, in accordance with the policy set forth in section 501 with a view to determining what steps can be taken to provide a better integration of this group in the social and economic life of the Nation. In carrying out its functions the Commission shall solicit the cooperation and help of the various professional, business, and labor groups, as well as all other groups which are concerned with the problem, for the purpose of obtaining their views, experience, and assistance in providing direction for future planning and such legislative action as may be necessary. The Commission shall further make full use of the information, studies, and experience of the various agencies of the Government which have considered various aspects of the problem.

"(b) Report: The Commission shall submit an interim report of its activities and the results of its studies to the Congress not later than December 31, 1956, and the Commission may submit such earlier interim reports as it deems advisable. The final report of the Commission may propose such legislative and administrative actions as in its judgment are necessary to carry out its recommendations. The Commission shall submit its final report not later than May 31, 1957. The Commission shall cease to exist 30 days after the submission of its final report.

"Powers of the Commission

"SEC. 510. (a) Hearings and sessions: The Commission or, on the authorization of the Commission, any subcommittee or member thereof may, for the purpose of carrying out the provisions of this title, hold such hearings and sit and act at such times and places, administer such oaths, and request the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Commission or such subcommittee or member may deem advisable.

"(b) Obtaining official data: The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this title; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

"(c) Other data: The Commission shall cooperate with State and local bodies, and other public and private bodies, to obtain information, suggestions, estimates, and statistics for the purpose of this title."

Mr. PAYNE. Mr. President, the amendment would establish a United States Commission on the Aging and Aged. The Commission would consist of 10 members, 6 to be appointed by the President of the United States, 3 from the executive branch of the Government, and 3 from private life; 2 appointed by the President of the Senate from the Senate; and 2 appointed by the Speaker of the House of Representative from the House of Representatives.

I shall not go into detail in explanation of the provisions of the amendment, but it would provide for a study with reference to employment and employability; income maintenance; health and physical care; housing, living arrangements, and family relationship; and effective use of leisure time.

Similar studies are now being undertaken by practically every State, in an effort to explore this problem and to arrive at some answers which can be of help, not only to Congress, but also to State legislatures.

The President recently sponsored a conference on the aging, which was held in Washington. In talking with members of that group who came to Washington, I have been informed that a great deal of assistance was obtained from such studies.

The adoption of the amendment would be a step in the right direction. It is a subject that certainly needs attention.

We have done a great deal here in connection with the measure under consideration, all of which has to do with the aged people of the Nation. Certainly, if we are going to develop medical research and the opportunity for our people to enjoy longer life, we certainly owe them the responsibility of trying to see to it that the problems which confront them in their declining years are given due consideration by all public bodies.

Mr. President, I simply ask that the amendment be considered at this time.

Mr. BYRD. Mr. President, as I understand, the amendment creates a United States Commission on the aged and aging, and I can see no objection to it. I will take it to conference.

Mr. PAYNE. I thank the distinguished Senator from Virginia very much; and, Mr. President, I yield back the remainder of my time.

Mr. BYRD. Mr. President, I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine [Mr. PAYNE] for the Senator from Michigan [Mr. POTTER].

The amendment was agreed to.

Mr. BYRD. Mr. President, I offer some purely technical amendments.

The PRESIDING OFFICER. Does the Senator desire to have them read?

Mr. BYRD. I do not think there is any need of reading them, Mr. President.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Virginia will be printed in the RECORD.

The amendments offered by Mr. BYRD are as follows:

On page 36, line 24, strike our "(m)" and insert in lieu thereof "(o)."

On page 47, line 1, strike out "(n)" and insert in lieu thereof "(o)."

On page 47, line 3, strike out "(o)" and insert in lieu thereof "(p)."

On page 55, line 6, strike out "(o)" and insert in lieu thereof "(p)."

On page 55, line 10, strike out "(p)" and insert in lieu thereof "(q)."

On page 63, line 17, strike out "(m)" and insert in lieu thereof "(o)."

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Virginia.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LEHMAN. Mr. President, for myself and on behalf of the Senator from Connecticut [Mr. BUSH], I offer the amendment which I send to the desk and ask to have stated.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD in lieu of having it read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. LEHMAN for himself and Mr. BUSH is as follows:

On page 90, between lines 17 and 18, insert the following:

"PART VI—AMENDMENT RELATING TO MATERNAL AND CHILD WELFARE SERVICES

"SEC. 351. The first sentence of subsection (a) of section 521 of the Social Security Act is amended by striking out 'for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $10,000,000' and inserting in lieu thereof 'for each fiscal year beginning with the fiscal year ending June 30, 1957, the sum of $12,000,000'.

"Effective date

"SEC. 352. The amendment made by this part shall be effective with respect to fiscal years beginning after June 30, 1956."

Mr. LEHMAN. Mr. President, the amendment which is being offered by the distinguished Senator from Connecticut [Mr. BUSH] and myself will raise the amount authorized for the child-welfare program under title V of the social-security act from $10 million to $12 million annually. We hope that this small increase will be accepted because the program sorely needs it. This amount, $12

million, is supported and advocated by the administration for this program.

Why is this amendment needed, Mr. President? It is needed because in so many rural counties throughout the country there is not even one trained child-welfare worker to provide social work services where foster home placements and adoptions are needed. It is needed not alone to pay part of the salaries of these workers, but also to pay for the foster home care these homeless children are to receive. Now the amounts paid to foster parents, Mr. President, are small and do not cover the actual cost of the child in most cases. We are asking these foster parents to make a sacrifice—to perform an act of humanity in taking these children. Can we demand less of ourselves than to vote for part of the wherewithal by which this child welfare services program can move forward to meet only a small part of the total need?

It has been my privilege, Mr. President, to serve as chairman of the Subcommittee on Juvenile Delinquency of the Committee on Labor and Public Welfare. During the course of the hearings held by that subcommittee, it has been brought home to me most forcefully, as I know it has been to my distinguished colleagues on that subcommittee, how important an expanded child-welfare program would be in the struggle in which this Nation is today engaged to prevent and control juvenile delinquency.

My own feelings as to the importance of this program in this fight have been reinforced by the findings of the Senate Subcommittee on Juvenile Delinquency of the Committee on the Judiciary which, under the able leadership of the distinguished senior Senator from Tennessee, has been conducting a thorough and comprehensive investigation of juvenile delinquency in the United States. That subcommittee, too, has urged the strengthening and expansion of the child welfare program. It is under this program that grants are made to the welfare departments of the States to enable them to provide services in rural areas. These child welfare services are our first line of defense in the prevention of juvenile delinquency. Working with the thousands of earnest and sincere child-welfare workers from voluntary agencies, the public child welfare worker under this program may arrange for help to unmarried mothers, for investigations of proposed adoption placements, and for a myriad of other services designed to strengthen family ties.

I would emphasize at this point, Mr. President, that my proposed amendment would make no substantive changes in the existing program. I am aware, of course, that some proposals have been advanced which would enlarge the area of activity permitted for the use of these Federal funds. That is a matter for consideration at a later time. At this point I am proposing only that the demand for child-welfare services in the rural areas be more adequately met. That can be done by increasing the amount authorized to be appropriated for this program from the present $10 million annually to $12 million.

We hope each Senator will consider this a vote for the welfare and benefit of the children of our country and will vote in favor of our proposal. The Senator from Connecticut [Mr. BUSH] and I have offered our amendment in a nonpartisan spirit. We hope it will be adopted in the same spirit. This proposal, within the very narrow limits set forth, as I have said, has the support of the administration.

Mr. President, I should like to ask the distinguished Senator from Virginia whether he will take this amendment to conference.

Mr. BYRD. Mr. President, in view of the fact that it is merely an authorization, and if it is not in the budget it is understood that it will be stricken out in conference, I accept the amendment with that understanding.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. LEHMAN] for himself and the Senator from Connecticut [Mr. BUSH].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read the third time.

The bill was read the third time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time on the condition that the minority leader will yield back the remainder of his time.

Mr. KNOWLAND. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on that question.

The yeas and nays were ordered.

Mr. PAYNE subsequently said: Mr. President, I ask unanimous consent that a statement I have prepared concerning the social-security bill may be printed in the RECORD in advance of the vote on its passage.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE

The Social Security Amendments of 1956 (H. R. 7225), as approved by the Senate Committee on Finance, is a good bill as far as it goes. The extension of coverage to most professional groups, the provisions for payments to disabled children beyond age 18, and the modifications in the basis of Federal participation in medical-care programs under public assistance are all well-considered and highly desirable changes in the existing legislation.

During the Senate's deliberations on H. R. 7225, I shall support three proposed key amendments to the bill which, if adopted, will in my opinion give us a sound, realistic, and humanitarian social-security program.

First, I shall support the proposed amendment to lower the retirement age for women from 65 to 62. At the present time, under existing law, women are eligible for retirement payments at 65, except in the case of a widow with a child in her care entitled to benefits on her husband's record. H. R. 7225 as passed by the House entitles women in every benefit category (workers, wives, widows, and dependent mothers) for payments at the age of 62. The bill, as amended by the Senate Committee on Finance, limits the reduction to 62 to widows only.

While the Finance Committee provisions making widows eligible for benefits at 62 is highly commendable, it is my firm conviction that the extension of this reduction to both working women and wives, as well as widows, is fully justified. There are several reasons for this position:

1. The majority of women between the ages of 60 and 65 are not gainfully employed. Even women who are able to work find it far more difficult than men to find employment. If a woman loses a job after 60 or 62, it is particularly difficult for her to find reemployment.

2. In the case of wives who cannot receive benefits until 65, opponents of lowering the age argue that the husband's benefit between the time he retires and the time his wife reaches 65 meets the needs of the couple. This is not very realistic in view of today's living costs. The husband receiving the maximum possible benefits receives $108.50 per month, or 30 percent of his full-time earnings, while more often the benefits run to approximately $50 or $60 or $70 a month, which is hardly adequate for the decent support of a couple. The whole theory of benefits to wives is based on the fact that the husband's benefits are inadequate for the support of a couple. Lowering to 62 the age at which wives are eligible for benefits based upon their husband's retirement benefits will go a long way toward eliminating the interval of sharply curtailed income which couples now experience in waiting for the wife to reach 65.

3. In addition to the arguments presented above, it is to my mind socially undesirable to expect women to work until they are 65 unless they wish to do so. The woman who works, plays a dual role in our society. She is at one and the same time a breadwinner and responsible for the care of the home. This double role is also a double burden. If, by lowering the retirement age to 62, we can ease this burden and enable women to enjoy a few more years of comparative ease, then by all means this Congress has an obligation to do so.

The second amendment I shall support is the George amendment relating to disability insurance benefits at age 50. The amendment would in effect make those who are totally and permanently disabled eligible for social-security benefits at the age of 50. I do not think there is anyone who would argue that this is not at least in principle a highly desirable objective. Obviously a man or woman who, because of a disability, is no longer able to support himself through gainful employment must have some means of support. The controversy concerning this amendment centers around the feasibility of such a program and the desirability of including it in the social-security program.

As to the feasibility, it is argued by opponents of the amendment that there are no adequate criteria for making determinations of disability. They argue that medical authorities cannot themselves agree on what constitutes total and permanent disability. I am not a medical expert, but the fact remains that criteria have been established for disability and are in use today. I would not pretend that these criteria are perfect, but they have proved workable both under the present social-security law, under the railroad retirement program, and under private retirement programs.

Under present social-security law, there is what is known as a disability freeze, that is, when a worker is disabled for a certain period of time, this period is included in calculating his period of contribution to re-

tirement benefits. In determining eligibility for the disability freeze, the administrators of the social-security law must obviously make disability determinations. If the George amendment is enacted, these same criteria, subject to constant review and modification as experience contributes to new understanding of disability problems, will be applied in determining who is eligible for disability payments at age 50. Without doubt, errors will be made in these determinations. Doubtless there will be those who by nature are malingerers, who will seek to take advantages of a liberalized social-security program by claiming themselves totally and permanently disabled when in fact they are not. But I do not think that we are a Nation of malingerers. I for one have enough faith in the American people to believe that those who will attempt to take unfair advantage of a broadened disability program would be an insignificant minority in comparison to the numbers who will receive deserved and needed benefits from this program. We cannot continue to punish those who are in real need of disability payments out of fear of the very few who will attempt to misuse this program.

Opponents of the amendment to provide payments for those totally and permanently disabled at 50 also argue that such a program will have an adverse effect on rehabilitation programs. The amendment contains safeguards which if properly administered will prove adequate to insure that every attempt is made by the individual disabled to seek and attempt rehabilitation. The amendment provides that deductions will be made in payments to those who refuse to accept rehabilitation without good cause. Again there will be those who may get away with something, but with proper administration, the number who will neither accept nor respond to rehabilitation can be kept to an insignificant minority.

The cost of the disability program is of course the most ticklish aspect of the proposal. It is argued that because it cannot be calculated with accuracy how many people in future years may be eligible for this program, it is impossible to forecast how much the program will cost in future years, how much may be required in additional social-security taxes, and how much may be drained off the Social Security System Trust Fund for regular OASI payments. To a degree this is a valid argument. However, very careful consideration has been given to this question of cost now and in the future. In increased taxes, the employee paying on the full $4,200 would pay an additional $10 per year and would if totally and permanently disabled at 50 receive benefits of $108.50 per month. The cost to the employee would run under one-half of 1 percent of payroll or 0.42 percent. These costs are based upon intermediate cost estimates furnished by the Chief Actuary of the Social Security Administration and are probably as accurate as can possibly be made. It should be kept in mind that in the past cost estimates have run higher than actual costs because they are calculated on the basis of present earnings, whereas the trend toward consistently higher earning levels has in fact put actual costs below preliminary estimates. But even presuming the estimates will be verified in reality, the protection to workers and their families that would result from this program will more than justify the cost.

In addition, the George disability amendment sets up a separate trust fund to receive the disability payments and to disburse the disability benefits. In this way, it will be possible to keep close account of the program's cost and to make the necessary modifications in future years either to keep it actuarily sound or to put it on a different financial basis, if necessary.

The third amendment, which I shall support and which is of particular merit, is the Long amendment which proposes an increase in public assistance payments from $55 to $65 per month and would change the formula for Federal participation in old-age assistance, aid to the blind and aid to the totally and permanently disabled. It is my privilege to be a cosponsor of this amendment. The new formula would require Federal participation on a formula of five-sixths of the first $30 and one-half of the balance up to a maximum of $65. The present formula calls for Federal participation on a basis of four-fifths of the first $25 and one-half of the balance up to $55. These increases in benefits and in the Federal share of the benefits would be applicable if the States pass on the additional funds through increases in payments to recipients.

Last January, I introduced a bill similar to the proposed Long amendment. The Payne bill would have increased payments to $75 per month. It is my feeling that this payment would be more desirable than the $65 per month, but at this time it seems unlikely that such an increase would receive congressional approval. Therefore, I will fully support the proposal to increase benefits to $65 per month as a good step in the right direction toward providing adequate benefits to those who are not under the old-age and survivors insurance program and to supplement the income of individuals receiving minimum social-security benefits.

There is a definite need both for increasing the total payments and for upgrading the Federal participation in this program. Since 1952, income levels and social-security benefits have increased significantly. However, average payments for old-age assistance, aid to the blind and to the totally and permanently disabled have remained at the low level of $54, $58, and $56, respectively, per month. It is obvious that no person can live anything approaching a decent life on $55 per month; $65 per month certainly will not put one in luxury, but this increase, along with the broadened medical assistance program, will go a long way toward providing the necessities for a tolerable and decent existence. And increasing the Federal participation will enable States with low per capita incomes to participate in increased benefits. Furthermore, the increase to $65 per month gives recognition to the wealthier States which have been able to give benefits beyond $55 per month entirely from State funds, and in effect will help reimburse them for their efforts thus far, and perhaps enable them to grant further increases beyond the level of $65 per month.

The old-age-assistance program was originally conceived to be complementary to social security, where a worker, through his years of employment, provides for his own retirement and for the welfare of his survivors after his death. Because at the outset of the social-security program, a great many people had already reached old age without benefit of a retirement-benefit program and because there were also a great many people not covered by the program at all at its inception, it was necessary to set up the supplementary program of old-age assistance to aid those who in their old age simply do not have the financial resources to provide for themselves after they are no longer employed. The number of people who are covered by the old-age and survivors insurance program is constantly increasing and the proportion of people in need of public assistance will continue to decrease as greater numbers are able through the social-security system to provide for their own old age. And this is as it should be. But until the day when the social-security program can adequately provide for autumn years of every American, we must insure that the public-assistance program is developed to the extent that it will provide for those who through no fault of their own find themselves in these later years with insufficient income to obtain the very necessities of life. It is for this reason that it is of the utmost importance that the benefits for old-age assistance be increased so that the public-assistance program will continue to fulfill its vital role in the national welfare until such time as it is no longer needed.

It is my firm conviction that the social security and public-assistance programs will be substantially improved with the passage of the amendments I have discussed above, namely, lowering the age at which women may receive benefits from 65 to 62, providing for disability payments at the age of 50, and increasing the public-assistance payments from $55 to $65 per month. We have a sound social-security program now. But it is blind to assume that it is perfect or near perfect. We now have the opportunity to broaden the program so that more Americans may benefit in more ways from social security. By enacting these changes in the present social-security law we, in the Congress, can fulfill one of the fundamental roles of government as we know it, that is to help people to help themselves, which is really the basic purpose of the social-security laws and is the immediate objective of the proposed amendments.

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent to have printed in the RECORD, prior to the vote on the social-security bill, two statements I have prepared, one relative to the Long amendment, the other pertaining to the Kerr amendment.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN OF PENNSYLVANIA

LONG AMENDMENT INCREASING FEDERAL SHARE OF PUBLIC ASSISTANCE COSTS

1. Costs of the amendment to the Federal Government would be over $200 million annually for old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and over $300 million if aid to dependent children were included.

2. The Federal share in the first part of assistance payments is already disproportionately high—four-fifths of the first $25. The Long amendment extends even further a dangerous trend toward high Federal financing (the assistance programs started in 1935 on a 50–50 sharing basis) by raising the Federal share to five-sixths of the first $30 of any payment. Furthermore, it would make this disproportionate sharing permanent.

3. Such a high proportion of Federal funds is inconsistent with the primary responsibility for administration of the assistance programs that rests with the States. Certain States, such as Louisiana, that have so defined need that a high proportion of their aged qualify for assistance (over 60 percent of all aged receive assistance in Louisiana) stand to receive a disproportionately high share of the additional Federal formula.

(a) Louisiana, for example, would receive an additional $38 per year for each aged person in the State. In contrast, the additional Federal funds would amount to $13 per aged person in the United States as a whole, and to $4 or less in the six States getting least.

(b) Thus the benefit per aged person in Louisiana is three times the average for all States.

4. States would generally receive the additional Federal funds without any expenditure of additional State funds. At a time when the fiscal situation of the States is generally relatively better than that of the Federal Government, this one-sided additional financing seems unwarranted.

5. Since old-age and survivors insurance is increasingly taking care of the income

maintenance needs of our aged, the number of recipients of old-age assistance is gradually declining. Large additional Federal expenditures in the face of these facts seem unnecessary and inconsistent with the intention of Congress as expressed throughout the years.

6. As more and more people become OASI beneficiaries, the greater the incentive may be to a State to supplement monthly OASI benefits, by say $30 or less, merely by putting up $5 or less of State money. Thus, the Federal Government may never see a reduction in its assistance costs unless the matching formula provides greater incentive for sound administration.

Even though States do not change their present policies, there will be a steadily increasing number of small payments as the aged population increases and the OASI program continues to grow. Instead of sharing equally in the resulting savings, most of the savings will go to the States under even the present matching formula. This result would be magnified by the Long amendment.

7. The increased Federal funds going to the States under the Long amendment would tend to prevent States from reflecting declining average assistance payments. In order to meet the conditions of the amendment, States may have to arbitrarily revise their assistance standards upward without relation to increased need. (Living costs have been relatively stable since the last increase in the Federal share of public-assistance payments.)

8. The provision intended to assure that States pass on the additional Federal funds to recipients presents several serious problems and could disrupt State fiscal arrangements.

(a) States receiving the additional funds and having an average expenditure (State and local) per recipient at about that in 1955 are subjected to a potential loss of all of the additional funds if their average drops even a few cents. This risk (limited to 4 consecutive quarters for old-age assistance) is not entirely within the control of a State.

(b) If a State has increased its payment per recipient since the beginning of 1955, it does not have to pass on all of the additional money.

(c) If the payment per recipient has declined since the beginning of 1955, a State would have to provide additional funds in order to qualify for the additional Federal funds. (This would be true even if the number of recipients had increased and the State had already increased its total expenditure.)

9. The committee bill without the Long amendment meets squarely the largest assistance need at the present time, namely, some flexibility in the $55 Federal maximum in order to meet high medical-care costs in individual cases. Thus, the medical-care amendment in the committee bill (which represents an additional Federal expenditure of nearly $100 million) is a liberal and far sounder approach to our present assistance needs than is the Long amendment.

STATEMENT BY SENATOR MARTIN OF PENNSYLVANIA

KERR AMENDMENT ON AGE OF ELIGIBILITY OF WIVES AND WORKING WOMEN

The proposed Kerr amendment would extend the idea of a lower age of eligibility for women to include wives and working women, as well as the widows. Apparently recognizing that any age reduction is inconsistent with trends of longer life, longer employment, and the greater life expectancy of women as compared with men, the amendment tries to make the proposal more acceptable by eliminating the cost factor.

This is done by providing that wives and working women, if they wish to receive benefits at age 62, 63, or 64, must take a reduction in those benefits (since the benefits will be spread over a longer life expectancy). The reduction is computed on an actuarial basis—for example, a 20-percent reduction for a working woman retiring at age 62 and a 25-percent reduction for a wife (of a retired male worker) who elects to commence her benefits at age 62.

The arguments against the Kerr amendment fall into three categories:

A. Arguments against lower age not affected by proposal for providing actuarially reduced benefits.

B. Cost—apparently but not actually met by actuarial reduction plan.

C. Arguments against concept of actuarially reduced benefits in a social insurance system.

A. Arguments against lower age not affected by proposal for providing actuarially reduced benefits

1. Adverse effect on employment of women:

(a) Employers could retire women workers earlier than under present law with the assurance that they would get a benefit. To the extent that the benefit could be said by employers to be adequate despite the actuarial reduction, this objection is still significant.

(b) Our objectives should be more jobs for older persons—not techniques for easing them out of the labor market. The Kerr amendment would retard our national efforts to encourage employment of older persons.

(c) The age at which women find it difficult to obtain work would be reduced; employers would feel less responsibility to hire a woman who was eligible for a benefit, even though a reduced one.

(d) Even with the actuarial reduction in the benefit, a reduction in the eligibility age for women runs contrary to trends in private pension plans to provide the same retirement age for men and women.

2. Many wives would still not benefit: Even if the eligibility age for wives were lowered to age 62, only a little over one-half of them would be immediately eligible for benefits when the husband retires. It is better to adhere to the age 65 eligibility rather than to try to accommodate some of the situations where the wife is younger than the retired husband. Once the age 65 line is broken, there is no logic in any specified age of eligibility.

3. Adverse effect on assets: If women were retired earlier than at present they would have a shorter period in which to build up retirement assets and a longer period over which to spread them. The fact that their benefits were lower than they would be at 65 would make this situation still more acute.

4. Pressures to lower age of eligibility for men: Once the age 65 line is broken, there will be great pressure to lower the age of eligibility for men. This would tend to undermine the entire OASI system and be inconsistent with sound, up-to-date gerontological thinking.

5. Pressure to reduce the age for old-age assistance: Since the benefits payable under the actuarial reduction plan would frequently be inadequate (and yet it would be more difficult for women in these age groups to find and keep jobs), pressure would develop for lowering the eligibility age for women under old-age assistance in order that the inadequate insurance benefits could be supplemented. A reduction in the eligibility age under the old-age assistance under such circumstances could be very costly.

B. Cost—apparently but not actually met by actuarial reduction plan

1. The actuarial reduction plan would mean no immediate increase in program costs. However, as soon as women who have elected to take an actuarially reduced benefit at an earlier age begin to reach 65 and recognize that they will continue to receive only the reduced benefit, there will be great pressures to eliminate the actuarial reduction and provide a full-rate benefit.

2. If full-rate benefits are provided, the cost would be about 0.36 percent of payroll or about $800 million a year. This would mean a very substantial increase in tax burden—and the combined tax increases for disability benefits and lower age for women would be the same as under the original House version of H. R. 7225.

(a) The original House version of H. R. 7225 called for an immediate 25 percent increase in taxes on 70 million people—about $1.7 billion.

C. Arguments against concept of actuarially reduced benefits in a social insurance system

NOTE.—These arguments are in no way intended to suggest, and they would not support, the idea that the Kerr amendment be liberalized to provide full-rate benefits. Clearly an actuarial reduction makes the lower-age provisions somewhat less objectionable than otherwise. The arguments below are intended to demonstrate that an actuarial reduction in benefits has many special difficulties, such that age reduction even under this plan is still very undesirable.

1. Inadequacy of reduced benefit: Since at present OASI benefits provide only a basic security, the reduced amounts that would be paid to women who file for benefits before age 65 may often prove to be inadequate. Once the decision was made, it would (unless the beneficiary could return to work) be irrevocable.

2. Difficulty of obtaining public understanding: Public understanding of the actuarial-reduction plan, complicated as it necessarily is, would be very difficult to obtain. Whether early filing is advantageous for the individual would be very difficult, and sometimes impossible to determine. Decisions made would often prove in time not to have been advantageous.

3. Creates administrative complexities: The plan complicates the benefit computation provisions tremendously, especially because of the need to provide for benefit recomputations (in addition to the present work and dropout recomputations) for persons who become entitled to benefits and have benefit suspensions because of reemployment. Thus the program would be even harder to understand and harder and more expensive to administer than it now is.

4. Ease of starting on unwise precedents: Because the actuarial reduction appears to remove certain initial objections, there would be greater pressure to lower the eligibility age even further than 62 and greater pressures for lowering the age for men.

Mr. JOHNSON of Texas. Mr. President, I commend my good friend, the distinguished senior Senator from Pennsylvania, for the contribution he has made during the past several months in the Committee on Finance. He is always fair, courteous, and diligent. The Senate is most fortunate to have as a representative of the minority on the committee a man having the outstanding qualities of ED MARTIN.

Mr. MARTIN of Pennsylvania. I thank the distinguished majority leader for his kindness.

The PRESIDING OFFICER. The bill having been read a third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Montana [Mr. MURRAY], and the Senator from

Wyoming [Mr. O'MAHONEY] are absent on official business.

I further announce that, if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. POTTER] is absent by leave of the Senate on official business as a member of the American Battle Monuments Commission.

The Senator from Colorado [Mr. MILLIKIN] is necessarily absent.

If present and voting, the Senator from Michigan [Mr. POTTER] and the Senator from Colorado [Mr. MILLIKIN] would each vote "yea."

The result was announced—yeas 90, nays 0, as follows:

YEAS—90

Aiken	Goldwater	Martin, Pa.
Allott	Gore	McCarthy
Anderson	Green	McClellan
Barrett	Hayden	McNamara
Beall	Hennings	Monroney
Bender	Hickenlooper	Morse
Bennett	Hill	Mundt
Bible	Holland	Neely
Bricker	Hruska	Neuberger
Bridges	Humphrey, Minn.	Pastore
Bush	Humphreys, Ky.	Payne
Butler	Ives	Purtell
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Clements	Kennedy	Smathers
Cotton	Kerr	Smith, Maine
Curtis	Knowland	Smith, N. J.
Dirksen	Kuchel	Sparkman
Douglas	Laird	Stennis
Duff	Langer	Symington
Dworshak	Lehman	Thye
Eastland	Long	Watkins
Ellender	Magnuson	Welker
Ervin	Malone	Wiley
Flanders	Mansfield	Williams
Frear	Martin, Iowa	Wofford
Fulbright		Young
George		

NOT VOTING—6

Chavez	Millikin	O'Mahoney
Daniel	Murray	Potter

So the bill (H. R. 7225) was passed.

The title was amended, so as to read: "An act to amend title II of the Social Security Act to reduce to age 62 the age on the basis of which benefits are payable to certain widows, to provide for child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes."

Mr. BYRD. Mr. President, I ask unanimous consent that the engrossed amendments of the Senate to the bill (H. R. 7225) be printed; and that in the engrossment of the amendments of the Senate to the bill, the Secretary of the Senate be authorized to make all necessary technical and clerical changes, including changes in section, subsection, and paragraph numbers, and letters and cross-references thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. HOLLAND in the chair) appointed Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. FREAR, Mr. MILLIKIN, Mr. MARTIN of Pennsylvania, and Mr. WILLIAMS conferees on the part of the Senate.

Mr. JOHNSON of Texas. Mr. President, first I wish to commend my friend, the able and distinguished senior Senator from Virginia [Mr. BYRD]. Every citizen of this country owes a debt of deep gratitude to him. For months he has spent freely of his time in attempting to bring to the Senate the bill which has just been passed by such an overwhelming vote.

The proposed legislation reaches into every home in the land. It received the painstaking, thorough consideration of the Committee on Finance, which is composed of some of the ablest Members of the Senate. During its full consideration, the bill has had very thorough consideration, and the senior Senator from Virginia has been an able advocate of the cause in which he believed. He has expressed his convictions and has done outstanding work. The bill now goes to conference with the blessings of the entire Senate.

I know that in the days ahead the distinguished Senator from Virginia will do his best to come to an agreement with the conferees on the part of the House which will be acceptable to the membership of both Houses.

America is very fortunate to have in public life men like HARRY BYRD. I am very grateful to him for the contribution he has made to the side of the aisle which I represent.

Mr. President, I desire to make another bill the unfinished business.

The PRESIDING OFFICER. The Senator from Texas has the floor.

SOCIAL SECURITY FOR FARMERS

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, a statement I have prepared in regard to House bill 7225.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

I do not want to take up the time of the Senate so I ask that a brief statement of mine, relative to H. R. 7225, the bill to extend social security to the farmers, be inserted in the RECORD.

I have offered, and it has been accepted, an amendment to H. R. 7225, relating to the extension of social security to the farmers.

My amendment provides briefly that the social-security benefits be extended not only to the farmers but to the managers of farms. In effect, it is only a clarifying amendment. The extension of social security to the farmers means only that by virtue of certain payments they themselves make they are entitled to the same social-security benefits which other people receive.

My amendment provides or makes clear that these privileges are extended not only to people who are actually working on the farms, but to those who own them and those who are the managers of them. I think it is eminently fair and the Senate has agreed with me.

In the adding of the words "or the management of the production" after the word "production" on line 20, page 30, of H. R. 7225, the congressional intent behind this section will be more clearly set forth. The present reading of this portion of the amendment, (2) section 211 (a) (1), does not make it sufficiently clear that this amendment is intended to include under social-security coverage those farm owners having an arrangement whereby another individual (who may be called a partner or tenant) performs the physical labor connected with the livestock and/or crops while the farm owner himself participates with this other individual in the management of the farm through his planning of such considerations as crop and livestock production and marketing.

The Senate Finance Committee in its report No. 2133 to accompany this bill correctly interpreted the legislative intent behind this section but admitted that it is only "contemplated" that the committee's interpretation is the one that will be applied by those in the Social Security Administration whose duty it is to administer the legislation. The addition of the words "or the management of the production" will insure that the true legislative intent is carried into effect. There should be no question but that, in the correct phrasing of the Senate Finance Committee:

"In any case in which the owner or tenant establishes the fact that he periodically advises or consults with * * * (the) individual (who performs the physical work) as to the production of the commodities and also establishes the fact that he periodically inspects the production activities on the land he will have presented * * * (sufficient) evidence of the degree of participation contemplated by the amendment (and accordingly will be eligible for social-security coverage). (Also), if the owner or tenant * * * establishes the fact that he furnishes a substantial portion of the machinery, implements, and livestock used in the production of the commodities or that he furnishes, or advances, or assumes financial responsibility for, a substantial part of the expense involved in the production of the commodities * * * he will have established the existence of (a degree of participation sufficient to qualify him for social-security coverage)."

In short, by inserting the words "or the management of the production" after the word "production" on line 20, page 30, of H. R. 7225 there can be no doubt but that the legislative intent here is to include under social-security coverage those farm owners who either engage in physical work relating to the farming activities or (and I emphasize "or") participate to a material degree in the management decisions of the farm.

84TH CONGRESS
2D SESSION

H. R. 7225

IN THE SENATE OF THE UNITED STATES

JULY 17 (legislative day, JULY 16), 1956
Ordered to be printed with the amendments of the Senate numbered

AN ACT

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of (1)~~1955~~ *1956*".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

~~(2) CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN~~

~~SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out "or attains the age of eighteen" and inserting in lieu thereof "attains the age of eighteen and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of eighteen".~~

CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act is amended to read as follows:

"(1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

"(A) has filed application for child's insurance benefits,

"(B) at the time such application was filed was

unmarried and either (i) had not attained the age of eighteen, or (ii) was under a disability (as defined in section 223 (c)) which began before he attained the age of eighteen, and

"(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of eighteen and is not under a disability (as defined in section 223 (c)) which began before he attained such age, or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen."

(b) (1) Paragraphs (3), (4), and (5) of section 202 (d) of such Act are each amended by striking out "A child" wherever it appears and inserting in lieu thereof "A child who has not attained the age of eighteen".

(2) Section 202 (d) of such Act is further amended by adding at the end thereof the following new paragraph:

"(6) A child who has attained the age of eighteen and who is under a disability (as defined in section 223 (c)) which began before he attained the age of eighteen shall be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or his stepmother at the time specified in paragraph (1) (C) if the child—

"(A) was or would, upon filing an application therefor, have been entitled to a child's insurance benefit on the basis of the wages and self-employment income of such father, mother, stepfather, or stepmother for any month before the month in which he attained the age of eighteen, or

"(B) was, at the time specified in (1) (C), receiving at least one-half of his support from such father, mother, stepfather, or stepmother."

(c) Section 202 (h) (1) of such Act (relating to parent's benefits) is amended by striking out "or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5)" and inserting in lieu thereof "an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), or an unmarried child who has attained the age of eighteen and is under a dis-

ability (as defined in section 223 (c) which began before he attained such age and who is deemed dependent on such individual under subsection (d) (6)".

(3)~~(b)~~ *(d)* The first sentence of section 203 (a) of such Act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224,".

(4)~~(c)~~ *(e)* Section 203 (b) of such Act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following: "For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. (5)~~In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no~~ *No* deduction shall be made under this subsection from any child's insurance benefit for the month in which (6)~~he~~ *the child entitled to such benefit* attained the age of eighteen or any subsequent month."

(7)~~(d)~~ *(f)* Section 203 (d) of such Act (relating occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)".

(8)~~(e)~~ *(g)* Section 203 (h) of such Act (relating to cir-

cumstances under which deductions not required) is amended to read as follows:

"CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

"(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

~~(9) (f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e) of the Social Security Act) who attained the age of eighteen after 1953, and then only with respect to monthly benefits under section 202 of such Act for months after December 1955; except that—~~

(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of eighteen, such amendment shall apply—

(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this Act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section 221 of such Act) at the time he files such application, and

(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

(2) for purposes of title II of such Act (other than section 202 (d) (1)), a child referred to in paragraph (1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month

~~determined as provided in paragraph (1) (B) of this subsection.~~

~~For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of eighteen after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such Act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age.~~

(h) (1) The amendments made by this section, other than subsection (c), shall apply with respect to monthly benefits under section 202 of the Social Security Act for months after August 1956, but only, except as provided in paragraph (2), on the basis of an application filed after August 1956. For purposes of title II of the Social Security Act, as amended by this Act, an application for wife's, child's, or mother's insurance benefits under such title II filed, by reason of this paragraph, by an individual who was entitled to benefits prior to, but not for, August 1956 and whose entitlement terminated as a result of a child's attainment of age eighteen shall be treated as the application referred to in subsection (b), (d), and (g), respectively, of section 202 of such Act.

(2) In the case of an individual who was entitled, without the application of subsection (j) (1) of such section 202,

to a child's insurance benefit under subsection (d) of such section for August 1956, such amendments shall apply with respect to benefits under such section 202 for months after August 1956.

(3) The amendment made by subsection (c) shall apply in the case of benefits under section 202 (h) of the Social Security Act based on the wages and self-employment income of an individual who dies after August 1956.

~~(10) RETIREMENT AGE FOR WOMEN~~

~~SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:~~

~~"Retirement Age~~

~~"(a) The term 'retirement age' means—~~

~~"(1) in the case of a man, age sixty-five, or~~

~~"(2) in the case of a woman, age sixty-two."~~

~~(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under section 202 (i) of such Act with respect to deaths after December 1955.~~

~~(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enact-~~

ment of this Act) ended with a month before January 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (c) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a woman who attained age sixty-two prior to 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1956 shall be deemed to have attained age sixty-two in 1956 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1956.

A woman shall, for purposes of this paragraph, be deemed

~~eligible for old-age insurance benefits under section 202 of such Act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.~~

~~(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1955.~~

RETIREMENT AGE FOR WOMEN

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"Retirement Age

"(a) The term 'retirement age' means—

"(1) in the case of a man, age sixty-five, or

"(2) in the case of a woman, age sixty-two."

(b) (1) The amendment made by subsection (a) shall apply in the case of benefits under subsection (e) of section 202 of the Social Security Act for months after August 1956, but only, except in the case of an individual who was entitled to wife's or mother's insurance benefits under such section 202 for August 1956, or any month thereafter, on the basis of applications filed after the date of enactment of this Act. The amendment made by subsection (a) shall apply in the case of benefits under subsection (h) of such section 202 for months after August

1956 on the basis of applications filed after the date of enactment of this Act.

(2) Except as provided in paragraphs (1) and (4), the amendment made by subsection (a) shall apply in the case of lump-sum death payments under section 202 (i) of the Social Security Act with respect to deaths after December 1956, and in the case of monthly benefits under title II of such Act for months after December 1956 on the basis of applications filed after the date of enactment of this Act. In the case of any women who attains the age of sixty-two prior to January 1957, such an application filed after the date of enactment of this Act and prior to January 1957 shall, for purposes of section 202 (j) (2) of the Social Security Act, be deemed to have been filed in January 1957.

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraphs (1) and (2) of this subsection)—

(A) a woman who attains the age of sixty-two prior to 1957 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to 1957 shall be deemed to have attained the age of sixty-two in 1957 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1957 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to 1957.

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of such Act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1956.

(c) Section 202 of the Social Security Act is amended by adding after subsection (p) (added by section 118 of this Act) the following new subsections:

"Adjustment of Old-Age and Wife's Insurance Benefit Amounts in Accordance With Age of Female Beneficiary

"(q) (1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

"(A) Five-ninths of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

"(2) The wife's insurance benefit of any woman for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

"(A) twenty-five thirty-sixths of 1 per centum multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which she attains the age of sixty-two.

The preceding provisions of this paragraph shall not apply to any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the

basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence of this paragraph in which such wife does not have such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care (individually or jointly with such individual) for purposes of the preceding sentence, unless she files with the Secretary, in accordance with regulations prescribed by him, a certificate in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Such certificate shall be effective for the month in which it is filed, the period of one or more consecutive months, up to a maximum of twelve, immediately preceding such month which are designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)), and months thereafter in which she did not have such a child in her care (individually or jointly with such individual). If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month in which she does not have such a child in her care (individually or jointly with such individual) and for which such certificate is effective.

"(3) In the case of any woman who is entitled to an

old-age insurance benefit to which paragraph (1) is applicable, or a wife's insurance benefit to which paragraph (2) is applicable, and who thereafter (in a later month), but before the month in which she attains the age of sixty-five, becomes entitled to the other of such benefits, the amount of such benefit, to which she later becomes entitled, for any month before the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in the preceding paragraphs, be reduced by—

"(A) Five-ninths of 1 per centum if it is an old-age insurance benefit, or twenty-five thirty-sixths of 1 per centum if it is a wife's insurance benefit, multiplied by

"(B) the number equal to the number of months derived as follows:

"(i) divide such benefit to which she became entitled earlier by such other benefit (both benefits to be computed prior to any reduction under this subsection or subsection (k) (3));

"(ii) multiply the quotient (reduced to one if it is greater than one) so obtained by the number of months (I) for which she was entitled to the benefit to which she became entitled earlier, (II) which occurred prior to the first month for which she was entitled to such other benefit, and (III) for which

such benefit to which she became entitled earlier was reduced under paragraph (1) or (2) but was not subject to deductions under paragraph (1) or (2) of section 203 (b) or under subsection (c) of section 203;

"(iii) if the product so obtained is not a whole number of months, decrease it to the next lower number of months;

"(iv) add to such product (so decreased) the number of months specified in clause (B) of paragraph (1), if such benefit to which she became entitled later is an old-age insurance benefit, or clause (B) of paragraph (2), if it is a wife's insurance benefit.

"(4) In the case of any woman who is entitled to an old-age insurance benefit or a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1), (2), or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

"(A) the number of months for which such benefit was reduced under such paragraph but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

"(B) the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which, if she was entitled to wife's insurance benefits, she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits; but such subtraction shall be made only if the total of such months for which her wife's and old-age insurance benefits were so subject to deductions plus such months for which, in the case of a wife's insurance benefits, she had such a child in her care (individually or jointly with such individual), is not less than three.

"(5) In the case of any woman who becomes entitled to an old-age insurance benefit or a wife's insurance benefit to which paragraph (1) or (2) is applicable and who becomes entitled, in or after the month in which she attains the age of sixty-five, to the other of such benefits, the amount of such benefit to which she later becomes entitled shall be reduced by—

"(A) five-ninths of 1 per centum if it is an old-age insurance benefit, or twenty-five thirty-sixths of 1 per centum if it is a wife's insurance benefit, multiplied by

"(B) the number equal to the number of months derived as follows:

"(i) divide such benefit to which she became entitled earlier by such other benefit (both benefits to be computed prior to any reduction under this subsection or subsection (k) (3));

"(ii) multiply the quotient (reduced to one if it is greater than one) so obtained by the number of months (I) for which she was entitled to the benefit to which she became entitled earlier, (II) which occurred prior to the month in which she attained the age of sixty-five, and (III) for which such benefit to which she became entitled earlier was reduced under paragraph (1) or (2) but was not subject to deductions under paragraph (1) or (2) of section 203 (b) or under subsection (c) of section 203;

"(iii) if the product so obtained is not a whole number of months, decrease it to the next lower number of months.

"(6) The preceding paragraphs shall be applied to

old-age insurance benefits and wife's insurance benefits after reduction under section 203 (a) and application of section 215 (g). The amount of any benefit which, after reduction under any of the preceding paragraphs, is not multiple of $0.10 shall be raised to the next higher multiple of $0.10.

"Presumed Filing of Application by Woman Eligible for Old-Age and Wife's Insurance Benefits

"(r) Any woman who becomes entitled to an old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for a wife's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's insurance benefits. Any woman who becomes entitled to a wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless she has in such month a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing

application therefor in such month, she would have been entitled to such benefit for such month.

"Female Disability Insurance Beneficiary

"(s) (1) If any woman becomes entitled to a widow's insurance benefit or parent's insurance benefit for a month before the month in which she attains the age of sixty-five, or becomes entitled to an old-age insurance benefit or wife's insurance benefit for a month before the month in which she attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

"(2) If a woman would, but for the provisions of subsection (k) (2) (B), be entitled for any month to a disability insurance benefit and to a wife's insurance benefit, subsection (q) shall be applicable to such wife's insurance benefit for such month only to the extent it exceeds such disability insurance benefit for such month.

"(3) The entitlement of any woman to disability insurance benefits shall terminate with the month before the month in which she becomes entitled to old-age insurance benefits."

(d) (1) The last sentence of subsection (a) of section 202 of such Act is amended by striking out "Such"

and inserting in lieu thereof "Except as provided in subsection (q), such".

(2) Clause (D) of subsection (b) (1) of such section is amended to read as follows:

"(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits based on a primary insurance amount which is less than one-half of an old-age insurance benefit of her husband,".

(3) So much of such subsection as follows clause (D) is amended by striking out "or she becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of her husband" and inserting in lieu thereof "or she becomes entitled to an old-age insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of an old-age insurance benefit of her husband".

(4) Subsection (b) (2) of such section is amended by striking out "Such" and inserting in lieu thereof "Except as provided in subsection (q), such".

(5) Paragraph (1) (E) of subsection (c) of section 202 of such Act is amended by striking out "an old-age insurance benefit of his wife" and inserting in lieu thereof "the primary insurance amount of his wife".

(6) So much of paragraph (1) of such subsection as follows clause (E) is amended by striking out "an old-age

insurance benefit of his wife" and inserting in lieu thereof "the primary insurance amount of his wife".

(7) Paragraph (2) of such subsection and the first sentence of subsection (d) (2) of such section are each amended by striking out "old-age insurance benefit" and inserting in lieu thereof "primary insurance amount".

(8) Subsection (j) of such section is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding the provisions of paragraph (1), a woman may, at her option, waive entitlement to old-age insurance benefits or wife's insurance benefits for any one or more consecutive months which occur

"(A) after the month before the month in which she attains the age of sixty-two,

"(B) prior to the month in which she attains the age of sixty-five, and

"(C) prior to the month in which she files application for such benefits;

and, in such case, she shall not be cosidered as entitled to such benefits for any such month or months before she filed such application. A woman shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero."

(9) Subsection (k) (3) of such section is amended to read as follows:

"(3) If an individual is entitled to an old-age insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, after any reduction under subsection (q) and any reduction under section 203 (a), shall be reduced, but not below zero, by an amount equal to such old-age insurance benefit (after reduction under such subsection (q)).".

(10) Subsection (m) of such section is amended by inserting "and subsection (q)" after "subsection (k) (3)" each time it appears therein.

(11) Section 203 (b) (3) of such Act is amended to read as follows:

"(3) in which such individual, if a wife under age 65 entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such month was not reduced under the provisions of section 202 (q); or".

(12) The second and fourth sentences of section 216 (i) (2) of such Act are amended by striking out "retirement age" and inserting in lieu thereof "the age of sixty-five".

(11) DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"DISABILITY INSURANCE BENEFIT PAYMENTS

"Disability Insurance Benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsection (c) (1));

"(B) has attained the age of fifty and has not attained retirement age (as defined in section 216 (a));

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsection (c) (2) and determined under section 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred,

not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined under any other law of the United States or under a system established by any agency of the United States (as defined in subsection (c)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such

periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduce (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimburse-

ment to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual

included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from

any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,".

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such Act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to rounding of benefits) is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(6) The first sentence of section 216 (i) (1) of such

Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225. the".

(7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such indi-

~~vidual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.~~

(12) *DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY*

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"DISABILITY INSURANCE BENEFIT PAYMENTS

"Disability Insurance Benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

"(B) has attained the age of fifty and has not attained the age of sixty-five,

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsection (c) (2)) at the time such application is filed, shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of

the following occurs: his disability ceases, he dies, or he attains the age of sixty-five.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1956 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than twenty quarters of cov-

erage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting' period means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before January 1, 1957; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined by any agency of the United States under any other law of the United States or under a system established by such agency that a periodic benefit is payable by such agency for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such

periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in pargaraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall also be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that such individual may be eligible for a periodic benefit which would give rise to a reduction under this

section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is

determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual whose disability is subject to determination under an agreement with a State under section 221 (b), the Secretary shall promptly notify the appropriate State of his action under this section and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act. Any individual who refuses to undergo surgery or medical services shall, for the purposes of the preceding sentence, be deemed to have done so with good cause. Any individual who is a member or adherent of any recognized church or religious sect which teaches its members or adherents to rely solely, in the treatment and cure of any physical or mental impairment, upon prayer or spiritual means through the application and use of the tenets or teachings of such church or sect, and who, solely because of his adherence to the teachings or tenets of such church, or sect, refuses to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act, shall, for the purposes of the

first sentence of this subsection, be deemed to have done so with good cause.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,".

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such Act (relating

to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to rounding of benefits) is amended (A) by striking out "section 202" and inserting in lieu thereof "section 202 or 223" and (B) by striking out "section 203 (a)" and inserting in lieu thereof "sections 203 (a) and 224".

(6) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after June 1957.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after June 1957 and before December 1957, an application for disability insurance benefits filed by any individual after July 1957 and before January 1958 shall be deemed to have been filed during the first month after June 1957 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.

(e) Section 201 of such Act is amended to read as follows:

"FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND FEDERAL DISABILITY INSURANCE TRUST FUND

"SEC. 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Old-Age and Survivors Insurance Trust Fund'. The Federal Old-Age and Survivors Insurance Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old-Age Reserve Account and the amount standing to the credit of the Old-Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, and, in addition, such amounts as may be appropriated to, or deposited in, the Federal Old-Age and Survivors Insurance Trust Fund as hereinafter provided. There is hereby appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code of 1939 (and

covered into the Treasury) which are deposited into the Treasury by directors of internal revenue before January 1, 1951; and

"(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such Code which are deposited into the Treasury by directors of internal revenue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

"(3) the taxes imposed by subchapter A of chapter 9 of such Code with respect to wages (as defined in section 1426 of such Code), and by chapter 21 of the Internal Revenue Code of 1954 with respect to wages (as defined in section 3121 of such Code) reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of the Internal Revenue Code of 1939 after December 31, 1950, or pursuant to sections 6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b) of the Internal Revenue Code of 1954 after December 31, 1954, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter or chapter 21 to such wages, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages estab-

lished and maintained by such Secretary in accordance with such reports, less the amounts specified in clause (1) of subsection (b) of this section; and

"(4) the taxes imposed by subchapter E of chapter 1 of the Internal Revenue Code of 1939, with respect to self-employment income (as defined in section 481 of such Code), and by chapter 2 of the Internal Revenue Code of 1954 with respect to self-employment income (as defined in section 1402 of such Code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter or chapter, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such subchapter or chapter to such self-employment income, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns, less the amounts specified in clause (2) of subsection (b) of this section.

The amounts appropriated by clauses (3) and (4) shall be transferred from time to time from the general fund in the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, and the amounts appropriated by

clauses (1) and (2) of subsection (b) shall be transferred from time to time from the general fund in the Treasury to the Federal Disability Insurance Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in clauses (3) and (4) of this subsection, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such clauses (3) and (4) of this subsection.

"(b) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Federal Disability Insurance Trust Fund. The Federal Disability Insurance Trust Fund shall consist of such amounts as may be appropriated to, or deposited in, such fund as hereinafter provided. There is hereby appropriated to the Federal Disability Insurance Trust Fund for the fiscal year ending June 30, 1957, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"(1) ½ of 1 per centum of the wages (as defined in section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1956, and reported to the Commissioner of Internal Revenue pursuant to sections

6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b) of the Internal Revenue Code of 1954, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages established and maintained by such Secretary in accordance with such reports; and

"(2) $\frac{3}{8}$ of 1 per centum of the amount of self-employment income (as defined in section 1402 of the Internal Revenue Code of 1954) reported to the Commissioner of Internal Revenue on tax returns under chapter 2 of the Internal Revenue Code of 1954 for any taxable year beginning after December 31, 1956, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.

"(c) With respect to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (hereinafter in this title called the 'trust funds') there is hereby created a body to be known as the Board of Trustees of the Trust Funds (hereinafter in this title called the 'Board of Trustees') which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health,

Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this title called the 'Managing Trustee'). The Commissioner of Social Security shall serve as Secretary of the Board of Trustees. It shall be the duty of the Board of Trustees to—

"(1) Hold the Trust Funds;

"(2) Report to the Congress not later than the first day of March of each year on the operation and status of the Trust Funds during the preceding fiscal year and on their expected operation and status during the next ensuing five fiscal years;

"(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that during the ensuing five fiscal years either of the Trust Funds will exceed three times the highest annual expenditures from such Trust Fund anticipated during that five-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of either of the Trust Funds is unduly small; and

"(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs.

The report provided for in paragraph (2) above shall in-

clude a statement of the assets of, and the disbursements made from, the Trust Funds during the preceding fiscal year, an estimate of the expected future income to, and disbursements to be made from, the Trust Funds during each of the next ensuing five fiscal years, and a statement of the actuarial status of the Trust Funds. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(d) It shall be the duty of the Managing Trustee to invest such portion of the Trust Funds as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Funds. Such obligations issued for purchase by the Trust Funds shall have maturities fixed with due regard for the needs of the Trust Funds, and bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue.

borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the Trust Funds only if the Managing Trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

"(e) Any obligations acquired by the Trust Funds (except special obligations issued exclusively to the Trust Funds) may be sold by the Managing Trustee at the market price, and such special obligations may be redeemed at par plus accrued interest.

"(f) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall be credited to and form a part of the Federal Old Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, respectively.

"(g) (1) The Managing Trustee is directed to pay from the Trust Funds into the Treasury the amounts estimated by him and the Secretary of Health, Education, and Welfare which will be expended, out of moneys appropriated from the general funds in the Treasury, during a three-month period by the Department of Health, Education, and Welfare and the Treasury Department for the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. There are hereby authorized to be made available for expenditure, out of either or both of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of administration of this title. After the close of each fiscal year, the Secretary of Health, Education, and Welfare shall analyze the costs of administration of this title incurred during such fiscal year in order to determine the portion of such costs which should have been borne by each of the Trust Funds

and shall certify to the Managing Trustee the amount, if any, which should be transferred from one to the other of such Trust Funds in order to insure that each Trust Fund has borne its proper share of the costs of administration of this title incurred during such fiscal year. The Managing Trustee is authorized and directed to transfer any such amount from one to the other of such Trust Funds in accordance with any certification so made.

"(2) The Managing Trustee is directed to pay from time to time from the Trust Funds into the Treasury the amount estimated by him as taxes which are subject to refund under section 1401 (d) of the Internal Revenue Code of 1939 with respect to wages (as defined in section 1426 of such Code) paid after December 31, 1950, and prior to January 1, 1955, and under section 6413 (c) of the Internal Revenue Code of 1954 with respect to wages as defined in section 3121 of such code, paid after December 31, 1954. Such taxes shall be determined on the basis of the records of wages established and maintained by the Secretary of Health, Education, and Welfare in accordance with the wages reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of the Internal Revenue Code of 1939 and sections 6011 (a), 6071, 6081 (a), 6091 (a), and 6302 (b) of the Internal Revenue Code of 1954, and the Secretary shall furnish the Managing

Trustee such information as may be required by the Trustee for such purpose. The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections. Payments pursuant to the first sentence of this paragraph shall be made from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in the ratio in which amounts were appropriated to such Trust Funds under clause (3) of subsection (a) of this section and clause (1) of subsection (b) of this section.

"Repayments made under paragraph (1) or (2) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears that the estimates under either such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

"(h) Benefit payments required to be made under section 223 shall be made only from the Federal Disability Insurance Trust Fund. All other benefit payments required to be made under this title shall be made only from the Federal Old-Age and Survivors Insurance Trust Fund."

(f) Subsection (h) (1) of section 218 of such Act is amended to read as follows:

"(h) (1) All amounts received by the Secretary of

the Treasury under an agreement made pursuant to this section shall be deposited in the Trust Funds in the ratio in which amounts are appropriated to such Trust Funds pursuant to subsections (a) (3) and (b) (1) of section 201."

(g) Subsection (j) of section 218 of such Act is amended to read as follows:

"Failure To Make Payments

"(j) In case any State does not make, at the time or times due, the payments provided for under an agreement pursuant to this section, there shall be added, as part of the amounts due, interest at the rate of 6 per centum per annum from the date due until paid, and the Secretary of Health. Education, and Welfare may, in his discretion, deduct such amounts plus interest from any amounts certified by him to the Secretary of the Treasury for payment to such State under any provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Funds in the ratio in which amounts are deposited in such Funds pursuant to subsection (h) (1)."

(h) Subsections (e) and (f) of section 221 of such Act are amended to read as follows:

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from

the Trust Funds, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Funds at the time or times fixed by the Secretary, in accordance with such certification. Appropriate adjustments between the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund with respect to the payments made under this subsection shall be made in accordance with paragraph (1) of subsection (g) of section 201 (but taking into account any refunds under subsection (f) of this section) to insure that the Federal Disability Trust Fund is charged with all expenses incurred which are attributable to the administration of section 223 and the Federal Old-Age and Survivors Insurance Trust Fund is charged with all other expenses.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Funds."

(i) The heading of title II of the Social Security Act is amended to read as follows:

"TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS"

EXTENSION OF COVERAGE

~~(13) Service In Connection With Gum Resin Products~~

~~SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:~~

~~"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".~~

(14) Foreign Agricultural Workers

SEC. 104. (a) Section 210 (a) (1) (B) of the Social Security Act is amended to read as follows:

"(B) Service performed by foreign agricultural

workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;".

~~(15) Employees of Federal Home Loan Banks and of the Tennessee Valley Authority~~

~~(b) (1) Section 210 (a) (6) (B) (ii) of such Act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".~~

~~(2) Section 210 (a) (6) (C) (vi) of such Act is amended to read as follows:~~

~~"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".~~

Share-Farming Arrangements

~~(16) (c)~~ *(b)* (1) Section 210 (a) of such Act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under

an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 211 (a) (1) of such Act is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production (17)*or the management of the production* of such agricultural or horticultural commodities,

and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 211 (c) (2) of such Act is amended to read as follows:

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);".

Professional Self-Employed

(18)~~(d)~~ *(c)* Paragraph (5) of section 211 (c) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a (19)~~physician (determined without regard to section 1101 (a) (7)) or as a~~ *doctor of medicine, doctor of osteopathy, or* Christian Science practitioner; or the performance of such service by a partnership."

(20)*Certain State and Local Employees*

(d) Section 218 (d) (6) of such Act is amended by adding at the end thereof the following new sentences: "For the purposes of this subsection, any retirement system established by the State of Florida, Georgia, Indiana, New York,

North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State or Territory, which, on, before, or after the date of enactment of this sentence is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. The position of any individual which is covered by any retirement system to which the preceding sentence is applicable shall, if such individual is ineligible to become a member of such system on the date of enactment of such sentence or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title. For the purposes of this subsection, in the case of any retirement system of the State of Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, or

the Territory of Hawaii which covers positions of employees of such State or Territory who are compensated in whole or in part from grants made to such State or Territory under title III of the Social Security Act, there shall be deemed to be, if such State or Territory so desires, a separate retirement system with respect to any of the following: (A) the positions of such employees; (B) the positions of all employees of such State or Territory covered by such retirement system who are employed in the department of such State or Territory in which the employees referred to in clause (A) are employed; or (C) employees of such State or Territory covered by such retirement system who are employed in such department of such State or Territory in positions other than those referred to in clause (A)."

(21) *Certain Nonprofessional School District Employees*

(e) Notwithstanding the provisions of subsection (d) of section 218 of the Social Security Act, any agreement under such section entered into prior to the date of enactment of this Act by the State of Florida, Nevada, New Mexico, Minnesota, Oklahoma, Pennsylvania, Texas, Washington, or the Territory of Hawaii shall if the State or Territory concerned so requests, be modified prior to July 1, 1957, so as to apply to services performed by employees of the respective public school districts of such State or Territory

who, on the date such agreement is made applicable to such services, are not in positions the incumbents of which are required by State or Territorial law or regulation to have valid State or Territorial teachers' or administrators' certificates in order to receive pay for their services. The provisions of this subsection shall not apply to services of any such employees to which any such agreement applies without regard to this subsection.

(22)*Policemen and Firemen in the States of North Carolina, Oregon, South Carolina, and South Dakota*

(f) Section 218 of such Act is amended by adding at the end thereof the following new subsection:

"(p) Any agreement with the State of Florida, North Carolina, Oregon, South Carolina, or South Dakota entered into pursuant to this section prior to the date of enactment of this subsection may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), be modified pursuant to subsection (c) (4) to apply to service performed by employees of such State or any political subdivision thereof in any policeman's or fireman's position covered by a retirement system in effect on or after the date of the enactment of this subsection, but only upon compliance with the requirements of subsection (d) (3). For the purposes of the preceding sentence, a

retirement system which covers positions of policemen or firemen, or both, and other positions shall, if the State concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be."

(23)*Ministers*

(g) Paragraph (7) (B) of section 211 (a) of the Social Security Act is amended to read as follows:

"*(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States*".

Effective Dates

(24)~~(c) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by subsections (a) and (b) shall apply with respect to service performed after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955.~~

(25)*(h) The amendments made by paragraph (1) of sub-*

section (b) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by paragraph (2) of such subsection shall apply with respect to taxable years ending after 1955. The amendment made by subsection (a) shall apply with respect to service performed after 1956. The amendment made by subsection (c) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (g) shall apply with respect to the same taxable years with respect to which the amendment made by section 201 (e) of this Act applies.

(26) *AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR*

SEC. 105. (a) Paragraph (2) of subsection (h) of section 209 of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (A) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (B) the employee performs agricultural labor for the employer on thirty days or more during such year for cash remuneration computed on a time basis;"

(b) Section 210 of such Act is amended by adding at the end thereof the following new subsection:

"Crew Leader

"(o) The term 'crew leader' means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. A crew leader shall, with respect to services performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person."

(c) Section 213 (a) (2) (B) (iv) of such Act (relating to quarters of coverage) is amended by striking out "if such wages are less than $200" and inserting in lieu thereof "if such wages equal or exceed $100 but are less than $200".

(d) The amendment made by subsection (a) of this section shall apply with respect to remuneration paid after 1956, and the amendment made by subsection (b) of this section shall apply with respect to service performed after 1956.

(27) *COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS*

SEC. 106. (a) Subsection (a) of section 211 of the Social Security Act is amended by striking out the last two sentences and inserting in lieu thereof the following: "In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f)—

"(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

"(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"(iii) in the case of a member of a partnership, if

his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) of such Code derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

"(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in such section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business."

(b) The amendment made by subsection (a) shall be effective with respect to taxable years ending after 1956.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. (28)~~105~~ *107*. (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of

earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such Act for months in any taxable year (of the individual entitled to such benefits) beginning after 1954.

(b) Section 205 (c) (1) (B) of such Act (relating to period of limitation for correcting records) is amended by striking out "two" and inserting in lieu thereof "three".

(29) *ALTERNATIVE INSURED STATUS*

SEC. 108. Section 214 (a) (3) of the Social Security Act is amended to read as follows:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all but four of the quarters elapsing after 1954 and prior to (i) July 1, 1957, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if not fewer than six of such quarters so elapsing are quarters of coverage."

(30) *DROP-OUT OF FIVE YEARS OF LOW EARNINGS*

SEC. 109. (a) Section 215 (b) (4) of the Social Security Act is amended by striking out the last sentence and

by striking out "four" in the first sentence and inserting in lieu thereof "five".

(b) The amendment made by subsection (a) shall apply in the case of monthly benefits under section 202 of the Social Security Act, and the lump-sum death payment under such section, based on the wages and self-employment income of an individual—

(1) who becomes entitled to benefits under subsection (a) of such section on the basis of an application filed on or after the date of enactment of this Act; or

(2) who is (but for the provisions of subsection (f) (6) of section 215 of the Social Security Act) entitled to a recomputation of his primary insurance amount under subsection (f) (2) (A) of such section 215 based on an application filed on or after the date of enactment of this Act; or

(3) who dies without becoming entitled to benefits under subsection (a) of such section 202 and no individual was entitled to survivor's benefits and no lump-sum death payment was payable under such section 202 on the basis of an application filed prior to such date of enactment; or

(4) who dies on or after such date of enactment and whose survivors are (but for the provisions of subsection

(f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215; or

(5) who dies prior to such date of enactment and (A) whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215, and (B) on the basis of whose wages and self-employment income no individual was entitled to survivor's benefits under such section 202, and no lump-sum death payment was payable under such section, on the basis of an application filed prior to such date of enactment and no individual was entitled to such a benefit, without the filing of an application for the month in which this Act is enacted or any month prior thereto.

(31) *SPECIAL STARTING AND CLOSING DATES FOR CERTAIN INDIVIDUALS*

SEC. 110. In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1957 and with respect to whom not less than six of the quarters elapsing after 1955 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of

coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such Act, with a starting date of December 31, 1955, and a closing date of July 1, 1957, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1957, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1957, closing date, the total of his wages and self-employment income after December 31, 1956, shall, if it is in excess of $2,100, be reduced to such amount.

(32) *TIME LIMITATION ON FILING REQUESTS FOR HEARING*

SEC. 111. (a) Section 205 (b) of the Social Security Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Upon request by any such individual or upon request by a wife, widow, former wife divorced, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and

opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision. Any such request with respect to such a decision must be filed within such period after such decision as may be prescribed in regulations of the Secretary, except that the period so prescribed may not be less than six months after notice of such decision is mailed to the individual making such request."

(b) The amendment made by subsection (a) shall be effective upon enactment; except that the period of time prescribed by the Secretary pursuant to the third sentence of section 205 (b) of the Social Security Act, as amended by subsection (a) of this section, with respect to decisions notice of which has been mailed by him to any individual prior to the enactment of this Act may not terminate for such individual less than six months after the date of enactment of this Act.

(33) *EARNINGS TEST FOR BENEFICIARIES IN ACTIVE MILITARY OR NAVAL SERVICE OVERSEAS*

SEC. 112. (a) Section 203 (e) (4) (C) of the Social Security Act is amended by inserting "or performed outside the United States in the active military or naval service of the United States" after "performed within the United States by the individual as an employee".

(b) The first sentence of section 203 (k) of such Act is amended by inserting "and are not performed in the active military or naval service of the United States" after "if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210".

(c) The amendments made by subsections (a) and (b) shall be applicable with respect to taxable years ending after 1955.

(34) *EFFECT OF REMARRIAGE IN CASE OF CERTAIN WIDOWS*

SEC. 113. Section 202 (e) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph:

"(3) In the case of any widow of an individual—

"(A) who marries another individual, and

"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not his widow (as defined in section 216 (c)),

the marriage to the individual referred to in clause (A) shall, for purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the

preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) September 1956."

(35) *EXTENSION OF PERIOD FOR FILING PROOF OF SUPPORT AND APPLICATIONS FOR LUMP-SUM DEATH PAYMENT*

SEC. 114. (a) Section 202 of the Social Security Act is amended by inserting after subsection (o) the following new subsection:

"(p) In any case in which there is a failure—

"(1) to file proof of support under subparagraph (D) of subsection (c) (1), clause (i) or (ii) of subparagraph (E) of subsection (f) (1), or subparagraph (B) of subsection (h) (1), or under clause (B) of subsection (f) (1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

"(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection, and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or

application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(b) The amendment made by subsection (a) shall apply in the case of lump-sum death payments under title II of the Social Security Act, and monthly benefits under such title for months after August 1956, based on applications filed after August 1956.

COMPUTATION OF AVERAGE MONTHLY WAGE

SEC. ~~(36)106~~ *115.* (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of twenty-two if less than

two quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen."

(b) Section 215 (d) (5) of such Act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." and inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began

shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount."

(c) Section 215 (e) (4) of such Act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a) of such Act after the date of enactment of this Act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages

and self-employment income an application for benefits or a lump-sum death payment under section 202 of such Act is filed after the date of enactment of this Act, or (3) ~~(37) who becomes entitled to benefits under section 223 of such Act, or (4)~~ who files, after the date of enactment of this Act, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. ~~(38) 107~~ *116.* (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and ~~(39) Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program~~ *Survivors Insurance Trust Fund and of the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the old-age, survivors, and disability insurance program.*

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public.

(c) (1) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund (40)*and the Federal Disability Insurance Trust Fund*, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

(e) Not earlier than three years and not later than two years prior to January 1 of the first year for which each ensuing scheduled increase (after 1960) in the tax rates is effective under the provisoons of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing with the same functions, and constituted in the same manner as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such scheduled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

(41) *CORRECTION OF RECORDS OF SELF-EMPLOYMENT INCOME*

SEC. 117. Section 205 (c) (5) of the Social Security Act is amended by striking out "in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individual in such taxable year" in subparagraph (F), striking out "or" at the end of subparagraph (H), striking out the period at the end of subparagraph (I) and inserting in

lieu thereof "; or", and adding after subparagraph (I) the following new subparagraph:

"(J) to include self-employment income for any taxable year, up to, but not in excess of, the amount of wages deleted by the Secretary as payments erroneously included in such records as wages paid to such individual, if such income (or net earnings from self-employment), not already included in such records as self-employment income, is included in a return or statement (referred to in subparagraph (F)) filed before the expiration of the time limitation following the taxable year in which such deletion of wages is made."

(42) *SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES*

SEC. 118. Section 202 of the Social Security Act is amended by adding after subsection (s) (added by section 102 of this Act) the following new subsection:

"SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

"(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or

information which otherwise comes to his attention, that such individual is outside the United States and prior to the first month thereafter for all of which such individual has been in the United States, unless such individual is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country, under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and under which individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country for periods of three months or longer.

"(2) No person who is, or upon application would be, entitled to a monthly benefit under this section for June 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

"(3) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

"(4) Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

"(5) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection."

DEFINITION OF SECRETARY

SEC. (43)~~108~~ *119*. As used in this Act and in the provisions of the Social Security Act set forth in this Act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. (44)~~109~~ *120*. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof (45)~~"1955"~~ *"1956"*.

(b) Section 5 (i) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

(1) by striking out "age sixty-five" each place it appears and inserting in lieu thereof "retirement age (as defined in section 216 (a) of the Social Security Act)"; and

(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II".

(46) *(c) Section 5 (k) (2) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:*

"(2) (A) The Board and the Secretary of Health, Education, and Welfare shall determine, no later than January 1, 1954, the amount which would place the Federal Old-Age and Survivors Insurance Trust Fund in the same position in which it would have been at the close of the fiscal year ending June 30, 1952, if service as an employee after December 31, 1936, has been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act.

"(B) On January 1, 1954, for the fiscal year ending June 30, 1953, and at the close of each fiscal year beginning with the fiscal year ending June 30, 1954, the Board and the Secretary of Health, Education, and Welfare shall determine, and the Board shall certify to the Secretary of the Treasury for transfer from the Railroad Retirement Account

(hereafter termed 'Retirement Account') to the Federal Old-Age and Survivors Insurance Trust Fund, interest for such fiscal year at the rate specified in subparagraph (D) on the amount determined under subparagraph (A) less the sum of all offsets made under subparagraph (C) (i).

"(C) (i) At the close of the fiscal year ending June 30, 1953, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which if added to or subtracted from the Federal Old-Age and Survivors Insurance Trust Fund would place such fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. For the purposes of this subparagraph, the amount determined under subparagraph (A), less such offsets as have theretofore been made under this subparagraph (i), and the amount determined under subparagraph (B) for the fiscal year under consideration shall be deemed to be part of the Federal Old-Age and Survivors Insurance Trust Fund. Such determination shall be made no later than June 15, following the close of the fiscal year. If such amount is to be added to the Federal Old-Age and Survivors Insurance Trust Fund, the Board shall, within ten days after the determination, certify such amount to the

Secretary of the Treasury for transfer from the Retirement Account to the Federal Old-Age and Survivors Insurance Trust Fund; if such amount is to be subtracted from the Federal Old-Age and Survivors Insurance Trust Fund, the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Old-Age and Survivors Insurance Trust Fund to the retirement account. The amount so certified shall further include interest (at the rate determined in subparagraph (D) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification. In the event the Secretary of Health, Education, and Welfare is required under the provisions of this subparagraph (i) to certify to the Secretary of the Treasury an amount to be transferred to the retirement account from the Federal Old-Age and Survivors Insurance Trust Fund, the Secretary of Health, Education, and Welfare, in lieu of such certification, may offset the amount determined under the first sentence of this subparagraph (i) against the amount determined in subparagraph (A) as diminished by any prior offsets and the offsets shall be made to be effective as of the first day of the fiscal year following the fiscal year under consideration.

"(ii) At the close of the fiscal year ending June 30,

1958, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which, if added to or subtracted from the Federal Disability Insurance Trust Fund would place such fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. Such determination shall be made no later than June 15, following the close of the fiscal year. If such amount is to be added to the Federal Disability Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the retirement account to the Federal Disability Insurance Trust Fund; if such amount is to be subtracted from the Federal Disability Insurance Trust Fund the Secretary of Health, Education, and Welfare, shall within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Disability Insurance Trust Fund to the retirement account. The amount so certified shall further include interest (at the rate determined in subparagraph (D) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification.

"(D) For the purposes of subparagraphs (B) and

(C), for any fiscal year, the rate of interest to be used shall be equal to the average rate of interest, computed as of May 31 preceding the close of such fiscal year, borne by all interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest shall be the multiple of one-eighth of 1 per centum next lower than such average rate.

"(E) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund from the retirement account or to the retirement account from the Federal Old-Age and Surivivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraphs (B) and (C) of this subsection, and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the retirement account or from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund."

(47) *DEFINITION OF CHILD*

SEC. 121. (a) The first sentence of subsection (e) of section 216 of the Social Security Act is amended to read

as follows: "The term 'child' means (1) the child of an individual, and (2) in the case of a living individual, a stepchild or adopted child who has been such stepchild or adopted child for not less than three years immediately preceding the day on which application for child's benefits is filed, and (3) in the case of a deceased individual, (A) an adopted child, (B) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died, or (C) a child with respect to whom an individual has stood in loco parentis for not less than five years immediately preceding the day on which such individual died."

(b) Subsection (d) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"(7) A child shall be deemed dependent upon the individual who stands in loco parentis with respect to such child at the time specified in paragraph (1) (C) if, at such time, the child was living with and was receiving at least three-fourths of his support from such individual."

(c) The amendments made by subsections (a) and (b) shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months beginning after the date of enactment of this Act.

(48) *TERMINATION OF BENEFITS UPON CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES*

SEC. 122. (a) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"TERMINATION OF BENEFITS UPON CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES

"(u) (1) If any individual is or has been convicted of an offense under chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or under section 4, 112, or 113 of the Internal Security Act of 1950, then, notwithstanding any other provision of this title, no monthly benefit under this section shall be paid to such individual for any month after the month in which the Secretary is notified by the Attorney General that such individual has been so convicted.

"(2) As soon as practicable after the date of the enactment of this subsection, the Attorney General shall furnish the Secretary with a complete list of all individuals who have theretofore been convicted of offenses under the provisions of law enumerated in paragraph (1) of this subsec-

tion; and as soon as practicable after the conviction of any individual under any such provision after such date, the Attorney General shall notify the Secretary of such conviction."

(b) The amendment made by subsection (a) of this section shall not be construed to restrict or otherwise affect any of the provisions of the Act entitled "An Act to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes", approved September 1, 1954 (Public Law 769, Eighty-third Congress).

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

DISTRICT OF COLUMBIA CREDIT UNIONS

SEC. 201. (a) ~~(49)~~*(1)* Subchapter B of Chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

"Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26–516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111."

(50)*(2) The table of sections for such subchapter is amended by adding at the end thereof*

"Sec. 3113. District of Columbia credit unions."

(51)~~STANDBY PAY~~

~~(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:~~

~~"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—~~

~~"(A) in the case of a man, he attains the age of 65, or~~

~~"(B) in the case of a woman, she attains the age of 62,~~

~~if such employee did not work for the employer in the period for which such payment is made; or".~~

~~SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS~~

~~(c) Section 3121 (b) (1) of such Code is amended to read as follows:~~

~~"(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".~~

(52) *FOREIGN AGRICULTURAL WORKERS*

(b) Section 3121 (b) (1) (B) of such Code is amended to read as follows:

"(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;".

~~(53) EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY~~

~~(d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".~~

~~(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:~~

~~"(vi) by any individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such~~

~~individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".~~

SHARE-FARMING ARRANGEMENTS

~~(54)(c)~~ *(c)* (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that

the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production ~~(55)~~ *or the management of the production* of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

PROFESSIONAL SELF-EMPLOYED

~~(56) (f)~~ *(d)* Section 1402 (c) (5) of such Code is amended to read as follows:

"(5) the performance of service by an individual

in the exercise of his profession as a (57)~~physician or as a~~ *doctor of medicine, doctor of osteopathy, or* Christian Science practitioner; or the performance of such service by a partnership."

(58)*MINISTERS*

(e) Paragraph (8) (B) of section 1402 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States".

(59)*AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR*

(f) (1) Paragraph (8) (B) of section 3121 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (i) the cash remuneration paid in such year by the employer to the employee for such labor is $200 or more, or (ii) the employee performs

agricultural labor for the employer on 30 days or more during such year for cash remuneration computed on a time basis;"

(2) Section 3121 of such Code is amended by adding at the end thereof the following new subsection:

"(o) CREW LEADER.—For purposes of this chapter, the term 'crew leader' means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. For purposes of this chapter and chapter II, a crew leader shall, with respect to service performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person."

(3) Section 3102 (a) of such Code is amended by striking out "$100" in the last sentence thereof, and inserting in lieu thereof "$200 and the employee has not performed

agricultural labor for the employer on 30 days or more in the calendar year for cash remuneration computed on a time basis."

(60) *COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS*

(g) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out the last two sentences thereof and inserting in lieu thereof the following: "In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g)—

"(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be the gross income derived by him from such trade or business; or

"(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,200 and the net earnings for self-employment derived by him from such trade or business (computed under this subsection without regard to this

sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is not more than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be an amount equal to his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been so reduced); or

"(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) applies) is more than $1,200 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) derived from such trade or business (computed under this subsection without regard to this sentence) is less

than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business."

(61) *FOREIGN SUBSIDIARIES*

(h) Subparagraph (A) of paragraph (8) of section 3121 (l) of the Internal Revenue Code of 1954 is amended to read as follows:

"(A) a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation; or".

FILING OF SUPPLEMENTAL LISTS BY NONPROFIT ORGANIZATIONS

(62) ~~(g)~~ *(i)* The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, (63) ~~1958~~ *1959*, whichever is the later," after "the certificate is in effect,".

EFFECTIVE DATE FOR WAIVER CERTIFICATES FILED BY NONPROFIT ORGANIZATIONS

(64) ~~(h)~~ *(j)* The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,".

EFFECTIVE DATES

(65)*(k) (1) The amendments made by subsection (a) and paragraph (1) of subsection (f) shall apply with respect to remuneration paid after 1956. The amendments made by subsection (b) and paragraph (2) of subsection (f) shall apply with respect to service performed after 1956. The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by paragraph (2) of such subsection and by subsection (d) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (g) shall apply with respect to taxable years ending after 1956. The amendment made by subsection (j) shall apply with respect to certificates filed after 1956 under section 3121 (k) of the Internal Revenue Code of 1954.*

(2) (A) Except as provided in subparagraph (B), the amendment made by subsection (e) shall apply only with respect to taxable years ending after 1956.

(B) Any individual who, for a taxable year ending after 1954 and prior to 1957, had income which by reason of the amendment made by subsection (e) would have been included within the meaning of "net earnings from self-

employment" (as such term is defined in section 1402 (a) of the Internal Revenue Code of 1954), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such Code, may elect to have the amendment made by subsection (e) apply to his taxable years ending after 1954 and prior to 1957. No election made by any individual under this subparagraph shall be valid unless such individual has filed a waiver certificate under section 1402 (e) of such Code prior to the making of such election or files a waiver certificate at the time he makes such election.

(C) Any individual described in subparagraph (B) who has filed a waiver certificate under section 1402 (e) of such Code prior to the date of enactment of this Act, or who files a waiver certificate under such section on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, must make such election on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, or before April 16, 1957, whichever is the later.

(D) Any individual described in subparagraph (B) who has not filed a waiver certificate under section 1402 (e) of such Code on or before the due date of his return (including any extension thereof) for his last taxable year

ending prior to 1957 must make such election on or before the due date of his return (including any extension thereof) for his first taxable year ending after 1956. Any individual described in this subparagraph whose period for filing a waiver certificate under section 1402 (e) of such Code has expired at the time he makes such election may, notwithstanding the provisions of paragraph (2) of such section, file a waiver certificate at the time he makes such election.

(E) An election under subparagraph (B) shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe by regulations. Notwithstanding the provisions of paragraph (3) of section 1402 (e) of such Code, the waiver certificate filed by an individual who makes an election under subparagraph (B) (regardless of when filed) shall be effective for such individual's first taxable year ending after 1954 in which he had income which by reason of the amendment made by subsection (e) would have been included within the meaning of "net earnings from self-employment" (as such term is defined in section 1402 (a) of such Code), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such Code, or for the taxable year prescribed by such paragraph (3) of section 1402 (e), if such taxable year is earlier, and for all succeeding taxable years.

(F) No interest or penalty shall be assessed or collected for failure to file a return within the time prescribed by law, if such failure arises solely by reason of an election made by an individual under subparagraph (B), or for any underpayment of the tax imposed by section 1401 of such Code arising solely by reason of such election, for the period ending with the date such individual makes an election under subparagraph (B).

(3) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (d), or paragraph (2) of subsection (c), of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of subsection (d), or paragraph (2) of subsection (c), of this section for any period before the day after the date of enactment of this Act.

(66) ~~(i) (1) The amendments made by subsections (a) and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsections (c) and (d) shall apply with respect to service performed after 1955.~~

The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.

(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (c) of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (c) of this section for any period before the day after the date of the enactment of this Act.

(67) CHANGES IN TAX SCHEDULES

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such Code is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent."

(c) Section 3111 of such Code is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent."

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after Decem-

~~ber 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955.~~

(68) *CHANGES IN TAX SCHEDULES*

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1956, and before January 1, 1960, the tax shall be equal to $3\frac{3}{8}$ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to $4\frac{1}{8}$ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to $4\frac{7}{8}$ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975,

the tax shall be equal to 5⅝ percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6⅜ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such code is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b)):

"(1) with respect to wages received during the calendar years 1957 to 1959, both inclusive, the rate shall be 2¼ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 2¾ percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3¼ percent;

"(4) with respect to wages received during the

calendar years 1970 to 1974, both inclusive, the rate shall be 3¾ percent; and

"(5) with respect to wages received after December 31, 1974, the rate shall be 4¼ percent."

(c) Section 3111 of such code is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b)):

"(1) with respect to wages paid during the calendar years 1957 to 1959, both inclusive, the rate shall be 2¼ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 2¾ percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3¼ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3¾ percent; and

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4¼ percent."

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1956. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1956.

(69) TITLE III—PUBLIC ASSISTANCE AMENDMENTS

(70) DECLARATION OF PURPOSE

SEC. 300. It is the purpose of this title (a) to promote the health of the Nation by assisting States to extend and broaden their provisions for meeting the costs of medical care for persons eligible for public assistance by providing for separate matching of assistance expenditures for medical care, (b) to promote the well-being of the Nation by encouraging the States to place greater emphasis on helping to strengthen family life and helping needy families and individuals attain the maximum economic and personal independence of which they are capable, (c) to assist in improving the administration of public assistance programs (1) through making grants and contracts, and entering into jointly financed cooperative arrangements, for research or demonstration projects and (2) through Federal-State programs of grants to institutions and traineeships and fellowships so as to provide

training of public welfare personnel, thereby securing more adequately trained personnel, and (d) to improve aid to dependent children.

(71)*PART I—MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE*

(72)*MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS*

SEC. 301. (a) Clauses (1) and (2) of section 3 (a) of the Social Security Act are each amended by striking out "during such quarter as old-age assistance under the State plan" and inserting in lieu thereof "during such quarter as old-age assistance in the form of money payments under the State plan".

(b) Section 3 (a) (1) (A) of such Act is amended by striking out "who received old-age assistance for such month" and inserting in lieu thereof "who received old-age assistance in the form of money payments for such month".

(c) Section 3 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of

$8 multiplied by the total number of individuals who received old-age assistance under the State plan for such month plus (B) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the individuals who received old-age assistance under the State plan for such month had received as old-age assistance in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable".

(73) *MEDICAL CARE FOR RECIPIENTS OF AID TO DEPENDENT CHILDREN*

SEC. 302. (a) Clauses (1) and (2) of section 403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to dependent children under the State plan" and inserting in lieu thereof "during such quarter as aid to dependent children in the form of money payments under the State plan".

(b) Section 403 (a) (1) (A) of such Act is amended

by striking out "with respect to whom aid to dependent children is paid for such month" and inserting in lieu thereof "with respect to whom aid to dependent children in the form of money payments is paid for such month".

(c) Section 403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of $4 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) except in the case of Puerto Rico and the Virgin Islands, the product of $8 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month plus (C) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the dependent children and each of the relatives with whom dependent children were living who

received aid to dependent children under the State plan for such month had received as aid to dependent children in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable".

(74) *MEDICAL CARE FOR RECIPIENTS OF AID TO THE BLIND*

SEC. 303. (a) Clauses (1) and (2) of section 1003 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the blind under the State plan" and inserting in lieu thereof "during such quarter as aid to the blind in the form of money payments under the State plan".

(b) Section 1003 (a) (1) (A) of such Act is amended by striking out "who received aid to the blind for such month" and inserting in lieu thereof "who received aid to the blind in the form of money payments for such month".

(c) Section 1003 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums

expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of $8 multiplied by the total number of individuals who received aid to the blind under the State plan for such month plus (B) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the individuals who received aid to the blind under the State plan for such month had received as aid to the blind in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable".

(75) *MEDICAL CARE FOR RECIPIENTS OF AID TO PERMANENTLY AND TOTALLY DISABLED*

SEC. 304. (a) Clauses (1) and (2) of section 1403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the permanently and totally disabled under the State plan" and inserting in lieu thereof "during such quarter as aid to the permanently and totally disabled in the form of money payments under the State plan".

(b) Section 1403 (a) (1) (A) of such Act is amended by striking out "who received aid to the permanently and totally disabled for such month" and inserting in lieu thereof "who received aid to the permanently and totally disabled in the form of money payments for such month".

(c) Section 1403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (includ-

ing expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $8 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month plus (B) the amount by which (i) the total of the expenditures which could have been counted in determining the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable, if each of the individuals who received aid to the permanently and totally disabled under the State plan for such month had received as aid to the permanently and totally disabled in the form of money payments under the State plan for such month the maximum amount which could have been counted as an expenditure for the purposes of paragraph (1) or paragraph (2), whichever may be applicable, exceeds (ii) the total of the expenditures which are counted in computing the amount payable to such State for such month under paragraph (1) or paragraph (2), whichever may be applicable".

(76) *EFFECTIVE DATE*

SEC. 305. The amendments made by this part shall become effective July 1, 1957.

(77) *PART II—SERVICES IN PROGRAMS OF AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED*

(78) *AID TO DEPENDENT CHILDREN*

SEC. 311. (a) The first sentence of section 401 of the Social Security Act is amended to read: "For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the

services (if any) which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to dependent children,".

(2) Clause (3) of such section 403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision), to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children".

(79) *AID TO THE BLIND*

SEC. 312. (a) The first sentence of section 1001 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State, as

far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 1002 of such Act is amended by striking out "and" before clause (12) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (13) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the blind to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 1003 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to the blind,".

(2) Clause (3) of such section 1003 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and

recipients of aid to the blind to help them attain self-support or self-care".

(80) *AID TO THE PERMANENTLY AND TOTALLY DISABLED*

SEC. 313. (a) The first sentence of section 1401 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older who are permanently and totally disabled and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 1402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 1403 (a)

of such Act are each amended by striking out ", which shall be used exclusively as aid to the permanently and totally disabled,".

(2) Clause (3) of such section 1403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care".

(81) *EFFECTIVE DATE*

SEC. 314. The amendments made by sections 311 (b), 312 (b), and 313 (b) shall become effective July 1, 1957.

(82) *PART III—EXTENSION OF AID TO DEPENDENT CHILDREN*

(83) *ADDITIONAL RELATIVES*

SEC. 321. Section 406 (a) of the Social Security Act is amended by striking out "or aunt" and inserting in lieu thereof "aunt, first cousin, nephew, or niece".

REQUIREMENT OF SCHOOL ATTENDANCE ELIMINATED

SEC. 322. Such section 406 (a) is further amended by striking out "child under the age of sixteen, or under the

age of eighteen if found by the State agency to be regularly attending school," and inserting in lieu thereof "child under the age of eighteen".

(84) *EFFECTIVE DATE*

SEC. 323. The amendments made by this part shall become effective July 1, 1957.

(85) *PART IV—RESEARCH AND TRAINING*

(86) *COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS*

SEC. 331. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

"SEC. 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5,000,000 and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting coordination of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the

Social Security Act and programs related thereto, and (2) making contracts or jointly financed cooperative arrangements with States and public and other nonprofit organizations and agencies for the conduct of research or demonstration projects relating to such matters.

"(b) No contract or jointly financed cooperative arrangement shall be entered into, and no grant shall be made, under subsection (a), until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed projects as to soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research or demonstrations, and their relationship to other similar research or demonstrations already completed or in process.

"(c) Grants and payments under contracts or cooperative arrangements under subsection (a) may be made either in advance or by way of reimbursement, as may be determined by the Secretary; and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of this section."

(87) *TRAINING GRANTS*

SEC. 332. Title VII of the Social Security Act is amended by adding after section 704 the following new section:

"TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

"SEC. 705. (a) In order to assist in increasing the effectiveness and efficiency of administration of public assistance programs by increasing the number of adequately trained public welfare personnel available for work in public assistance programs, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1958, the sum of $5,000,000, and for each succeeding fiscal year such sums as the Congress may determine.

"(b) From the sums appropriated pursuant to subsection (a), the Secretary shall make allotments to the States on the basis of (1) population, (2) relative need for trained public welfare personnel, particularly for personnel to provide self-support and self-care services, and (3) financial need.

"(c) From each State's allotment under subsection (b), the Secretary shall from time to time pay to such State the Federal percentage of its expenditures in carrying out the purposes of this section through (1) grants to public or other nonprofit institutions of higher learning for training personnel employed or preparing for employment in public assistance programs, (2) special courses of study or seminars of short duration conducted for such personnel by experts hired on a temporary basis for the purpose, and (3) establishing and maintaining, directly or through grants to such institu-

tions, fellowships or traineeships for such personnel at such institutions, with such stipends and allowances as may be permitted under regulations of the Secretary. For purposes of this subsection, the Federal percentage for any State shall be 100 per centum during each fiscal year in the period beginning July 1, 1957, and ending June 30, 1967, and 80 per centum during the fiscal years thereafter.

"(d) Payments pursuant to subsection (c) shall be made in advance on the basis of estimates by the Secretary and adjustments may be made in future payments under this section to take account of overpayments or underpayments in amounts previously paid.

"(e) The amount of any allotment to a State under subsection (b) for any fiscal year which the State certifies to the Secretary will not be required for carrying out the purposes of this section in such State shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need in carrying out such purposes for sums in excess of those previously allotted to them under this section and will be able to use such excess amounts during such fiscal year; such reallotments to be made on the basis provided in subsection (b) for the initial allotments to the States. Any amount so reallotted to a State shall be deemed part of its allotment under such subsection."

(88) *SEC. 333. Section 1101 (a) (1) of the Social Security Act is amended by striking out "titles I, IV, V, X, and XIV" and inserting in lieu thereof "titles I, IV, V, VII, X, and XIV".*

(89) *PART V—AMENDMENTS TO MATCHING FORMULAS*

AMENDMENTS TO MATCHING FORMULA FOR OLD-AGE ASSISTANCE

SEC. 341. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total num-

ber of such individuals who received old-age assistance for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any

individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

(b) Section 3 of such Act is amended by adding at the end thereof the following new subsection:

"(c) (1) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"(A) (i) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribed, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(ii) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955, or

"(B) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for old-age assistance under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for old-age assistance which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter.

"(2) A State which has qualified under paragraph (1) of this subsection to receive the amount provided by the

formula contained in subsection (a) (1) (A) for not less than four consecutive quarters shall be qualified to receive such amount for all subsequent quarters."

(90) *AMENDMENTS TO MATCHING FORMULA FOR AID TO THE BLIND*

SEC. 342. (a) Section 1003 (a) of the Social Security Act, as amended by section 312 (c) of this Act, is amended to read as follows:

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(ii) one-half of the amount by which such expendi-

tures exceed the maximum which may be counted under clause (i);

and, (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, includ-

ing services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for the recipients of aid to the blind to help them attain self-support or self-care."

(b) Section 1003 of such Act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"(1) (A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient un-

der such plan for the calendar year commencing January 1, 1955; or

"(2) if the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for aid to the blind under the State plan for such quarter, and the State authorities responsible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for aid to the blind which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

(91) *AMENDMENTS TO MATCHING FORMULA FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED*

SEC. 343. (a) Section 1403 (a) of the Social Security Act, as amended by section 313 (c) of this Act, is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter

commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal, (A) in the case of a State which is qualified therefor under subsection (c), to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $65—

"(i) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such months; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (B) in the case of a State which is not qualified under subsection (c) to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(i) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total

number of such individuals who received aid to the permanently and totally disabled for such months; plus

"(ii) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (i);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care."

(b) Section 1403 of such Act is amended by adding at the end thereof the following new subsection:

"(c) A State shall be qualified to receive the amount provided by the formula contained in subsection (a) (1) (A) with respect to any quarter, beginning with the quarter commencing October 1, 1956—

"(1) (A) if such State has filed with the Secretary of Health, Education, and Welfare, at such time (prior to the beginning of such quarter) and in such form as such Secretary shall by regulations prescribe, a certificate stating that the average monthly expenditure from State funds per recipient under the State plan for such quarter will not be less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; and

"(B) if, in the case of any quarter occurring after the quarter commencing January 1, 1957, the average monthly expenditure from State funds per recipient under the State plan for the second quarter immediately preceding such quarter has not been less than the average monthly expenditure from State funds per recipient under such plan for the calendar year commencing January 1, 1955; or

"(2) If the Secretary of Health, Education, and Welfare determines that neither the governor nor the legislature of such State has, subsequent to the date of enactment of the Social Security Amendments of 1956 and prior to such quarter, taken action which resulted in a reduction of the amount of funds available for aid to the permanently and totally disabled under the State plan for such quarter, and the State authorities respon-

sible for the administration of the State plan have not, subsequent to such date of enactment and prior to such quarter, adopted a change of policy toward new applicants for aid to the permanently and totally disabled which resulted in a reduction of the average monthly expenditure from State funds per recipient under the State plan for such quarter."

(92) *TEMPORARY EXTENSION OF 1952 MATCHING FORMULA WITH RESPECT TO DEPENDENT CHILDREN*

SEC. 344. Sections 8 (e) of the Social Security Act Amendments of 1952 (66 Stat. 767, 780), as amended, is amended to read as follows:

"(e) The amendments made by subsections (a), (c), and (d) of this section shall be effective for the period beginning October 1, 1952, and ending with the close of September 30, 1956, and the amendment made by subsection (b) shall be effective for the period beginning October 1, 1952, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted."

(93) *EFFECTIVE DATE*

SEC. 345. The amendments made by this part shall become effective October 1, 1956.

(94) *PART VI—MISCELLANEOUS ASSISTANCE AMENDMENTS*

(95) *AID TO DEPENDENT CHILDREN IN THE VIRGIN ISLANDS*

SEC. 351. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and, in the case of the Virgin Islands, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18".

(b) Section 1108 of such Act is amended by striking out "$160,000", and inserting in lieu thereof "$300,000".

(c) The amendments made by this section shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years.

(96) *AMOUNTS DISREGARDED IN DETERMINING NEED FOR PURPOSES OF OLD-AGE ASSISTANCE*

SEC. 352. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows: "(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such deter-

mination the State agency may disregard not more than $50 per month of net earned income".

(b) The amendment made by subsection (a) of this section shall be effective on and after October 1, 1956.

(97) *PROHIBITION OF DISCRIMINATION BECAUSE OF SEX UNDER PUBLIC ASSISTANCE PROGRAMS*

SEC. 353. (a) Section 2 (a) of the Social Security Act is amended (1) by striking out the word "and" at the end of clause (9) thereof, and (2) by striking out the period at the end of clause (10) thereof, and inserting in lieu thereof a semicolon and the following: "and (11) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(b) Section 402 (a) of such Act is amended (1) by striking out the word "and" at the end of clause (11) thereof, and (2) by striking out the period at the end of clause (12) thereof, and inserting in lieu thereof a semicolon and the following "and (13) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(c) Section 1002 (a) of such Act is amended (1) by striking out the word "and" at the end of clause (12) there-

of, and (2) by striking out the period at the end of clause (13) thereof, and inserting in lieu thereof a semicolon and the following: "and (14) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(d) Section 1402 (a) of such Act is amended (1) by striking out the word "and" at the end of clause (11) thereof, and (2) by striking out the period at the end of clause (12) thereof, and inserting in lieu thereof a semicolon and the following: "and (13) provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance under the plan."

(e) The amendments made by the preceding subsections of this section shall take effect on July 1, 1957.

(98) AID TO DEPENDENT CHILDREN IN PUERTO RICO

SEC. 354. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and, in the case of Puerto Rico, not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18".

(b) Section 1108 of such Act is amended by striking out "$4,250,000", and inserting in lieu thereof "$5,312,500".

(c) The amendments made by this section shall be ef-

fective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years.

(99) *TITLE IV—MISCELLANEOUS PROVISIONS*

SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 401. Section 403 of the Social Security Amendments of 1954 is amended to read as follows:

"SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THE SOCIAL SECURITY AMENDMENTS OF 1956

"SEC. 403. (a) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which is described in section 501 (c) (3) of the Internal Revenue Code of 1954 and which is exempt from income tax under section 501 (a) of such Code but which has failed to file prior to the enactment of the Social Security Amendments of 1956 a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

"(2) the service performed by such individual as an employee of such organization during the period

subsequent to 1950 and prior to 1957 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

"(4) part of such taxes have been paid prior to the enactment of the Social Security Amendments of 1956;

"(5) so much of such taxes as have been paid prior to the enactment of the Social Security Amendments of 1956 have been paid by such organization in good faith and upon the assumption that a valid waiver certificate had been filed by it under section 1426 (l) (1) of the

Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954, as the case may be; and

"(6) no refund of such taxes has been obtained, the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be.

"(b) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which has filed a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

"(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the

Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid prior to the enactment of the Social Security Amendments of 1956 with respect to any part of the remuneration paid to such individual by such organization for such service; and

"(4) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1959, and in such form and manner, and with such official, as may be prescribed by regulations made under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, and such individual shall be deemed to have concurred in the filing of

the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954."

(100) *AMENDMENT RELATING TO MATERNAL AND CHILD WELFARE SERVICES*

SEC. 402. The first sentence of subsection (a) of section 521 of the Social Security Act is amended by striking out "for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $10,000,000" and inserting in lieu thereof "for each fiscal year beginning with the fiscal year ending June 30, 1957, the sum of $12,000,000".

EFFECTIVE DATE

SEC. 403. The amendment made by section 402 shall be effective with respect to fiscal years beginning after June 30, 1956.

(101) *TITLE V—ESTABLISHMENT OF THE UNITED STATES COMMISSION ON THE AGING AND AGED*

DECLARATION OF POLICY

SEC. 501. The Congress recognizes that an increasingly large proportion of our population consists of persons past middle age. It is the sense of the Congress that the implications of this fact require further study and investigation from the standpoint of the national economy and the general wel-

fare. It is hereby declared to be the policy of the Congress, in recognition of this fact, to assist in defining the problems of the aging and aged segment of the population, and in finding solutions therefor, by providing for an immediate study leading to recommendations for integrated action particularly with respect to—

(a) employment and employability;

(b) income maintenance;

(c) health and physical care;

(d) housing, living arrangements, and family relationship; and

(e) effective use of leisure time.

ESTABLISHMENT OF THE UNITED STATES COMMISSION ON THE AGING AND AGED

SEC. 502. (a) For the purpose of carrying out the policy set forth in section 501, there is hereby established a commission to be known as the United States Commission on the Aging and Aged (hereinafter referred to as the "Commission").

(b) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of

title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

MEMBERSHIP OF THE COMMISSION

SEC. 503. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of ten members as follows:

(1) Six appointed by the President of the United States, three from the executive branch of the Government and three from private life;

(2) Two appointed by the President of the Senate from the Senate; and

(3) Two appointed by the Speaker of the House of Representatives from the House of Representatives.

(b) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 504. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 505. Six members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 506 (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their

services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performances of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive $50 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 507. (a) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(b) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary

and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $50 per diem for individuals.

EXPENSES OF THE COMMISSION

SEC. 508. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this title.

DUTIES OF THE COMMISSION

SEC. 509. (a) INVESTIGATION.—The Commission shall study, investigate, analyze, and assess existing knowledge and programs related to the problems of the aging and the aged in this country, in accordance with the poliey set forth in section 501 with a view to determining what steps can be taken to provide a better integration of this group in the social and economic life of the Nation. In carrying out its functions the Commission shall solicit the cooperation and help of the various professional, business, and labor groups, as well as all other groups which are concerned with the problem, for the purpose of obtaining their views, experience, and assistance in providing direction for future planning and such legislative action as may be necessary. The Commission shall further make full use of the information, studies, and experience of the various

agencies of the Government which have considered various aspects of the problem.

(b) REPORT.—The Commission shall submit an interim report of its activities and the results of its studies to the Congress not later than December 31, 1956, and the Commission may submit such earlier interim reports as it deems advisable. The final report of the Commission may propose such legislative and administrative actions as in its judgment are necessary to carry out its recommendations. The Commission shall submit its final report not later than May 31, 1957. The Commission shall cease to exist 30 days after the submission of its final report.

POWERS OF THE COMMISSION

SEC. 510. (a) HEARINGS AND SESSIONS.—The Commission or, on the authorization of the Commission, any subcommittee or member thereof may, for the purpose of carrying out the provisions of this title, hold such hearings and sit and act at such times and places, administer such oaths, and request the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Commission or such subcommittee or member may deem advisable.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent estab-

lishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this title; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

(c) OTHER DATA.—The Commission shall cooperate with State and local bodies, and other public and private bodies, to obtain information, suggestions, estimates, and statistics for the purpose of this title.

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain widows, to provide for child's insurance benefits for children who are disabled before attaining age eighteen to extend coverage, and for other purposes."

Passed the House of Representatives July 18, 1955.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments July 17 (legislative date, July 16), 1956.

Attest: FELTON M. JOHNSTON,
Secretary.

84TH CONGRESS
2D SESSION

H. R. 7225

AN ACT

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 17 (legislative day, JULY 16), 1956

Ordered to be printed with the amendments of the Senate numbered

GPO 861-630

STANDARD FORM NO. 64

SSA - OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A:K
DATE: July 18, 1956

TO : Administrative, Supervisory, and Technical Employees

FROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 239
Senate Passage of H.R. 7225

The Senate last night passed H.R. 7225 by unanimous roll-call vote after incorporating in the bill several amendments offered from the floor, including revised provisions for disability insurance benefits and for benefits to women at age 62. The vote on adopting the disability provision was 47 to 45; on the age 62 provision, 86 to 7. The legislation now goes to a Senate-House conference committee for resolution of differences between the House-approved bill and the Senate bill. The conference committee is expected to begin deliberations very soon and to present its report within a few days.

The disability benefit provisions adopted by the Senate differ from the House provisions chiefly in that the former would create a separate trust fund from which the disability benefits would be paid. A tax (effective January 1, 1957) of 1/2 of 1 percent on wages (1/4 of 1 percent each for employer and employee) and 3/8 of 1 percent on self-employment earnings would support this disability trust fund. This tax would be in lieu of the tax increase (1 percent on wages and 3/4 of 1 percent on self-employment earnings) provided for in the House bill. Under the Senate version of H.R. 7225, the disability insurance benefits would first become payable for the month of July 1957 but valid applications could be filed as early as October 1956.

While the Senate version of the bill would lower the eligibility age for all women to 62 it provides for an actuarial reduction in benefit amounts where women elect to receive old-age insurance benefits or wife's insurance benefits prior to age 65. It thus would eliminate most of the increase in the cost of the system that a general reduction in the eligibility age would otherwise bring about. The old-age insurance benefit of a woman who became entitled to benefits before age 65 would be reduced by 5/9 of 1 percent for each month prior to age 65 in which she is entitled to that benefit. Thus a woman who elected to receive old-age insurance benefits in the month in which she attains age 62 would have that benefit reduced by 20 percent. A woman entitled to a wife's insurance benefit would have that benefit reduced by 25/36 of 1 percent for each month prior to age 65 for which she is entitled to that benefit. Thus a woman who becomes entitled to a wife's insurance benefit in the month in which she attains age 62 would have that benefit reduced by 25 percent.

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and Technical Employees--7/18/56

In cases where a woman becomes entitled to an actuarially reduced benefit and later becomes entitled to another such benefit (for example, an old-age insurance benefit first and later a wife's benefit), special provisions for reducing the second benefit to take into account the fact that she had drawn benefits at an earlier age would apply.

There would be no actuarial reduction for widow's benefits, female parent's benefits, or benefits for wives with child beneficiaries in their care. Likewise, full-rated benefits would be payable to the dependent husband, widower, parent, or children of a woman worker even though she elected to receive an actuarially reduced benefit.

Under these provisions, widows and dependent female parents could draw benefits effective with September, and women workers and wives could draw benefits effective with January 1957, on the basis of applications filed after enactment. Women who attain age 62 before January 1957 could file valid applications for old-age insurance benefits or wife's benefits immediately after enactment of the bill, even though the first payments would be for the month of January.

Other changes made by the Senate in the OASI provisions of the bill include amendments which would:

1. Provide for payment of child's insurance benefits in cases where an insured person had stood in loco parentis to a child for at least 5 years before the date of the insured person's death was furnishing at least three-fourths of the child's support at the time of his death, and was living with the child at the time of his death.

2. Terminate the benefits of individuals convicted of certain offenses involving sabotage, treason, sedition, or subversive activities.

3. Establish a United States Commission on the Aged and Aging.

Other changes in the old-age and survivors insurance provisions were of a minor or technical nature.

Several changes were made in the public assistance sections of the bill also.

I will notify you of further developments on the bill as soon as practicable.

Victor Christgau

Victor Christgau

[COMMITTEE PRINT]

ACTUARIAL COST ESTIMATES FOR THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM AS MODIFIED BY H. R. 7225, AS PASSED BY THE HOUSE OF REPRESENTATIVES AND AS PASSED BY THE SENATE

JULY 18, 1956

Prepared for the use of the Committee on Ways and Means
by Robert J. Myers, Actuary to the Committee

UNITED STATES
GOVERNMENT PRINTING OFFICE
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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE AND SURVIVORS INSURANCE SYSTEM AS MODIFIED BY H. R. 7225, AS PASSED BY THE HOUSE OF REPRESENTATIVES AND AS PASSED BY THE SENATE

A. Introduction

This actuarial study presents long-range cost estimates for two versions of H. R. 7225, namely, as passed by the House of Representatives on July 18, 1955, and as passed by the Senate on July 17, 1956.

From an actuarial cost standpoint the major features of this bill as passed by the House are as follows (a complete analysis is contained in H. Rept. 1189, 84th Cong. 1st sess.):

(1) Monthly benefits at or after age 50 to insured workers who are totally and permanently disabled.

(2) Reduction of the minimum retirement age for women from 65 to 62 (applicable to women workers, wives of insured workers, and widows and dependent mothers of deceased insured workers).

(3) Monthly benefits continued at age 18 and after for children who become totally and permanently disabled before that age and who are receiving child's benefits (either as a dependent of a retired worker or as a survivor of a deceased worker), and in such cases also for the mother.

(4) Extension of coverage to all self-employed professional groups excluded under existing law except for doctors (namely, extension to lawyers, dentists, etc.).

(5) Increase in the contribution schedule by 1 percent in the combined employer-employee rate (and by three-fourths of 1 percent for the self-employed) so that such rate would be 5 percent until 1960, then rising gradually until the ultimate rate of 9 percent is reached in 1975.

The bill as passed by the Senate differs from the above features in the following ways:

(1) Disability benefits to be paid from a separate trust fund.

(2) Reduced benefits for women workers and wives claiming benefits before age 65, such reductions closely approximating "actuarial" reductions (so that only slight increased cost to the system is involved).

(3) Monthly benefits payable to children regardless of age if totally and permanently disabled (and have been so disabled since before age 18).

(4) Increase in the contribution schedule by one-half of 1 percent in the combined employer-employee contribution rate (and by three-eighths of 1 percent for the self-employed) so that such rate would be 4½ percent until 1960, then rising gradually until the ultimate rate of 8½ percent is reached in 1975 (this additional

one-half of 1 percent contribution is to be allocated to the disability insurance trust fund).

The cost estimates shown for the House-approved bill are slightly revised as compared with those contained in the previously cited House Report No. 1189. One change has been to revise the various effective dates so as to have them the same as those contained in the Senate-approved bill, in order that there should be proper comparability. Thus, it is assumed that the reduction in the retirement age for women and the payment of child's benefits beyond age 18, if disabled, become effective for September 1956, that the payment of monthly disability benefits becomes effective for July 1957, and that the increase in the contribution rates becomes effective in January 1957. One further change made has been to base the cost estimates on the earnings level prevailing in 1955 (whereas the original estimates for the House-approved bill used the somewhat lower level of 1954). Again, this latter change in basic cost factors has been made so that the figures would be on the same basis as those for the Senate-approved bill.

The cost estimates for the Senate-approved bill are presented for the first time in this report. The estimates contained in Senate Report No. 2133 were in respect to the bill reported out by the Senate Committee on Finance, which was significantly modified by the Senate (principally, by restoring the provision for monthly disability benefits and by adding the provisions for reduced benefits for women workers and wives claiming benefits between ages 62 and 65 and for full benefits for dependent mothers of deceased workers claiming benefits between ages 62 and 65—the reported bill did not provide any benefits before age 65 in such cases).

B. Financing Policy

Cost aspects have been carefully considered by the Congress in determining the benefit provisions of the old-age and survivors insurance system at the time of the various amendments to the program. In regard to the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from contributions of covered individuals and employers and accordingly repealed the provision permitting appropriations to the system from general revenues of the Treasury. In the subsequent amendments of 1952 and 1954, this policy was continued. The Congress has always very strongly believed that the system should be actuarially sound. The Congress continues to believe that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen, or in other words, actuarially sound.

The concept of actuarial soundness as it applies to the old-age and survivors insurance system differs considerably from this concept as applicable to private insurance although there are certain points of similarity—especially in regard to private pension plans.

The most important difference is due to the fact that a social insurance system can be assumed to be perpetual in nature, with a continuous flow of new entrants (as a result of its compulsory nature). Accordingly, it may be said that the old-age and survivors insurance program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contributions and interest earnings

on the accumulated trust fund will, over the long-run, support the disbursements for benefits and administrative expenses. Quite obviously, future experience may be expected to vary from the actuarial cost estimates made now, but the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to an intermediate cost estimate, results in the system being in balance, or quite close thereto.

The system's actuarial balance under the 1952 act was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted; this was the case because of the rise in earnings levels in the 3 years preceding the enactment of the 1952 act being taken into consideration in those estimates. New cost estimates made after the enactment of the 1952 act indicated that the level-premium cost (i. e., the average long-range cost, based on discounting at interest, relative to payroll) of the benefit disbursements and administrative expenses were somewhat more than one-half of 1 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

The 1954 amendments as passed by the House of Representatives contained an adjusted contribution schedule which met not only the increased cost of the benefit changes in the bill, but also reduced the aforementioned lack of actuarial balance to the point where, for all practical purposes, it was sufficiently provided for. The bill as it passed the Senate, however, contained several additional liberalized benefit provisions without any offsetting increase in contribution income. Accordingly, although the increased cost of the new benefit provisions was met, the "actuarial insufficiency" of the 1952 act was left substantially unchanged. The benefit costs for the 1954 amendments as finally enacted fell between those of the House- and Senate-approved bills. Accordingly, it may be said that under the 1954 act the increase in the contribution schedule met all of the additional cost of the benefit changes proposed and at the same time reduced substantially the "actuarial insufficiency" which the estimates had indicated in regard to the financing of the 1952 act.

Recent operating experience of the program has indicated that earnings levels have risen by about 15 percent over those used in the previous actuarial estimates (based on 1951–52 levels). Taking this factor into account reduces the "actuarial insufficiency" under the present law to the point where for all practical purposes it may be said to be nonexistent. Accordingly, the system is now in approximate actuarial balance. It is recognized that future cost estimates, particularly if earnings continue to rise, may indicate that a lower schedule of contribution rates will provide for a self-supporting system. Despite this, however, the House Ways and Means Committee stated in its report, referred to previously, that the policy should be one of utmost prudence in this area to assure the continuing actuarial soundness of the system.

C. Basic Assumptions for Cost Estimates

Estimates of the future cost of the old-age and survivors insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may

differ widely and yet be reasonable. Benefit payments may be expected to increase continuously for at least the next 50 to 70 years because of factors such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement program, public or private, that has been in operation for only a relatively short period.

The cost estimates are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the actual trend developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1955. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading because, for example, a higher earnings level will increase not only the outgo but also, and to a greater extent, the income of the system. The result is that the cost relative to payroll will decrease.

The low- and high-cost assumptions relate to the cost as a percentage of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, and so forth.

In general, the cost estimates have been prepared on the basis of the same assumptions (other than as to earnings) and techniques as those contained in the Social Security Administration's actuarial study No. 39 (relating to the present law).

As to the bases of the estimates for the monthly disability benefits, the following assumptions—used for the estimates for similar benefits in the House version of H. R. 6000 in 1949 (H. Rept. No. 1300, 81st Cong.), which subsequently became law as the Social Security Act Amendments of 1950 (but without the monthly disability benefits)—were in essence, used here:

(*a*) *Low cost.*—Disability incidence rates for men are about 45 percent of class 3 rates (experience of life-insurance companies under disability income policies for the early 1920's, modified for a 6-month waiting period). Incidence rates for women are 50 percent higher. Termination rates are German social insurance experience for 1924–27, which is the best available experience as to relatively low disability termination rates.

(*b*) *High cost.*—Disability incidence rates for men are 90 percent of the so-called 165 percent modification of class 3 rates (which includes increasingly higher percentages for ages above 45); this modification corresponds roughly to insurance-company experience during the early 1930's. Incidence rates for women are 100 percent higher. Termination rates are class 3 rates.

The incidence rates used for both estimates are reduced 10 percent because in the bill, unlike the general definition in insurance-company policies, disability is not presumed to be total and of expected long-continued duration after 6 months' duration but rather must be so proven then.

It will be noted that the low-cost estimate includes low incidence rates (which taken by themselves produce low costs) and also low termination rates (which taken by themselves produce higher costs, but which are felt to be necessary since, with low incidence rates—meaning only severely disabled beneficiaries—there would tend to be low termination rates because there would be few recoveries). On the other hand, the high-cost estimate contains high incidence rates that are somewhat offset by high termination rates.

It is believed that these cost estimates for the monthly disability benefits are as good an indication of such costs as are now possible. Nonetheless, it is recognized that in a new field such as this more valid estimates are possible only after operating experience has developed from the provisions being in effect for several years. As indicated above, disability incidence and termination rates can vary widely—much more so than mortality rates, which are basic insofar as retirement and survivor benefit costs are concerned.

The cost estimate for old-age and survivors insurance benefits are extended beyond the year 2000 since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience and, as a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which, in itself, would tend to yield low benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year. The progress of the separate disability insurance trust fund under the Senate-approved bill is, however, shown only as far as 1975 since by that time the cost as a percentage of payroll has reached its estimated ultimate level.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050 (actually the relationship between benefits and payroll is virtually constant after about 2020). If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred load.

The estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they rise steadily as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present act, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of

course, be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since under such circumstances, the relative importance of the interest receipts of the trust fund would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust fund will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

Financial interchange provisions with the railroad retirement system are, under present law, in effect so that the old-age and survivors insurance trust fund is to be placed in the same financial position as if railroad employment had always been covered under the old-age and survivors insurance program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small net gain to the old-age and survivors insurance system, since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the trust fund on the basis, as provided in current law, that all railroad employment will be (and beginning with 1937, has been) covered employment. The balance in the fund thus corresponds exactly to the actual situation arising. But the contribution income and benefit disbursement figures shown are slightly higher (by about 5 percent) than the payments which will actually be made directly to the trust fund from contributors and the payments which will actually be made from the trust fund to the individual beneficiaries. This is the case because the figures here include both the additional contributions which would have been collected if railroad employment had always been covered and the additional benefits that would have been paid under such circumstances. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions.

D. Results of Cost Estimates on Range Basis

Tables 1a and 1b present costs as a percentage of payroll for each of the various types of benefits for the House-approved bill and the Senate-approved bill, respectively. The level-premium costs shown for the House-approved bill are on the basis of a 2.4 percent interest rate, while those for the Senate-approved bill are on the basis of a 2.6 percent interest rate. This difference reflects the change in the interest basis for investments of the trust fund under the Senate-approved bill. It will be noticed that the cost of widow's benefits is shown to be somewhat higher under the Senate-approved bill than under the House-approved bill. This is explained by the fact that a woman under age 65 who is eligible both for old-age benefits based on her own earnings and for widow's benefits would file for both benefits under the House-approved bill and would receive a widow's benefit only if it is larger than the old-age benefit (and then only the excess would be payable as widow's benefits). On the other hand, under the Senate-approved bill she would likely file immediately only for the

widow's benefit since the old-age benefit would be subject to reduction if claimed before age 65.

Table 2a shows the estimated operations of the trust fund under the House-approved bill. Under the Senate-approved bill, there are two separate trust funds—one for old-age and survivor benefits and the other for disability benefits. Table 2b relates to the former, and table 2c relates to the latter.

Under the low-cost estimate, the trust fund under the House-approved bill builds up quite rapidly and even some 45 years hence is growing at a rate of about $9 billion per year and at that time is about $250 billion; in fact, benefit disbursements do not exceed contribution income in any years. Under the Senate-approved bill, the old-age and survivors insurance trust fund likewise builds up quite rapidly and in the year 2000 is growing at a rate of about $6 billion a year and is then about $175 billion. Likewise, the disability insurance trust fund also grows steadily, reaching about $11½ billion in 1975, at which time its annual rate of growth is about $700 million. For both trust funds, under the Senate-approved bill, benefit disbursements do not exceed contribution income in any year shown.

On the other hand, under the high-cost estimate, the trust fund builds up to a maximum of about $49 billion in 1982 for the House-approved bill but decreases thereafter until it is exhausted shortly after 2000; benefit disbursements are less than contribution income during most of the years before 1980 (the exceptions to this statement are those years shortly before the several scheduled rises in the contribution rate, and even then the interest receipts are more than sufficient to offset such deficits). For the Senate-approved bill, the old-age and survivors insurance trust fund builds up to a maximum of $37 billion in 1981 (although it is virtually level at about $25 billion during the 1960's), but decreases thereafter until it is exhausted in 1997; benefit disbursements are less than contribution income during most of the years before 1980 (again, the exceptions being those years shortly before the several scheduled rises in the contribution rate—even then interest receipts are usually more than sufficient to offset such deficits). As to the disability insurance trust fund under the Senate-approved bill, in the early years of operation, contribution income materially exceeds benefit outgo. This is especially true in 1957 because contributions are collected during most of the year and benefits are payable only for the latter half of the year (actually only 5 months' disbursements would come out of the trust fund because benefits are payable after the end of the month to which they apply). The disability insurance trust fund, as shown by this estimate, would be about $500 million at the end of 1957 and would then slowly increase, reaching a maximum of about $1.2 billion between 1960 and 1965; the fund would then slowly decrease until exhaustion in 1973. Quite obviously, if actual operating experience were less favorable than under the high-cost estimate, the fund would rise to a lower peak and would be exhausted earlier.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950,

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1952, and 1954 acts, as set forth in the committee reports therefor and as continued in this bill, the tax schedule would be adjusted in future years so that neither of the developments of the trust fund shown in tables 2a or 2b would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades even under relatively high-cost experience.

E. Results of Intermediate-Cost Estimates

The intermediate-cost estimates are developed from the low-cost and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950, 1952, and 1954 acts, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis or, in other words, actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedules contained in the 1954 act and in the bills are as follows:

[Percent]

Calendar year	Employee rate (same for employer)			Self-employed rate		
	Present law	House-approved bill	Senate-approved bill	Present law	House-approved bill	Senate-approved bill
1957–59	2	2½	2¼	3	3¾	3⅜
1960–64	2½	3	2¾	3¾	4½	4⅛
1965–69	3	3½	3¼	4½	5¼	4⅞
1970–74	3½	4	3¾	5¼	6	5⅝
1975 and after	4	4½	4¼	6	6¾	6⅜

Table 3 gives an estimate of the level-premium cost of the bills, tracing through the increase in cost over the present act according to the major changes proposed. These level-premium costs are based on benefit payments from 1956 on.

It should be emphasized that in 1950 the Congress did not recommend that the system be financed by a high, level tax rate from 1951

on, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level-premium tax rate. This fund will be invested in Government securities (just as is much of the reserves of life-insurance companies and banks, and as is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life-insurance systems). The resulting interest income will help to bear part of the larger benefit costs of the future.

As will be seen from table 3, the level-premium cost of the benefits of the present act—based on 2.4 percent interest—is about 7.5 percent of payroll, while the corresponding figure for the House-approved bill is 8.4 percent and for the Senate-approved bill, 8.0 percent.

The level-premium contribution rates equivalent to the graded schedules in the present law and in the bills may be computed in the same manner as level-premium benefit costs. These are shown in the table below for income and disbursements after 1955 (on the basis of the intermediate-cost estimate, at 2.4 percent interest for present law and the House-approved bill and 2.6 percent interest for the Senate-approved bill):

[Percent]

Level-premium equivalent	Present law		House-approved bill	Senate-approved bill	
	Original estimate	Revised estimate		Old-age and survivor benefits	Disability benefits
Benefit costs [1]	7.77	7.45	8.39	7.53	0.43
Contributions	7.29	7.29	8.28	7.22	.49
Net difference [2]	.48	.16	.11	.31	−.06

[1] Including adjustments (*a*) to reflect lower contribution rate for self-employed as compared with employer-employee rate, (*b*) for existing trust fund, and (*c*) for administrative expenses.

[2] A positive figure indicates the extent of lack of actuarial balance. A negative figure indicates more than sufficient financing (according to the estimate).

The revised contribution schedule in the House-approved bill results in a 1 percent increase over present law in the combined employer-employee rate beginning with 1957; the net effect is to somewhat more than meet the increased cost of the bill since the lack of actuarial balance is reduced from 0.16 percent of payroll under present law to 0.11 percent, a relatively negligible figure, considering the range of variation inherent in the cost estimates. Under the Senate-approved bill the contribution schedule, beginning with 1957, is one-half of 1 percent higher as to the combined employer-employee rate. In the old-age and survivors insurance trust fund portion of the system, the lack of actuarial balance is 0.31 percent of payroll, or somewhat greater than under present law, although well below the corresponding figure for the present law when it was enacted in 1954. At the same time, the disability insurance trust fund under the Senate-approved bill shows a slight actuarial surplus according to this intermediate-cost estimate. This occurs because the one-half of 1 percent tax rate (which has a level-premium equivalent based on the period after 1955 of slightly less than 0.50 percent since it is

collected from 1957 on, and thus was not in effect in 1956) is in excess of the level-premium equivalent of the benefit disbursements and administrative expenses combined.

Table 4 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate for present law, the House-approved bill, and the Senate-approved bill. These figures are based on a future level-earnings assumption and do not consider business cycles (which over a long period of years tend to average out). The benefit disbursements under the House-approved bill for 1957, the first full year of operation, are estimated at about $7.0 billion (as contrasted with contribution income of about $8.4 billion). Under the Senate-approved bill the benefit disbursements for 1957 would be slightly lower, namely, about $6.9 billion for the intermediate-cost estimate (as contrasted with contribution income of about $7.7 billion). The disbursements under the Senate-approved bill would be less than those under the House-approved bill because the benefits payable to retired women workers and wives of retired workers in those cases where such women are between the ages of 62 and 65 at time of claiming benefits would be available only on an elective basis, and then for reduced amounts to reflect the earlier retirement.

Table 5 presents the cost of the benefits under the House-approved bill and the Senate-approved bill as a percent of payroll for each of the various types of benefits and is comparable with tables 1a and 1b of the previous section.

Table 6 gives the estimated operation of the trust fund under present law, according to the intermediate-cost estimate using the revised earnings assumptions (based on 1955 levels) and with a 2.4 percent interest rate. Contribution income exceeds benefit and administrative expense disbursements in virtually all of the next 30 years. Accordingly, it is estimated that the balance in the fund would increase steadily until reaching a maximum of about $140 billion about 60 years from now, with a decrease thereafter.

Table 7 gives the estimated operation of the old-age and survivors insurance trust fund under the House-approved bill (using a 2.4 percent interest rate) and under the Senate-approved bill (using a 2.6 percent interest rate), as well as the estimated operation of the disability insurance trust fund under the Senate-approved bill. For the House-approved bill, contribution income exceeds benefit disbursements for the next 30 years and, accordingly, the fund is estimated to grow steadily until reaching a maximum of about $160 billion about 60 years from now, and then decrease. This slight decline in the very distant future indicates that the proposed tax schedule is not quite self-supporting but is, for all practical purposes, sufficiently close so that the system may be said to be actuarially sound. This general situation was also true for the 1950 and 1952 acts according to estimates made when they were being considered, and for the 1954 amendments as initially passed by the House of Representatives.

Under the Senate-approved bill the old-age and survivors insurance trust fund would have contribution income exceeding benefit disbursements during most of the next 30 years; in a few years (just before the scheduled contribution increases) this is not the case, but then the interest receipts cover the difference. As a result this fund is estimated to grow steadily until reaching a maximum of about $90 billion in about

55 years, and then decrease. On the other hand, the disability insurance trust fund grows steadily, with the excess of contribution income over outgo for benefits and administrative expenses gradually narrowing, until by 1975 the differential is only about 10 percent relatively. This trust fund builds up slowly but steadily, reaching a figure of $5½ billion at the end of 1975. This situation is to be expected since the estimated level-premium cost of the disability benefits, according to the intermediate-cost estimate, is about 0.4 percent of payroll, whereas the level-premium income is about 0.5 percent.

F. Summary of Actuarial Cost Estimates

The old-age and survivors insurance system as modified by the House-approved bill has a benefit cost (on the basis of the continuation of the 1955 earnings levels) that is very closely in balance with contribution income. This also was the case for the 1950 and 1952 acts at the time that they were enacted and for the 1954 amendments as they were initially passed by the House of Representatives. In other words, the system as it would be amended by the House-approved bill is even more nearly in actuarial balance, according to the intermediate-cost estimates, than the previous acts when they were considered by the Congress. Although in all these instances the system is shown to be not quite self-supporting under the intermediate-cost estimate, there is very close to an exact balance, especially considering that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program as amended by this bill would be actuarially sound, and in fact its actuarial status would be improved since the cost of the liberalized benefits is more than met by the increased contributions scheduled (with such rise going fully into effect almost immediately with the inauguration of the new benefit provisions).

Under the Senate-approved bill, the liberalized benefits in the old-age and survivors insurance portion of the program would add somewhat to the cost of the system. Part of this increased cost would, however, be offset by the reductions in cost arising from the extension of coverage made and the revised interest basis for investments of the trust fund. The actuarial balance of the old-age and survivors insurance system under the Senate-approved bill would be somewhat less favorable than that of present law but would be substantially improved over the situation prevailing when the 1954 amendments were enacted. The Senate Committee on Finance indicated in this respect that:

> The slight change in the actuarial balance of the system as between the committee-approved bill and the present law is so small that there is no necessity for a change in the long-range financing of the program, through the scheduled tax rates in the present law.

The separate disability insurance trust fund established under the Senate-approved bill shows a small favorable actuarial balance because the contribution rate allocated to this fund is slightly in excess of the intermediate-cost estimate for the disability benefits; considering the variability of cost estimates for disability benefits,

this small actuarial excess is certainly no more than a moderate safety factor.

Finally, it should be noted that the actuarial position of the program has been significantly improved as a result of the congressional passage of H. R. 7089, the Servicemen's and Veterans' Survivor Benefits Act (now awaiting Presidential approval). This would cover the members of the uniformed services under old-age and survivors insurance on a regular contributory basis. Such extension of coverage would result in a reduction in the level-premium cost of the program by approximately 0.05 to 0.10 percent of payroll. As a result, the House-approved bill would be in virtually exact actuarial balance.

TABLE 1a.—*Estimated benefit payments as percent of taxable payroll [1] for House-approved bill, by type of benefit, high-employment assumptions*

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Disability monthly benefits	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's				
	Low-cost estimate									
1960	2.51	0.38	0.61	0.01	0.15	0.40	0.09	0.04	0.19	4.38
1970	3.66	.46	1.06	.01	.16	.44	.11	.06	.25	6.22
1980	4.66	.51	1.31	.01	.16	.42	.12	.07	.27	7.54
1990	5.31	.51	1.40	.01	.15	.41	.13	.08	.24	8.25
2000	5.10	.48	1.28	.01	.15	.40	.13	.07	.26	7.88
2020	5.78	.54	1.24	.01	.15	.40	.14	.08	.26	8.60
Level premium [3]	4.72	.49	1.17	.01	.15	.41	.12	.07	.25	7.39
	High-cost estimate									
1960	3.00	0.43	0.64	0.01	0.18	0.42	0.09	0.05	0.40	5.22
1970	4.38	.55	1.13	.01	.20	.44	.11	.06	.51	7.38
1980	5.68	.58	1.40	.02	.18	.40	.13	.08	.53	9.01
1990	6.87	.60	1.52	.02	.17	.38	.14	.09	.50	10.29
2000	7.15	.61	1.43	.02	.15	.34	.15	.09	.57	10.50
2020	9.46	.82	1.56	.02	.15	.34	.17	.12	.56	13.21
Level premium [3]	6.48	.63	1.33	.02	.17	.38	.14	.08	.52	9.74

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

[2] Includes husband's and widower's benefits, respectively.

[3] At 2.4 percent interest. Level premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 1b.—*Estimated benefit payments as percent of taxable payroll [1] for Senate-approved bill, by type of benefit, high-employment assumptions*

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Disability monthly benefits	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's				
	Low-cost estimate									
1960	2.50	0.37	0.63	0.01	0.15	0.40	0.09	0.04	0.21	4.40
1970	3.42	.38	1.11	.01	.17	.44	.11	.06	.28	5.98
1980	4.36	.42	1.39	.01	.16	.42	.12	.07	.30	7.25
1990	5.02	.41	1.49	.01	.15	.41	.13	.08	.26	7.96
2000	4.85	.39	1.37	.01	.15	.40	.13	.07	.28	7.65
2020	5.48	.43	1.35	.01	.15	.40	.14	.08	.29	8.33
Level premium [3]	4.41	.41	1.23	.01	.15	.41	.12	.07	.28	7.09
	High-cost estimate									
1960	2.92	0.41	0.66	0.01	0.18	0.41	0.09	0.05	0.45	5.18
1970	4.05	.45	1.19	.01	.20	.44	.11	.06	.57	7.08
1980	5.27	.47	1.51	.02	.18	.40	.13	.08	.60	8.66
1990	6.45	.48	1.63	.02	.17	.38	.14	.09	.55	9.91
2000	6.76	.48	1.54	.02	.15	.34	.14	.09	.62	10.14
2020	8.97	.62	1.72	.02	.15	.34	.17	.12	.61	12.72
Level premium [3]	5.96	.51	1.40	.02	.17	.38	.14	.08	.59	9.25

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

[2] Includes husband's and widower's benefits, respectively.

[3] At 2.6 percent interest. Level premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 2a.—*Estimated progress of trust fund under House-approved bill, 2.4 percent interest, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Low-cost estimate				
1960	$10,542	$7,941	$127	$746	$33,087
1970	16,058	12,799	161	1,527	66,706
1980	20,428	17,110	193	2,794	120,790
1990	22,300	20,431	221	4,155	178,093
2000	24,821	21,722	240	5,847	250,907
2020	29,249	27,952	296	11,144	475,986
	High-cost estimate				
1960	$10,423	$9,375	$172	$625	$27,105
1970	15,854	14,987	223	821	35,355
1980	19,848	19,870	269	1,128	48,001
1990	20,850	23,841	306	948	38,802
2000	22,282	26,005	331	192	6,156
2020	23,077	33,879	397	(1)	(1)

[1] Fund exhausted in 2002.

TABLE 2b.—*Estimated progress of old-age and survivors insurance trust fund under Senate-approved bill, 2.6 percent interest, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Low-cost estimate				
1960	$8,727	$7,550	$138	$661	$26,595
1970	14,001	11,729	155	1,136	45,869
1980	18,158	15,800	184	2,173	86,834
1990	19,822	19,097	212	3,184	125,889
2000	22,063	20,310	230	4,366	173,034
2020	25,999	26,086	284	8,433	332,598
	High-cost estimate				
1960	$8,648	$8,489	$175	$604	$23,811
1970	13,853	13,261	204	642	25,517
1980	17,682	17,807	245	927	36,385
1990	18,571	21,721	282	652	24,008
2000	19,843	23,628	304	(1)	(1)
2020	20,557	31,121	367	(1)	(1)

[1] Fund exhausted in 1997.

TABLE 2c.—*Estimated progress of disability insurance trust fund under Senate-approved bill, 2.6 percent interest, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Low-cost estimate				
1957	$701	$72	$14	$8	$623
1958	874	236	18	24	1,267
1959	882	302	21	40	1,866
1960	890	371	24	55	2,416
1965	944	477	19	127	5,234
1970	1,008	565	23	204	8,253
1975	1,066	636	25	288	11,578
	High-cost estimate				
1957	$695	$158	$30	$7	$514
1958	866	514	39	17	844
1959	873	649	45	24	1,047
1960	880	787	51	28	1,117
1965	931	977	39	29	1,091
1970	995	1,123	45	15	512
1975	1,050	1,240	50	(1)	(1)

[1] Fund exhausted in 1973.

TABLE 3.—*Changes in estimated level-premium cost [1] of benefit payments as percent of payroll, by type of change, intermediate-cost estimate, high-employment assumptions, House-approved bill and Senate-approved bill*

[Percent]

Item	Level-premium cost [1]	
	House-approved bill	Senate-approved bill
Cost of present act:		
1954 estimate (based on 1951–52 earnings level)	7.77	7.77
Current estimate (based on 1955 earnings level)	7.45	7.45
Effect of proposed changes:		
Reducing minimum eligibility age for widows and dependent mothers to 62	+.19	+.19
Reducing minimum eligibility age for women workers and wives to 62	+.36	+.03
Monthly disability benefits after age 50	+.40	+.43
Disabled child's benefits	(2)	+.01
Extension of coverage	−.01	−.01
Revised interest basis for trust fund investments		−.14
Total	+.92	+.49
Cost of system as amended by bill	8.39	7.96

[1] Level-premium contribution rate for benefit payments after 1955 and in perpetuity, taking into account (*a*) lower-contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses.

[2] Less than 0.005 percent.

TABLE 4.—*Estimated cost of benefit payments under present law and under House-approved and Senate-approved bills, intermediate-cost, high-employment assumptions*

Calendar year	Amount (in millions)			In percent of payroll [1]		
	Present law	House-approved bill	Senate-approved bill [2]	Present law	House-approved bill	Senate-approved bill [2]
1957	$6,344	$6,976	$6,865	3.61	3.97	3.90
1958	6,714	7,635	7,559	3.79	4.31	4.26
1959	7,084	8,134	8,086	3.97	4.55	4.52
1960	7,454	8,656	8,598	4.14	4.80	4.76
1970	12,057	13,895	13,338	5.92	6.80	6.52
1980	16,236	18,490	17,778	7.28	8.26	7.94
1990	19,789	22,136	21,357	8.28	9.23	8.90
2000	21,370	23,864	23,097	8.19	9.12	8.82
2020	27,833	30,918	29,840	9.60	10.64	10.26
Level-premium [3]				7.45	8.39	7.96

[1] Taking into account lower contribution rate for self-employed compared with employer-employee rate.
[2] Including monthly disability benefits.
[3] Level-premium contribution rate for benefit payments after 1955 and into perpetuity, taking into account (*a*) lower contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050. Based on 2.4 percent interest rate for present law and House-approved bill and on 2.6 percent interest rate for Senate-approved bill.

TABLE 5.—*Estimated benefit payments as percent of taxable payroll* [1] *for House-approved bill and Senate-approved bill, by type of benefit, intermediate-cost estimate, high-employment assumptions*

[In percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Disability monthly benefits	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's				
	Actual data [3]									
1951	0.97	0.15	0.13	0.01	0.07	0.23	0.05	----------	----------	1.61
1952	1.06	.16	.15	.01	.07	.25	.05	----------	----------	1.76
1953	1.43	.21	.19	.01	.09	.29	.07	----------	----------	2.28
1954	1.75	.25	.23	.01	.10	.34	.07	----------	----------	2.74
1955	2.07	.30	.25	.01	.10	.36	.07	----------	----------	3.16
	House-approved bill									
1960	2.75	0.41	0.63	0.01	0.16	0.41	0.09	0.04	0.30	4.80
1970	4.02	.50	1.09	.01	.18	.44	.11	.06	.38	6.80
1980	5.16	.54	1.36	.01	.17	.41	.13	.07	.41	8.26
1990	6.06	.56	1.46	.02	.16	.40	.14	.08	.37	9.23
2000	6.07	.54	1.35	.02	.15	.37	.14	.08	.41	9.12
2020	7.41	.67	1.39	.01	.15	.37	.15	.10	.39	10.64
Level premium [4]	5.54	.55	1.24	.01	.15	.39	.13	.07	.38	8.47
	Senate-approved bill									
1960	2.71	0.39	0.65	0.01	0.16	0.41	0.09	0.04	0.33	4.79
1970	3.74	.41	1.15	.01	.18	.44	.11	.06	.42	6.52
1980	4.81	.45	1.45	.01	.17	.41	.13	.07	.45	7.95
1990	5.71	.45	1.56	.02	.16	.40	.13	.08	.40	8.91
2000	5.75	.43	1.45	.02	.15	.37	.14	.08	.44	8.83
2020	7.02	.51	1.51	.01	.15	.37	.15	.10	.43	10.25
Level premium [4]	5.13	.46	1.31	.01	.16	.39	.13	.07	.41	8.07

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

[2] Includes husband's and widower's benefits, respectively.

[3] Excludes effect of railroad coverage under financial interchange provisions.

[4] At 2.4 percent interest for House-approved bill and 2.6 percent interest for Senate-approved bill. Level-premium rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund, and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 6.—*Estimated progress of trust fund under present law, intermediate-cost estimate, high-employment assumptions, 2.4 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Actual data excluding effect of railroad financial interchange				
1951	$3,367	$1,885	$81	$417	$15,540
1952	3,819	2,194	88	365	17,442
1953	3,945	3,006	88	414	18,707
1954	5,163	3,670	92	468	20,576
1955	5,713	4,968	119	461	21,663
	Actual data including effect of railroad financial interchange				
1951	$3,520	$2,069	$85	$432	$16,034
1952	3,974	2,395	92	379	17,900
1953	4,099	3,245	91	421	19,084
1954 [1]	5,336	3,940	96	476	20,860
1955 [1]	5,913	5,290	123	466	21,826
	Estimated future experience				
1956	$6,747	$6,034	$132	$533	$22,940
1957	7,022	6,344	134	557	24,041
1958	7,080	6,714	136	580	24,851
1959	7,138	7,084	138	595	25,362
1960	8,652	7,454	140	621	27,041
1965	11,079	9,841	158	775	33,603
1970	13,872	12,057	178	979	42,605
1975	16,804	14,103	196	1,296	56,538
1980	17,848	16,236	212	1,727	74,392
2000	20,870	21,370	264	2,586	109,973
2020	23,186	27,833	322	3,235	135,551

[1] Preliminary estimate.

TABLE 7.—*Estimated progress of trust funds under House-approved bill at 2.4 percent interest and Senate-approved bill at 2.6 percent interest, intermediate-cost estimate, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	House-approved bill				
1956	$6,747	$6,131	$132	$530	$22,840
1957	8,448	6,976	136	564	24,738
1958	8,863	7,635	141	606	26,431
1959	8,943	8,134	146	642	27,736
1960	10,482	8,656	150	686	30,096
1965	13,024	11,366	171	912	39,654
1970	15,956	13,895	192	1,174	51,030
1975	17,457	16,209	212	1,516	65,215
1980	20,138	18,490	231	1,961	84,396
2000	23,552	23,864	286	3,020	128,532
2010	25,043	25,962	308	3,649	155,090
2020	26,163	30,918	346	3,794	159,358
	Senate-approved bill, old-age and survivors insurance trust fund				
1956	$6,747	$6,068	$132	$533	$22,906
1957	7,050	6,750	147	598	23,657
1958	7,108	7,184	152	612	24,041
1959	7,167	7,610	154	617	24,061
1960	8,688	8,019	157	632	25,205
1965	11,124	10,343	168	730	29,155
1970	13,927	12,494	180	889	35,700
1975	16,872	14,614	198	1,163	46,938
1980	17,920	16,804	214	1,550	61,615
2000	20,953	21,969	267	2,030	79,448
2010	22,285	23,372	284	2,301	90,104
2020	23,278	28,603	326	1,981	75,339
	Senate-approved bill, disability insurance trust fund				
1957	$698	$115	$20	$7	$570
1958	870	375	28	21	1,058
1959	877	476	33	32	1,458
1960	885	579	38	41	1,767
1965	938	726	29	79	3,170
1970	1,002	844	34	110	4,394
1975	1,058	938	38	139	5,524

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The motion was agreed to; and the Presiding Officer (Mr. HOLLAND in the chair) appointed Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. FREAR, Mr. MILLIKIN, Mr. MARTIN of Pennsylvania, and Mr. WILLIAMS conferees on the part of the Senate.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

SOCIAL SECURITY ACT AMENDMENTS

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability-insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. COOPER, MILLS, GREGORY, REED of New York, and JENKINS.

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2936

SOCIAL SECURITY AMENDMENTS ACT OF 1956

JULY 26, 1956.—Ordered to be printed

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7225]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 18, 37, 47, 56, 92, 96, 97, 98, and 101.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 11, 13, 14, 17, 24, 28, 29, 30, 31, 32, 33, 36, 38, 39, 40, 41, 43, 44, 45, 49, 50, 55, 63, 66, 67, 68, 69, 70, 71, 76, 82, 83, 84, 85, 86, 88, 94, and 99, and agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with amendments, as follows:

On page 4, line 17, and on page 5, lines 1, 8, 10, and 14, of the Senate engrossed amendments, strike out "August" each place it appears and insert: *December*

On page 4, line 18, of the Senate engrossed amendments, strike out "August" and insert: *September*

And the Senate agree to the same.

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Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with amendments, as follows:

On page 6, lines 3, 5, and 9, of the Senate engrossed amendments, strike out "August" each place it appears and insert: *October*

On page 6, lines 16 and 17, of the Senate engrossed amendments, strike out "December" each place it appears and insert: *October*

On page 6, line 19, of the Senate engrossed amendments, strike out all after "Act." down to and including line 24.

On page 7, lines 4, 7, and 17, strike out "1957" and insert: *November 1956*

On page 7, line 8, of the Senate engrossed amendments, strike out "1957" and insert: *1956*

On page 7, line 12, of the Senate engrossed amendments, strike out "January 1957" and insert: *November 1956*

On page 7, line 20, of the Senate engrossed amendments, strike out "such Act" and insert: *the Social Security Act*

On page 7, line 25, of the Senate engrossed amendments, strike out "December" and insert: *October*

On page 8, line 2, of the Senate engrossed amendments, strike out "118" and insert: *114*

On page 8 of the Senate engrossed amendments, strike out line 6 and all that follows over to and including line 14, on page 14, and insert:

(q) (1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

(A) ⅝ of 1 per centum, multiplied by

(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

(2) The wife's insurance benefit of any wife for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

(A) 25/36 of 1 per centum, multiplied by

(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which she attains the age of sixty-two.

The preceding provisions of this paragraph shall not apply to the benefit for any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence, if such wife does not have in such month such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by

him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with such individual), and

(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attained the age of sixty-two, and (iii) for which such certificate is effective.

(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the first month for which she is so entitled (but not for any prior month) or for any later month occurring before the month in which she attains the age of sixty-five, is entitled to a wife's insurance benefit to which paragraph (2) is applicable, the amount of such wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1), plus

(B) an amount equal to—

(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

(ii) 25/36 of 1 per centum, and further multiplied by

(iii) the excess of such wife's insurance benefit prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

(4) In the case of any woman who is or was entitled to a wife's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which she is or was so entitled (but not for such first month or any earlier month) occurring before the month in which she attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

(A) an amount equal to the amount by which such wife's insurance benefit is reduced under paragraph (2) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which she was entitled thereto), plus

(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's insurance benefit prior to reduction under this subsection, an amount equal to—

(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

(ii) 5/9 of 1 per centum, and further multiplied by

(iii) the excess of such old-age insurance benefit over such wife's insurance benefit.

(5) *In the case of any woman who is entitled to an old-age insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—*

(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b),

and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

(C) the number equal to the number of months occurring after the first month for which such wife's insurance benefit was reduced under such paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), and (C) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, a wife's insurance benefit shall not be considered terminated for any reason prior to the month in which she attains the age of sixty-five.

(6) *In the case of any woman who is entitled to a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—*

(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

(B) the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits,

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3)—

(C) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for

which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b).

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), and (C) of the preceding sentence is not less than three.

(7) In the case of a woman who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's insurance benefit, the amount of such wife's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month.

(8) In the case of a woman who is or was entitled to a wife's insurance benefit to which paragraph (2) was applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's insurance benefit is reduced under paragraph (6) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which she was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which she attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

(9) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203 (a) and application of section 215 (g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.

On page 19, line 6, of the Senate engrossed amendments, insert before "amended": *each*

And the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with amendments, as follows:

On page 20 of the Senate engrossed amendments, strike out lines 20, 21, and 22, and insert: *section.*

On page 22, lines 3 and 7, of the Senate engrossed amendments, after "begins" each place it appears insert: *not earlier than*

On page 23, line 5, of the Senate engrossed amendments strike out "a State" and insert: *the United States or of a State*

On page 23, line 17, of the Senate engrossed amendments after "individual" insert: *(i) did not attain retirement age in such month or in any prior month, and (ii)*

On page 24, line 11, of the Senate engrossed amendments, strike out "Trust Fund" and insert: *Federal Disability Insurance Trust Fund*

On page 26, line 20, of the Senate engrossed amendments, strike out all after "Act." down to and including "cause." in line 23.

On page 27, line 24, of the Senate engrossed amendments, strike out "retirement age," and insert: *the age of 65,*

On page 28, line 15, of the Senate engrossed amendments, strike out "attains retirement age" and insert: *becomes entitled to old-age insurance benefits*

On page 31, line 10, of the Senate engrossed amendments, strike out "directors" and insert: *collectors*

On page 31, line 15, of the Senate engrossed amendments, strike out "directors" and insert: *collectors*

On page 32, lines 1 and 2, of the Senate engrossed amendments, strike out "or pursuant to sections 6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b)" and insert: *or to the Secretary of the Treasury or his delegate pursuant to subtitle F*

On page 32, line 19, of the Senate engrossed amendments, strike out "or chapter" and insert: *or to the Secretary of the Treasury or his delegate on tax returns under subtitle F of such Code*

On page 33, line 23, of the Senate engrossed amendments, strike out "hereinafter provided" and insert: *provided in this section*

On page 34, lines 7 and 8, of the Senate engrossed amendments, strike out "Commissioner of Internal Revenue pursuant to sections 6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b)" and insert: *Secretary of the Treasury or his delegate pursuant to subtitle F*

On page 34, lines 16, 17, and 18, of the Senate engrossed amendments, strike out "Commissioner of Internal Revenue on tax returns under chapter 2" and insert: *Secretary of the Treasury or his delegate on tax returns under subtitle F*

On page 39, line 10, of the Senate engrossed amendments, strike out "Trust Fund" and insert: *of the Trust Funds*

On page 39 of the Senate engrossed amendments, strike out lines 18 to 25, inclusive, and insert:

amount estimated by him as taxes which are subject to refund under section 6413 (c) of the Internal Revenue Code of 1954 with respect to wages (as defined in section 1426 of the Internal Revenue Code of 1939 and section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1950. Such taxes shall be determined on the basis of

On page 40, lines 5 and 6, of the Senate engrossed amendments, strike out "and sections 6011 (a), 6071, 6081 (a), 6091 (a), and 6302 (b)" and insert: *and to the Secretary of the Treasury or his delegate pursuant to subtitle F*

On page 43 of the Senate engrossed amendments, after line 15, insert:

(j) Section 3121 (l) (6) of the Internal Revenue Code of 1954 is amended—

(1) by striking "TRUST FUND", in the heading, and inserting in lieu thereof "TRUST FUNDS"; and

(2) by inserting after "Federal Old-Age and Survivors Insurance Trust Fund" the following: "and the Federal Disability Insurance Trust Fund".

And the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 19, line 9, of the House engrossed bill, strike out "of 1930"; and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and—

(1) on page 19, line 17, of the House engrossed bill, strike out " '; or' " and insert: *a semicolon*

(2) on page 20, line 9, of the House engrossed bill, strike out "produced.' " and insert: *produced; or*".

And the Senate agree to the same.

Amendment numbered 19:

That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *doctor of medicine or*; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with amendments, as follows:

On page 44, line 15, of the Senate engrossed amendments, strike out "(d)" and insert: (*e*)

On page 44, line 18, of the Senate engrossed amendments, strike out "Indiana,"

On page 45, line 25, of the Senate engrossed amendments, strike out "of the Social Security Act"

And the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

On page 46, line 13, of the Senate engrossed amendments, strike out "(e)" and insert: (*f*); and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with amendments, as follows:

On page 47, line 9, of the Senate engrossed amendments, strike out "(f)" and insert: (*g*)

On page 47, after line 10, of the Senate engrossed amendments, insert: "*Policemen and Firemen in Certain States*

And the Senate agree to the same.

Amendment numbered 23:

That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with amendments, as follows:

On page 48, line 6, of the Senate engrossed amendments, strike out "(g)" and insert: (*h*)

On page 48, line 13, of the Senate engrossed amendments, insert a comma after "States" and before the quotation marks.

And the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(i) (1) The amendment made by subsection (a) shall apply with respect to service performed after 1956. The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendment made by paragraph (2) of subsection (c) shall apply with respect to taxable years ending after 1955. The amendment made by paragraph (3) of subsection (c) shall apply with respect to taxable years ending after 1954. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to the same taxable years with respect to which the amendment made by section 201 (g) of this Act applies.

(2) (A) Except as provided in subparagraphs (B) and (C), the amendments made by subsection (b) shall apply only with respect to service performed after June 30, 1957, and only if—

(i) in the case of the amendment made by paragraph (1) of such subsection, the conditions prescribed in subparagraph (B) are met; and

(ii) in the case of the amendment made by paragraph (2) of such subsection, the conditions prescribed in subparagraph (C) are met.

(B) The amendment made by paragraph (1) of subsection (b) shall be effective only if—

(i) the Federal Home Loan Bank Board submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan, with respect to employees of Federal Home Loan Banks, for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to such employees with the benefits provided by title II of the Social Security Act; and

(ii) such plan specifies, as the effective date of the plan, July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956.

If the plan specifies as the effective date of the plan a day before July 1, 1957, the amendment made by paragraph (1) of subsection (b) shall apply with respect to service performed on or after such effective date; except that, if such effective date is prior to the day on which the Secretary approves the plan, such amendment shall not apply with respect to service performed, prior to the day on which the Secretary approves the plan, by an individual who is not an employee of a Federal Home Loan Bank on such day.

(C) The amendment made by paragraph (2) of subsection (b) shall be effective only if—

(i) the Board of Directors of the Tennessee Valley Authority submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan, with respect to employees of the Tennessee Valley Authority, for the coordination,

on an equitable basis, of the benefits provided by the retirement system applicable to such employees with the benefits provided by title II of the Social Security Act; and

(ii) such plan specifies, as the effective date of the plan, July 1, 1957, or the first day of a prior quarter beginning not earlier than January 1, 1956.

If the plan specifies as the effective date of the plan a day before July 1, 1957, the amendment made by paragraph (2) of subsection (b) shall apply with respect to service performed on or after such effective date; except that, if such effective date is prior to the day on which the Secretary approves the plan, such amendment shall not apply with respect to service performed, prior to the day on which the Secretary approves the plan, by an individual who is not an employee of the Tennessee Valley Authority on such day.

(D) The Secretary of Health, Education, and Welfare shall, on or before July 31, 1957, submit a report to the Congress setting forth the details of any plan approved by him under subparagraph (B) or (C).

And the Senate agree to the same

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with amendments, as follows:

On page 49, line 13, of the Senate engrossed amendments, strike out "$200" and insert: *$150*

On page 49, line 15, of the Senate engrossed amendments, strike out "thirty" and insert: *twenty*

And the Senate agree to the same.

Amendment numbered 27:

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with amendments as follows:

On page 51, line 8, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800*

On page 51, lines 10 and 11, of the Senate engrossed amendments strike out "be deemed to be the gross income derived by him from such trade or business; or" and insert *be deemed to be 66⅔ percent of such gross income; or*

On page 51, line 14, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800*

On page 51, line 25, of the Senate engrossed amendments, strike out "$1,200" and insert *$1,800*

On page 52 of the Senate engrossed amendments, strike out lines 4, 5, and 6 and insert: *equal to 66⅔ percent of his distributive share of such gross income (after such gross income has been so reduced); or*

On page 52, line 12, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800.*

On page 53, line 2, of the Senate engrossed amendments, strike out "(7)" and insert: *(6)*

On page 53, line 8, of the Senate engrossed amendments, strike out "(7)" and insert: *(6)*

On page 53, line 16, of the Senate engrossed amendments, strike out "after 1956" and insert: *on or after December 31, 1956*

And the Senate agree to the same.

Amendment numbered 34:

That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows:

On page 59, line 19, of the Senate engrossed amendments, strike out "September" and insert: *November*; and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows:

On page 60, after line 2, of the Senate engrossed amendments, insert: "*Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment*; and the Senate agree to the same.

Amendment numbered 42:

That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

SEC. 118. (a) Section 202 of the Social Security Act is amended by adding after subsection (s) (added by section 102 of this Act) the following new subsection:

"Suspension of Benefits of Aliens Who Are Outside the United States

"(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual who is not a citizen or national of the United States for any month which is—

"(A) after the sixth consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States, and

"(B) prior to the first month thereafter for all of which such individual has been in the United States.

"(2) Paragraph (1) shall not apply to any individual who is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and under which—

"(A) periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and

"(B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

"(3) Paragraph (1) shall not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of the enactment of this subsection.

"(4) *Paragraph (1) shall not apply to any benefit for any month if—*

"(A) *not less than forty of the quarters elapsing before such month are quarters of coverage for the individual on whose wages and self-employment income such benefit is based, or*

"(B) *the individual on whose wages and self-employment income such benefit is based has, before such month, resided in the United States for a period or periods aggregating ten years or more, or*

"(C) *the individual entitled to such benefit is outside the United States while in the active military or naval service of the United States.*

"(5) *No person who is, or upon application would be, entitled to a monthly benefit under this section for December 1956 shall be deprived, by reason of paragraph (1) of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 is based.*

"(6) *If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.*

"(7) *Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.*

"(8) *The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the continental United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection."*

(b) *The amendment made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for months after December 1956 and in the case of lump-sum death payments under section 202 (i) of such Act with respect to deaths occurring after December 1956.*

And the Senate agree to the same.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with amendments as follows:

On page 66, line 12, of the Senate engrossed amendments, strike out "subparagraph (i)," and insert: *subdivision of this subparagraph,*

On page 67, lines 8 and 14, of the Senate engrossed amendments, strike out "subparagraph (i)" each place it appears and insert: *subdivision of this subparagraph*

On page 67, line 15, of the Senate engrossed amendments, strike out "in" and insert: *under*

And the Senate agree to the same.

Amendment numbered 48:

That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

EFFECT ON BENEFITS OF CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES; EMPLOYMENT BY COMMUNIST ORGANIZATIONS

SEC. 121. (a) Section 202 of the Social Security Act is amended by adding after subsection (t) (added by section 118 of this Act) the following new subsection:

"Conviction of Subversive Activities, Etc.

"(u) (1) If any individual is convicted of any offense (committed after the date of the enactment of this subsection) under—

"(A) chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or

"(B) section 4, 112, or 113 of the Internal Security Act of 1950, as amended,

then the court may, in addition to all other penalties provided by law, impose a penalty that in determining whether any monthly insurance benefit under this section or section 223 is payable to such individual for the month in which he is convicted or for any month thereafter, and in determining the amount of any such benefit payable to such individual for any such month, there shall not be taken into account—

"(C) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and

"(D) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year.

"(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, the Attorney General shall notify the Secretary of such imposition.

"(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon of the offense by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon is granted."

(b) The amendment made by subsection (a) of this section shall not be construed to restrict or otherwise affect any of the provisions of the Act entitled "An Act to prohibit payments of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes", approved September 1, 1954 (Public Law 769, Eighty-third Congress).

(c) Section 210 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(17) Service in the employ of any organization which is performed (A) in any quarter during any part of which such organization is registered, or there is in effect a final order of the Subversive Activities Control Board requiring such organization to register, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, and (B) after June 30, 1956."

(d) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

"*(17) service in the employ of any organization which is performed (A) in any quarter during any part of which such organization is registered, or there is in effect a final order of the Subversive Activities Control Board requiring such organization to register, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, and (B) after June 30, 1956.*"

And the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows:

On page 28 of the House engrossed bill, restore line 19 and all that follows over to and including line 4 on page 29; and the Senate agree to the same.

Amendment numbered 52:

That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows:

On page 72, line 15, of the Senate engrossed amendments, strike out "(b)" the first place it appears and insert: (*c*); and the Senate agree to the same.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 29, lines 23 and 24, of the House engrossed bill, strike out "of 1930 (46 Stat. 470; 5 U. S. C. 693)"; and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment and—

(1) on page 30, line 7, of the House engrossed bill, strike out "'; or'" and insert: *a semicolon*

(2) on page 30, line 22, of the House engrossed bill, strike out "produced.'" and insert: *produced; or*".

And the Senate agree to the same.

Amendment numbered 57:

That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *doctor of medicine or* ; and the Senate agree to the same.

Amendment numbered 58:

That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with amendments as follows:

On page 73, line 14, of the Senate engrossed amendments, strike out "(e)" and insert: *(g)*

On page 74, line 2, of the Senate engrossed amendments, insert a comma after "United States" and before the quotation marks.

And the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with amendments as follows:

On page 74, line 5, of the Senate engrossed amendments, strike out "(f)" and insert: *(h)*

On page 74, line 12, of the Senate engrossed amendments, strike out "$200" and insert: *$150*

On page 74, line 13, of the Senate engrossed amendments, strike out "30" and insert: *20*

On page 75, line 11, of the Senate engrossed amendments, strike out "$200" and insert: *$150*

On page 75, line 12, of the Senate engrossed amendments, strike out "30" and insert: *20*

And the Senate agree to the same.

Amendment numbered 60:

That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with amendments as follows:

On page 75, line 18, of the Senate engrossed amendments, strike out "(g)" and insert: *(i)*

On page 76, line 3, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800*

On page 76 lines 5 and 6, of the Senate engrossed amendments, strike out "be deemed to be the gross income derived by him from such trade or business; or" and insert: *be deemed to be 66⅔ percent of such gross income; or*

On page 76, line 9, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800*

On page 76, line 21, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800*

On page 76 of the Senate engrossed amendments, strike out line 24, and on page 77 of the Senate engrossed amendments, strike out lines 1 and 2, and insert: *to 66⅔ percent of his distributive share of such gross income (after such gross income has been so reduced); or*

On page 77, line 8, of the Senate engrossed amendments, strike out "$1,200" and insert: *$1,800*

And the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows:

On page 78, line 14, of the Senate engrossed amendments, strike out "(h)" and insert: *(j)*; and the Senate agree to the same.

Amendment numbered 62:

That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (*k*); and the Senate agree to the same.

Amendment numbered 64:

That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (*l*); and the Senate agree to the same.

Amendment numbered 65:

That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with amendments as follows:

On page 79 of the Senate engrossed amendments, strike out lines 1 through 17, and insert:

(*m*) (*1*) *The amendments made by subsection (a) and paragraph (1) of subsection (h) shall apply with respect to remuneration paid after 1956. The amendment made by subsection (b) shall apply with respect to remuneration paid after October 1956. The amendments made by subsection (c) and paragraph (2) of subsection (h) shall apply with respect to service performed after 1956. The amendments made by paragraphs (1) and (2) of subsection (d) shall apply with respect to service with respect to which the amendments made by paragraphs (1) and (2) of subsection (b) of section 104 of this Act apply. The amendments made by paragraph (1) of subsection (e) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by paragraph (2) of subsection (e) and by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (i) shall apply with respect to taxable years ending on or after December 31, 1956. The amendment made by subsection (l) shall apply with respect to certificates filed after 1956 under section 3121 (k) of the Internal Revenue Code of 1954.*

On page 79, line 19, of the Senate engrossed amendments, strike out "(e)" and insert: (*g*)

On page 79, line 23, of the Senate engrossed amendments, strike out "(e)" and insert: (*g*)

On page 80, line 5, of the Senate engrossed amendments, strike out "(e)" and insert: (*g*)

On page 81, line 16, of the Senate engrossed amendments, strike out "(e)" and insert: (*g*)

On page 82 of the Senate engrossed amendments, strike out lines 9 through 20, and insert:

(*3*) *Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (f), or paragraph (2) of subsection (e), of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under*

such chapter solely by reason of the enactment of subsection (f), or paragraph (2) of subsection (e), of this section for any period before the day after the date of enactment of this Act.

(4) Any tax due under chapter 21 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (d) and an effective date prescribed pursuant to paragraph (2) (B) or (2) (C) of section 104 (i), for any calendar quarter beginning prior to the day on which the Secretary of Health, Education, and Welfare approves the plan which prescribes such effective date shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which such plan is approved. In no event shall interest be imposed on the amount of any such tax due under such chapter for any period before the day on which the Secretary of Health, Education, and Welfare approves such plan.

And the Senate agree to the same.

Amendment numbered 72:

That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows:

In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 87, line 18, of the Senate engrossed amendments) insert the following:

(c) Section 3 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received old-age assistance under the State plan for such month".

And the Senate agree to the same.

Amendment numbered 73:

That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows:

In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 89, line 9, of the Senate engrossed amendments) insert the following:

(c) Section 403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of $3 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) the product of $6 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month"

And the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows:

In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 91, line 1, of the Senate engrossed amendments) insert the following:

(c) *Section 1003 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the blind under the State plan for such month".*

And the Senate agree to the same.

Amendment numbered 75:

That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment as follows:

In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 92, line 16, of the Senate engrossed amendments) insert the following:

(c) *Section 1403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month".*

And the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

PART II—SERVICES IN PROGRAMS OF OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

OLD-AGE ASSISTANCE

SEC. 311. (a) The first sentence of section 1 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals and of encouraging each State, as far as

practicable under such conditions, to help such individuals attain self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

(b) Subsection (a) of section 2 of such Act is amended by striking out "and" before clause (10) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (11) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of old-age assistance to help them attain self-care."

(c) (1) Clauses (1) and (2) of section 3 (a) of such Act are each amended by striking out ", which shall be used exclusively as old-age assistance,".

(2) Clause (3) of such section 3 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose", and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care".

And the Senate agree to the same.

Amendment numbered 78:

That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows:

In the second line of the matter proposed to be inserted by the Senate amendment strike out "SEC. 311" and insert: *SEC. 312*

And the Senate agree to the same.

Amendment numbered 79:

That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows:

In the second line of the matter proposed to be inserted by the Senate amendment strike out "SEC. 312" and insert: *SEC. 313*

And the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows:

In the second line of the matter proposed to be inserted by the Senate amendment strike out "SEC. 313" and insert: *SEC. 314*

And the Senate agree to the same.

Amendment numbered 81:

That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows:

In the third line of the matter proposed to be inserted by the Senate amendment strike out "and 313 (b)" and insert: *313 (b), and 314 (b)*

And the Senate agree to the same.

Amendment numbered 87:

That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows:

On page 101, line 17, of the Senate engrossed amendments, strike out "each succeeding fiscal year" and insert: *each of the four succeeding fiscal years*

On page 102, lines 2 and 3, strike out "the Federal percentage" and insert: *80 per centum of the total*

On page 102 of the Senate engrossed amendments, strike out the sentence beginning in line 13.

And the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

PART V—AMENDMENTS TO MATCHING FORMULAS

AMENDMENT TO MATCHING FORMULA FOR OLD-AGE ASSISTANCE

SEC. 341. Section 3 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under class (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care."

AMENDMENT TO MATCHING FORMULA FOR AID TO DEPENDENT CHILDREN

SEC. 342. Section 403 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $32, or if there is more than one dependent child in the same home, as exceeds $32 with respect to one such dependent child and $23 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $32—

"(A) fourteen-seventeenths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $17 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children."

And the Senate agree to the same.

Amendment numbered 90:

That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

AMENDMENT TO MATCHING FORMULA FOR AID TO THE BLIND

SEC. 343. Section 1003 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care."

And the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

AMENDMENT TO MATCHING FORMULA FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 344. Section 1403 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product

of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care."

And the Senate agree to the same.

Amendment numbered 93:

That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

EFFECTIVE DATE

SEC. 345. The amendments made by this part shall be effective for the period beginning October 1, 1956, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this part had not been enacted.

And the Senate agree to the same.

Amendment numbered 95:

That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

AID TO DEPENDENT CHILDREN IN PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 351. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ", and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18".

(b) Subsection (b) of section 406 of such Act is amended by striking out "(except when used in clause (2) of section 403 (a))".

(c) Section 1108 of such Act is amended by striking out "$4,250,000" and inserting in lieu thereof "$5,312,500", and by striking out "$160,000" and inserting in lieu thereof "$200,000".

(d) The amendments made by this section shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years.

And the Senate agree to the same.

Amendment numbered 100:

That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows:

On page 123, line 13, of the Senate engrossed amendments, strike out "1957" and insert: *1958*

On page 123, line 17, of the Senate engrossed amendments, strike out "1956" and insert: *1957*

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

And the Senate agree to the same.

JERE COOPER,
WILBUR D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
THOMAS A. JENKINS,
Managers on the Part of the House.

HARRY FLOOD BYRD,
WALTER F. GEORGE,
ROBERT S. KERR,
J. ALLEN FREAR, JR.,
EUGENE D. MILLIKIN,
EDWARD MARTIN,
JOHN J. WILLIAMS,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 3, 4, 5, 6, 7, 8, 16, 18, 28, 36, 37, 38, 39, 40, 43, 44, 45, 49, 50, 54, 56, 62, and 64. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

Amendment No. 2: Section 101 (a) of the House bill amended section 202 (d) (1) of the Social Security Act so as to provide for payment of child's insurance benefits to disabled children aged 18 or over who are receiving (or are eligible to receive) such benefits before attainment of age 18. The Senate amendment provided for payment of such benefits to such disabled children even if they were not receiving (and not eligible to receive) such benefits prior to attaining such age. In the case of both the House bill and the Senate amendment, however, the disability must have begun before attainment of age 18. The House recedes.

Amendment No. 9: Section 101 (f) of the House bill provided the effective date for the provisions on child's insurance benefits for disabled children. Generally, these provisions would be effective January 1, 1956, in the case of children who attained age 18 after 1953. The provisions of the Senate amendment on this subject would be effective generally September 1, 1956.

The House recedes with an amendment making the provisions on child's insurance benefits for disabled children, as contained in the Senate amendment, effective generally January 1, 1957.

Amendment No. 10: Section 102 (a) of the House bill reduced the age at which women could qualify under the old age and survivors insurance system for old-age insurance benefits, or for benefits as the wife, widow, or dependent mother of an insured worker, from 65 to 62. These provisions were generally effective after December 1955 (and lump-sum death payments in case of deaths after 1955).

The Senate amendment provided for the same reduction in the qualifying age. However, in the case of benefits payable to a woman as the wife of an insured worker (without having in her care a child of the worker entitled to child's benefits) and in the case of old-age

insurance benefits payable to her, the benefits were to be reduced in order to take account of the earlier entitlement to the benefits. The reduction would be equal to 20 percent of the benefit which would be payable at age 65 in the case of old-age insurance benefits for which the woman qualifies at age 62 (with a proportionately lower reduction for each month after 62 that she delays in qualifying). In the case of wife's insurance benefits, the reduction for a woman qualifying for the full period between age 62 and 65 would be 25 percent of the benefit which would be payable at age 65.

The Senate amendment would generally be effective beginning September 1, 1956, in the case of widow's and parent's benefits and beginning January 1, 1957, in the case of wife's insurance benefits and old-age insurance benefits for women.

The House recedes with an amendment making the provisions effective generally November 1, 1956, and with technical amendments, including a technical amendment designed to simplify the computation of the actuarial reduction and the administration of these provisions in cases where a woman is entitled to both an old-age insurance benefit and a wife's insurance benefit. The effective date provided under the conference agreement would apply for purposes of all four types of benefits for women—old-age, wife's, widow's, and parent's insurance benefits, and (in the case of lump-sum death payments) where the death occurs after October 1956.

The conferees have been advised of the great difficulty which the Department of Health, Education, and Welfare will have not only in beginning benefit payments for the month of November 1956 to the large number of women who will file applications for early retirement benefits after the enactment date, but also in handling the very substantial additional workloads resulting from the disability and other provisions of the 1956 amendments. The conferees urge the Department to take immediate measures to staff up, to train its employees, and to take all other immediate measures to insure that it will do the best possible job in discharging its increased responsibilities under these amendments.

Amendments Nos. 11 and 12: Section 103 of the House bill provided for payment of disability insurance benefits to certain insured disabled individuals who have attained age 50 but have not reached age 65 and whose disability has lasted not less than 6 months. It also provided for reduction of such benefits, and child's insurance benefits for a disabled child age 18 or over, if another Federal benefit or State workmen's compensation benefit is payable by reason of physical or mental impairment. In addition, the House bill provided for suspension of these benefits based on disability pending determination of whether the disability has, in fact, ceased in cases where the Secretary believes the beneficiary is no longer disabled, and for withholding of such benefits for refusal, without good cause, to accept rehabilitation services available under an approved Federal-State program.

The Senate amendment contained the same provisions except for (1) technical or clarifying changes; (2) the addition of a provision exempting an individual from loss of benefits for months for which he refuses to accept rehabilitation services where the refusal relates to surgery or medical services or where the refusal is based on adherence to the teachings of a church or sect that teaches its members to

rely solely on spiritual means for curing impairments; and (3) the addition of a provision establishing a separate Federal disability insurance trust fund composed of amounts equal to one-half of 1 percent of wages and three-eighths of 1 percent of self-employment income.

In the case of the House bill the new disability insurance benefits would first be payable for months after December 1955. In the case of the Senate amendment they would first be payable for months after June 1957.

The House recedes with an amendment under which refusal to undergo surgery or medical services would not exempt an individual from loss of benefits unless such refusal is based on adherence to the teachings of a church or sect which teaches its members to rely solely on spiritual means for curing impairments. The amendment also makes technical and conforming changes.

In providing in the conference agreement that determinations of disability for cash disability benefits be made by State agencies under the same arrangements as are now utilized in making determinations for the disability freeze, it is understood and expected that the Secretary of Health, Education, and Welfare will fully utilize his authority to review and revise determinations of State agencies in order to assure uniform administration of the disability benefits and to protect the Federal Disability Insurance Trust Fund from unwarranted costs.

Amendment No. 13: Section 104 (a) of the House bill amended section 210 (a) (1) of the Social Security Act so as to provide coverage under the old-age and survivors insurance system, on the same basis as other agricultural labor, for service performed in connection with the production and harvesting of gum resin products. The Senate amendment deleted this provision of the House bill, thereby continuing in effect the present exclusion from coverage of such service. The House recedes.

Amendment No. 14: This amendment added to the House bill a new section 104 (b), which would amend section 210 (a) (1) (B) of the Social Security Act so as to exclude from coverage under the old-age and survivors insurance system service performed by foreign agricultural workers lawfully admitted to the United States from any foreign country (or possession thereof) on a temporary basis to perform agricultural labor. Section 210 (a) (1) (B) presently excludes from coverage such service performed by workers so admitted from the Bahamas, Jamaica, and the other British West Indies. The House recedes.

Amendment No. 15: Section 104 (b) of the House bill amended section 210 (a) (6) of the Social Security Act so as to provide coverage under the old-age and survivors insurance system for service performed in the employ of a Federal home loan bank (and subject to its retirement system) and for service performed in the employ of the Tennessee Valley Authority (and subject to its retirement system). The Senate amendment deleted this provision of the House bill, thereby continuing in effect the present exclusion from coverage of such service. Under the conference agreement the provisions of the House bill providing coverage for such service performed by employees of the Tennessee Valley Authority, and by employees of Federal home loan banks, are retained. As explained in connection with the explanation of amendment No. 25, the extension of coverage in the case

of Federal home loan banks will become effective only if the conditions specified in subparagraph (B) of section 104 (i) (2) of the bill as agreed to in conference are met, and the extension of coverage in the case of the Tennessee Valley Authority will become effective only if the conditions specified in subparagraph (C) of such section 104 (i) (2) are met.

Amendment No. 17: Section 104 (c) (2) of the House bill amended section 211 (a) (1) of the Social Security Act so as to provide that income derived from a share-farming arrangement by the owner or tenant of land may be included in computing his net earnings from self-employment if the arrangement provides for his material participation in the production (by the other party to the arrangement) of agricultural or horticultural commodities and such participation in fact exists. The Senate amendment added language to make it clear that the income so derived by the owner or tenant of land may be included in his net earnings from self-employment where he participates materially in the "management of the production" of such commodities. The House recedes.

Amendment No. 19: Section 104 (d) of the House bill amended section 211 (c) (5) of the Social Security Act so as to provide coverage under the old-age and survivors insurance system for self-employed lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, and optometrists. Under the House bill, of the professional self-employed individuals presently enumerated in section 211 (c) (5), only physicians and Christian Science practitioners would continue to be excluded from such coverage. The Senate amendment provides for the exclusion of the performance of service by an individual in the exercise of his profession as a doctor of medicine, doctor of osteopathy, or Christian Science practitioner (or the performance of such service by a partnership). The House recedes with an amendment extending coverage to the performance of service by an individual in the exercise of his profession as a doctor of osteopathy (or the performance of such service by a partnership).

Amendment No. 20: This amendment added to section 104 of the House bill a new subsection (d), which would amend section 218 (d) (6) of the Social Security Act to allow certain States (Florida, Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii), and the political subdivisions of such States, under certain conditions to divide their retirement systems into two divisions or parts, one consisting of the positions of members who desire old-age and survivors insurance coverage and the other consisting of the positions of members who do not, with each such division or part being treated as a separate retirement system. The provision added by this amendment would also allow employees of certain States (Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii) who are covered by a retirement system, and who are compensated in whole or in part from Federal grants for unemployment compensation administration under title III of the Social Security Act, to have their positions (or all other positions in the department in which they are employed, or all positions in such department) treated as a separate retirement system for purposes of old-age and survivors insurance coverage. The House recedes with a clerical amendment and with an amentment deleting Indiana from the scope of the amendment.

Amendment No. 21: This amendment added to section 104 of the House bill a new subsection (e), which would permit certain States (Florida, Nevada, New Mexico, Minnesota, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii) to modify their State agreements under section 218 of the Social Security Act at any time prior to July 1, 1957, without regard to certain requirements contained in section 218 (d) of that act so as to provide old-age and survivors insurance coverage under such agreements for school district employees who are not required to hold teachers' or administrators' certificates. The House recedes with a clerical amendment.

Amendment No. 22: This amendment added to section 104 of the House bill a new subsection (f), which would amend section 218 of the Social Security Act so as to permit certain States (Florida, North Carolina, Oregon, South Carolina, and South Dakota) to modify their State agreements to provide old-age and survivors insurance coverage under such agreements for employees in any policeman's or fireman's position covered by a retirement system, notwithstanding the provisions of such section 218 which preclude old-age and survivors insurance coverage of employees in any such position. If the retirement system covers positions of policemen or firemen (or both) and other positions as well, the policemen or firemen (or both) may be treated as having a separate retirement system for these purposes. The House recedes with clerical amendments.

Amendment No. 23: This amendment added to section 104 of the House bill a new subsection (g), which would amend section 211 (a) (7) (B) of the Social Security Act so as to permit inclusion, in the computation of net earnings from self-employment for purposes of old-age and survivors insurance, of certain remuneration received by any minister in a foreign country who is a United States citizen and whose congregation is composed predominantly of United States citizens. The House recedes with clerical amendments.

Amendments Nos. 24 and 25: Section 104 (e) of the House bill contained the effective dates applicable to the provisions of the House bill which extended coverage under the old-age and survivors insurance system. Senate amendment No. 24 deleted section 104 (e) of the House bill, and Senate amendment No. 25 inserted a new subsection containing the effective dates applicable to the coverage provisions in the bill as it passed the Senate.

The House recedes with an amendment. In view of the period of time which has elapsed since the passage of the bill in the House, the conference agreement retains the effective dates contained in the Senate amendment. In the case of coverage provided by section 104 (b) of the House bill which was restored by the conference action on amendment No. 15, the conference agreement provides that the amendment made by paragraph (1) of such section 104 (b) (relating to coverage of employees of Federal home loan banks) shall become effective only if the Federal Home Loan Bank Board submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to employees of Federal home loan banks with the benefits provided by title II of the Social Security Act, and such plan prescribes as the effective date thereof July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956. If the plan specifies July

1, 1957, as its effective date, the conference agreement provides that the amendment made by such paragraph (1) shall apply with respect to service performed on or after July 1, 1957. If the plan specifies as its effective date a day prior to July 1, 1957, the conference agreement provides that the amendment made by such paragraph (1) shall apply with respect to service performed on or after such day.

The conference agreement contains a similar requirement with respect to the amendment made by paragraph (2) of section 104 (b), relating to coverage of employees of the Tennessee Valley Authority. The plan with respect to such employees must be submitted by the Board of Directors of the Tennessee Valley Authority. Otherwise, the conditions and provisions described above with respect to the amendment made by paragraph (1) of section 104 (b) also apply with respect to the amendment made by paragraph (2) of section 104 (b).

The conference agreement requires that, on or before July 31, 1957, the Secretary of Health, Education, and Welfare shall submit a report to the Congress setting forth the details of any plan, described above, approved by him.

Amendment No. 26: This amendment added to the House bill a new section 105. Subsection (a) of the new section 105 would amend section 209 (h) (2) of the Social Security Act to provide that cash remuneration paid by any one employer in any calendar year (after 1956) to an employee for agricultural labor will constitute "wages" for old-age and survivors insurance purposes if such remuneration is $200 or more (regardless of the basis on which paid) or if such employee performs agricultural labor for that employer (for cash remuneration computed on a time basis) on 30 days or more during the year. Under present law, such remuneration only constitutes "wages" for old-age and survivors insurance purposes if it is $100 or more during the year.

Subsection (b) of the new section 105 would amend section 210 of the Social Security Act (with respect to service performed after 1956) so as to provide that where a crew leader furnishes individuals to perform agricultural labor for another person such individuals would be deemed to be employees of the crew leader for old-age and survivors insurance purposes, and the crew leader would be deemed not to be an employee of such other person. The term "crew leader" is defined as an individual who furnishes workers to perform agricultural labor for another person, if he pays their wages (either on his own behalf or on behalf of such person) and has not entered into a written agreement designating him an employee of such person.

Subsection (c) of the new section 105 would amend section 213 (a) (2) (B) (iv) of the Social Security Act so that an individual receiving $100 or more but less than $200 as wages for agricultural labor during a year will receive (as under existing law) one quarter of coverage.

The House recedes with amendments changing the $200 figure in the amended section 209 (h) (2) of the Social Security Act to $150 and changing the 30-day provision to 20 days.

Amendment No. 27: This amendment added to the House bill a new section 106, which would amend section 211 (a) of the Social Security Act (effective with respect to taxable years ending after 1956) so as to change the optional method for the computation of farm self-employment income.

Under existing law a self-employed farmer who computes his income on a cash receipts and disbursements basis may deem 50 percent of his

gross income from farming to be his net earnings from self-employment attributable to farming, if such gross income is $1,800 or less; and he may deem $900 to be his net earnings from self-employment attributable to farming if his gross income from farming is more than $1,800 and such net earnings as otherwise computed are less than $900.

Under the new section 106, the optional method of computing net earnings from farm self-employment would be extended to self-employed farmers who report income under an accrual method, and to members of farm partnerships. In addition, such optional method of computing net earnings would be changed so that a farmer whose gross income from farming is $1,200 or less may deem such gross income to be his net earnings from self-employment from farming, and a farmer whose gross income from farming is more than $1,200 may deem $1,200 to be his net earnings from farm self-employment if such net earnings as otherwise computed are less than $1,200. This optional method of computing net earnings from farm self-employment would be extended on the same basis to a member of a farm partnership with respect to his distributive share of the gross income of the partnership.

The House recedes with amendments. Under the conference agreement, if the gross income derived by a self-employed farmer from his farming operations is not more than $1,800, he may, at his option, deem his net earnings from self-employment derived from such farming operations to be 66⅔ percent of such gross income. If the gross income derived by a self-employed farmer from his farming operations is more than $1,800 and the net earnings from self-employment derived by him from such farming operations are less than $1,200, he may, at his option, deem his net earnings from self-employment from such farming operations to be $1,200. The conference agreement provides similar rules with respect to a partner's distributive share of the gross income of a partnership engaged in farming operations.

As under the Senate amendment, the conference agreement provides that, for purposes of applying this provision, the gross income derived by an individual from one or more farming operations and his distributive share of the gross income of one or more farm partnerships shall be aggregated and treated as having been derived from a single trade or business.

As under existing law, payments made to a partner which are guaranteed payments within the meaning of section 707 (c) of the Internal Revenue Code of 1954 will be treated as income from a trade or business separate from the partnership.

The Senate amendment would have applied to taxable years ending after 1956. Under the conference agreement, this amendment will apply to taxable years ending on or after December 31, 1956 (including the calendar year 1956).

Amendment No. 29: This amendment added to the House bill a new section 108, which would amend section 214 (a) (3) of the Social Security Act so as to provide a special fully insured status for an individual with respect to whom all but 4 of the quarters elapsing after 1954 and prior to July 1957 (or, if later, the quarter in which he attains retirement age or dies) are quarters of coverage as defined in section 213 of such act, but with a requirement of a minimum of 6 such quarters of coverage. Section 214 (a) (3) presently provides such special insured status only where all of the quarters elapsing after 1954 and prior to July 1956 (or, if later, the quarter in which the

individual attained retirement age or dies) are quarters of coverage, with the same six-quarter minimum. The House recedes.

Amendment No. 30: This amendment added to the House bill a new section 109, which would amend section 215 (b) (4) of the Social Security Act so as to provide that up to 5 years of low earnings (or no earnings) may be dropped out in the computation of an insured individual's average monthly wage, regardless of the number of such individual's quarters of coverage; under present law only 4 such years may be dropped out unless the individual has 20 or more quarters of coverage. Subsection (b) of the new section 109 sets forth the conditions under which an individual may take advantage of the new 5-year dropout provision, limiting the application of such provision to those who become entitled in the future to old-age insurance benefits or (under specified circumstances) to recomputations of benefits on the basis of earnings after initial entitlement. The House recedes.

Amendment No. 31: This amendment added to the House bill a new section 110, providing that the primary insurance amount of an individual who dies or becomes entitled to old-age insurance benefits in 1957 shall be computed under section 215 (a) (1) (A) of the Social Security Act with a starting date of December 31, 1955, and a closing date of July 1, 1957, if this method of computation would result in a higher primary insurance amount and the individual had not less than 6 quarters of coverage after 1955 and prior to the quarter following his death or entitlement to old-age insurance benefits. In any such computation (using July 1, 1957, as the closing date), the total of the individual's wages and self-employment income after 1956 would be reduced to $2,100 if it exceeded that amount. The House recedes.

Amendment No. 32: This amendment added to the House bill a new provision (sec. 111), amending section 205 (b) of the Social Security Act so as to provide that an applicant for benefits, or any other individual who believes that his or her rights may be prejudiced by a decision of the Secretary, must file his request for a hearing (if he desires to file such a request as permitted under present law) within a period of 6 months from the date on which notice of the Secretary's decision is mailed to him or within such longer period as the Secretary may prescribe. Where notice of any such decision has been mailed to an individual prior to the date of the enactment of the bill, the period within which such individual may file his request would run for at least 6 months after such date. The House recedes.

Amendment No. 33: This amendent added to the House bill a new section 112, which would amend section 203 of the Social Security Act (effective with respect to taxable years ending after 1955) so as to provide that service performed outside the United States as a member of the Armed Forces shall be considered for purposes of the "work clause" as employment within the United States and not as noncovered remunerative activity outside the United States; the remuneration for such service would be included under the regular annual earnings test. Under the present provisions of section 203, a member of the Armed Forces serving overseas is regarded as engaged in "noncovered remunerative activity outside the United States" and as a result is subject under the work clause to the special 7-day test. The House recedes.

Amendment No. 34: This amendment added to the House bill a new section 113, which would amend section 202 (e) of the Social Security Act so as to provide that if a widow remarries and such remarriage is terminated by the second husband's death but she is not his widow for purposes of entitlement to old-age and survivors insurance benefits, such remarriage shall be deemed not to have occurred and she may again become entitled to widow's insurance benefits based on the wages and self-employment income of her first husband. The House recedes with an amendment changing the effective date from, generally, September 1956 to November 1956.

Amendment No. 35: This amendment added to the House bill a new section 114, which would amend section 202 of the Social Security Act to provide that where an individual failed to file proof of support by the insured worker as required for husband's, widower's, or parent's insurance benefits, or to file application for a lump-sum death payment in the case of a death occurring after 1946, within the period prescribed by law, and there was good cause for such failure to file in time (as determined by the Secretary of Health, Education, and Welfare), such proof of support or such application shall be deemed to have been filed within the prescribed period of time if filed within 2 years after the expiration of such period or within 2 years after August 1956, whichever is later. The amendment would apply only to lump-sum death payments, and monthly benefits for months after August 1956, based on applications filed after August 1956. The House recedes with a technical amendment.

Amendment No. 41: The Senate amendment added a new section 117 to the bill, amending section 205 (c) (5) of the Social Security Act (relating to the time limitation for correction of earnings records) to provide that under specified circumstances an individual's earnings record could be corrected, even after the time limitation has run with respect to a given year, to include self-employment income for that year in any case where wages for that year were deleted from the records as having been erroneously reported. The amount of self-employment income to be included could not be in excess of the amount of wages deleted. The correction could be made only to the extent of the individual's self-employment income (or his net earnings from self-employment) not already included in his earnings record as self-employment income which is included in a tax return or statement filed before the expiration of the time limitation following the taxable year in which the deletion of wages is made.

The House recedes.

Amendment No. 42: This amendment added to the House bill a new section 118, amending section 202 of the Social Security Act to add a new subsection (t) at the end thereof, providing that no benefits may be paid to certain aliens who are outside the United States.

Paragraph (1) of the new subsection (t) provided that the prohibition against payment shall apply to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or which otherwise comes to his attention, that such individual is outside the United States and prior to the first month for all of which he has been in the United States. The prohibition would not apply to individuals who are citizens of a foreign country which the Secretary finds has in effect

a social insurance or pension system which is of general application in such country and which pays periodic benefits, or their actuarial equivalent, on account of old age, retirement, or death, if United States citizens who are not citizens of such foreign country and who qualify for such benefits are permitted to receive such periodic benefits or their actuarial equivalent while they are outside of such foreign country for periods of 3 months or longer.

Paragraph (2) of the new subsection (t) provided that a person who is, or on application would be, entitled to a monthly benefit under section 202 for June 1956 would not, because of this provision, be deprived of such benefit or of any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

Paragraph (3) provided that no lump-sum death payment may be made on the basis of the wages and self-employment income of an individual who died while outside the United States and whose benefits were not paid under paragraph (1) for the month preceding the month in which he died.

Paragraph (4) provided that the deductions under subsections (b) and (c) of section 203 of the Social Security Act on account of work or failure to have a child in the beneficiary's care would not be applied for any month with respect to the benefits of any individual if his benefits for such month are not payable by reason of paragraph (1).

Paragraph (5) provided that the Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection, and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary for this purpose.

The House recedes with an amendment which contains a substitute for the language proposed to be inserted by the Senate amendment. Under section 118 (a) of the conference agreement, a new subsection (t) will be added to section 202 of the Social Security Act.

Paragraph (1) of the new subsection (t) provides that no monthly benefits will be paid under section 202 of the Social Security Act, and no disability benefits will be paid under the new section 223 of that act, to any individual who is not a citizen or national of the United States for any month which is (A) after the sixth consecutive calendar month during all of which the Secretary of Health, Education, and Welfare finds (on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention) that such individual is outside the United States (as defined in sec. 210 (i) of the Social Security Act), and (B) before the first month during all of which such individual has been in the United States (as so defined).

Paragraph (2) of the new subsection (t) provides that the suspension of benefits described in paragraph (1) will not apply to any individual who is a citizen of a foreign country which the Secretary of Health, Education, and Welfare finds has in effect a social insurance or pension system which is of general application in that foreign country and under which (A) periodic benefits (or the actuarial equivalent thereof) are paid on account of old age, retirement, or death, and (B) individuals who are citizens of the United States but not citizens of such foreign

country and who qualify for such benefits are permitted to receive such benefits (or the actuarial equivalent thereof) while outside such foreign country without regard to the duration of such absence. The requirement set forth in subparagraph (B) of the preceding sentence would not be met by an insurance system in any foreign country under which, for example, Americans are precluded from receiving benefits by reason of their absence from that foreign country (regardless of how lengthy the period is before the benefits are cut off). Another example of a situation in which a foreign insurance system might fail to meet the requirements of such subparagraph (B) would be a case where such system has conditions to the receipt of payment which, though not phrased in terms of absence from the country, have the same effect as if such system expressly required presence in the foreign country concerned for the benefits to continue.

Paragraph (3) of the new subsection (c) provides that the suspension of benefits provided in the new paragraph (1) will not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date on which this bill becomes law.

Paragraph (4) of the new subsection (t) makes the suspension of benefits inapplicable to benefits for any month (including derivative benefits) if the wage earner on whose record the benefits are based has, before such month, either (A) had 40 quarters or more of coverage, or (B) resided in the United States (as defined in sec. 210 (i) of the Social Security Act) for 1 or more periods aggregating 10 years or more.

In addition, paragraph (4) makes the suspension of benefits inapplicable to an alien who is outside the United States while in the active military or naval service of the United States.

Paragraph (5) of the new subsection (t) provides that no person who is, or upon application would be, entitled to a monthly benefit under section 202 of the Social Security Act for December 1956 shall be deprived, by reason of the provision in paragraph (1) suspending the benefits of aliens, of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 was based.

Paragraph (6) of the new subsection (t) provides that if an individual is outside of the United States when he dies, and if no benefit may be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of that individual's wages and self-employment income.

Paragraph (7) of the new subsection (t) provides that subsections (b) and (c) of section 203 of the Social Security Act (relating to deductions on account of work or failure to have a child in care) will not apply with respect to any individual for any month for which no monthly benefit may be paid by reason of paragraph (1) of the new subsection (t).

Paragraph (8) of the new subsection (t) provides that the Attorney General shall certify to the Secretary of Health, Education, and Welfare such information regarding aliens who depart from the United States to any foreign country (other than Canada or Mexico) as may be necessary to carry out the purposes of the new subsection (t). In addition, the Attorney General will be required to otherwise

aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of the new subsection (t).

Section 118 (b) of the conference agreement provides the effective date for the new subsection (t). It will apply to monthly benefits under title II of the Social Security Act for months after December 31, 1956, and to lump-sum death payments under section 202 (i) of that act in the case of deaths occurring after December 31, 1956.

Amendment No. 46: This amendment adds, to the portion of the House bill preserving the relationship between railroad retirement and old-age and survivors insurance, a new subsection (c) amending section 5 (k) (2) of the Railroad Retirement Act of 1937 (relating to financial interchange). The Senate amendment provides the same type of financial interchange provisions between the Railroad Retirement Account and the Federal Disability Insurance Trust Fund (established by amendment No. 12) as are presently provided with respect to such account and the Federal Old-Age and Survivors Insurance Trust Fund, with corresponding technical changes in other provisions of such section 5 (k) (2).

The House recedes with technical amendments.

Amendment No. 47: This amendment added to the House bill a new section 121, amending section 216 (e) of the Social Security Act (relating to the definition of "child") and section 202 (d) of that act (relating to benefits payable to children, as defined in section 216 (e)). Subsection (a) of the Senate amendment would add a new class of persons to the definition of child, so that in the case of a deceased individual, the definition would include a child with respect to whom such individual has stood in loco parentis for not less than 5 years immediately preceding the day on which such individual died. Subsection (b) of the Senate amendment would add a new paragraph (7) to section 202 (d) of the Social Security Act providing that a person who is a "child" by reason of the changed definition of that term in subsection (a) shall be deemed dependent upon the individual standing in loco parentis with respect to him if at the time of such individual's death, the child was living with and receiving at least three-fourths of his support from such individual. Subsection (c) of the Senate amendment provided that the amendments made by subsections (a) and (b) shall apply only with respect to monthly benefits for months beginning after the date of enactment.

The Senate recedes.

Amendment No. 48: The Senate amendment added a new section 122 to the House bill. Subsection (a) of such section 122 would insert a new subsection "(u)" at the end of section 202 of the Social Security Act, consisting of two paragraphs. Under paragraph (1) of the new subsection (u), monthly benefits under section 202 of the Social Security Act would not be paid to any individual for any month after the Secretary of Health, Education, and Welfare has been notified by the Attorney General of the United States that such individual is or has been convicted of an offense under chapter 37, 105, or 115 of title 18 of the United States Code, or under section 4, 112, or 113 of the Internal Security Act of 1950. Paragraph (2) of the new subsection would provide for the Attorney General to furnish to the Secretary a complete list of the names of all individuals heretofore convicted of offenses specified in paragraph (1), and to notify the

Secretary of the name of each individual hereafter so convicted. Such list and notification would be furnished as soon as practicable.

Subsection (b) of the Senate amendment would provide that the new subsection (u) should not be construed to restrict or otherwise affect any of the provisions of the act of September 1, 1954, which prohibits payment of annuities to officers and employees of the United States convicted of certain offenses.

The House recedes with an amendment substituting new language for the language proposed to be inserted by the Senate amendment. Under section 121 (a) of the conference agreement, section 202 of the Social Security Act is amended by adding at the end thereof a new subsection (u).

Paragraph (1) of the new subsection (u) provides that if an individual is convicted of any of the offenses specified in that paragraph, and if the offense was committed after the date of the enactment of the bill, then the court may impose a penalty in addition to all other penalties provided by law. The additional penalty is that in determining whether any monthly insurance benefit is payable under section 202 of the Social Security Act or under section 223 (relating to disability) of that act to the individual so convicted for the month in which he is so convicted or for any month thereafter, there is not to be taken into account (A) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and (B) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year. The offenses specified for which the additional penalty may be imposed are offenses under chapter 37 (espionage and censorship), chapter 105 (sabotage), and chapter 115 (treason, sedition, and subversive activities) of title 18 of the United States Code, and offenses under sections 4, 112, and 113 of the Internal Security Act of 1950, as amended.

The imposition of the additional penalty is left to the discretion of the court. However, in those cases where the court imposes this penalty, the convicted individual will lose, for the month of conviction and all months thereafter, monthly benefits (including disability benefits) to the extent that such benefits are based on the employment or self-employment record of any person for the period in which the conviction occurs or for any prior period.

For example, if an individual is convicted in December 1957 of an offense committed in January 1957, and if the court imposes the additional penalty provided by the new paragraph (1), then for purposes of determining any monthly benefit which would otherwise be payable to such individual for December 1957 or for any month thereafter, such individual's insured status and his average monthly wage shall be determined by omitting all wages paid to him for the last quarter of 1957 and for all prior quarters of 1957 and prior years and by omitting all net earnings from self-employment derived by such individual during 1957 (assuming that he is a calendar-year taxpayer) and during all prior taxable years.

If the convicted individual referred to in the preceding sentence is entitled to a monthly benefit based on the earnings record of a second individual, or if at some time in the future he makes application for such a monthly benefit, there must be omitted all wages paid to such

second individual for the quarters specified in the preceding paragraph and all net earnings from self-employment income by such second individual during the taxable years specified in the preceding paragraph (with the exception that in this case the taxable year in which the conviction occurs will be determined by reference to the taxable years of such second individual, rather than by reference to the taxable year of the individual convicted).

It is to be emphasized that the additional penalty applies only to the individual convicted of the offense, and does not prejudice any of the rights of other individuals. Thus, if the penalty is imposed with respect to an individual, the entitlement of his wife, children, or parents to monthly benefits on the basis of his earnings record is to be determined as if no such penalty had been imposed. He is to be permitted to make application for benefits (if he is not already entitled to benefits) in the manner provided by law, if such application is necessary for others to become entitled to benefits on the basis of his earnings record. Similarly, section 203 (a) of the Social Security Act (relating to maximum benefits) is to operate as if the penalty had not been imposed. That is to say, in computing the maximum benefits which other individuals may receive on the basis of any earnings record, he will be deemed to be "entitled" to the benefits to which he would be entitled but for his conviction even though the court-imposed penalty prevents the payment of any such benefit to him or reduces the amount thereof.

Paragraph (2) of the new subsection (u) provides that the Attorney General is to notify the Secretary of Health, Education, and Welfare as soon as practicable after the additional penalty has been imposed with respect to any individual. However, the period with respect to which the penalty is to be applied is dependent not on the date of such notification but on the time when the conviction occurs.

Paragraph (3) of the new subsection (u) provides that if the President of the United States grants a pardon of any offense with respect to which the additional penalty has been imposed, the penalty will not apply to months beginning after the month in which the pardon is granted. In the case of such a pardon granted to any individual, the determination of whether any monthly benefit is payable on the basis of his earnings record or the record of any other individual, and the determination of the amount of any benefit so payable, will be made as if he had not been convicted. However, the pardon will not affect monthly benefits for any month which begins on or before the date on which the pardon is granted.

Subsection (b) of section 121 of the conference agreement provides that the amendment made by subsection (a) of that section (which adds the new subsection (u)) is not to be construed to restrict or otherwise affect any of the provisions of the act of September 1 1954 (Public Law 769, 83d Cong.), which prohibits payment of annuities to officers and employees of the United States convicted of certain offenses.

Subsection (c) of section 121 of the conference agreement amends section 210 (a) of the Social Security Act to exclude from the term "employment" service performed in the employ of certain Communist organizations. If any organization is registered at any time during any calendar quarter which begins after June 30, 1956, under the Internal Security Act of 1950, as amended, as a Communist-action

organization, a Communist-front organization, or a Communist-infiltrated organization, then service performed in such quarter in the employ of such organization does not come within the definition of the term "employment." The same rule is provided in the case of any organization which fails to register but with respect to which there is in effect, at any time during the calendar quarter in question, a final order of the Subversive Activities Control Board requiring such organization to register as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization. Whether or not there is in effect on any day a final order requiring registration is to be determined in the manner provided in title I of the Internal Security Act of 1950, as amended.

Subsection (d) of section 121 amends section 3121 (b) of the Internal Revenue Code of 1954 to exclude from the term "employment", for purposes of the taxes imposed by chapter 21 of such code, service which is not treated as employment for purposes of title II of the Social Security Act by reason of the amendment made by subsection (c) of section 121.

Amendment No. 51: Section 201 (b) of the House bill amended section 3121 (a) (9) of the Internal Revenue Code of 1954 (which excludes from "wages" certain payments made to employees after they attain retirement age) to reflect changes made elsewhere in the bill with respect to the definition of retirement age. Section 201 (c) of the House bill made the necessary changes in section 3121 (b) (1) of the code (relating to the exclusion of service performed by gum-resin workers from "employment" for purposes of the Federal Insurance Contributions Act) to correspond with the changes made by the House bill in section 210 (a) (1) of the Social Security Act (relating to the exclusion of such service from "employment" for benefit purposes). The Senate amendment deleted both section 201 (b) and section 201 (c) of the House bill. In view of the action taken by the conferees with respect to amendment No. 10 (relating to definition of retirement age) and amendment No. 13 (relating to coverage of service performed by gum-resin workers), the House recedes with an amendment which restores section 201 (b) of the House bill.

Amendment No. 52: This amendment added to the House bill a new section 201 (b), which would amend section 3121 (b) (1) (B) of the Internal Revenue Code of 1954 (relating to the exclusion of service performed by certain foreign agricultural workers from "employment" for purposes of the Federal Insurance Contributions Act) to correspond with the changes made by amendment No. 14 in section 210 (a) (1) (B) of the Social Security Act (relating to the exclusion of such service from "employment" for benefit purposes). In view of the action taken by the conferees with respect to amendment No. 14, the House recedes with a clerical amendment.

Amendment No. 53: Section 201 (d) of the House bill made the necessary changes in section 3121 (b) (6) of the Internal Revenue Code of 1954 (relating to the exclusion of certain service from "employment" for purposes of the Federal Insurance Contributions Act) to correspond with the changes made by the House bill in section 210 (a) (6) of the Social Security Act which extend coverage to service in the employ of the Tennessee Valley Authority and to service in the employ of a Federal home loan bank. The Senate amendment deleted this provision of the House bill. In view of the action taken by the conferees

with respect to amendment No. 15, the House recedes with an amendment which restores with clerical changes the provisions of the House bill.

Amendment No. 55: Section 201 (e) (2) of the House bill made the necessary changes in section 1402 (a) (1) of the Internal Revenue Code of 1954 (relating to the treatment of income derived from share-farming arrangements for purposes of the tax on self-employment income) to correspond with the changes made by the House bill in section 211 (a) (1) of the Social Security Act (relating to the treatment of such income for benefit purposes). The Senate amendment added to this provision of the House bill the same language as that which was added by amendment No. 17 to the provision of the House bill dealing with the treatment of such income for benefit purposes. The House recedes.

Amendment No. 57: Section 201 (f) of the House bill made the necessary changes in section 1402 (c) (5) of the Internal Revenue Code of 1954 (relating to the treatment of certain professional self-employed individuals for purposes of the tax on self-employment income) to correspond with the changes made by the House bill in section 211 (c) (5) of the Social Security Act (relating to the treatment of such individuals for benefit purposes). The Senate amendment made the same change in this provision of the House bill as that which was made by amendment No. 19 in the provision of the House bill dealing with the treatment of such individuals for benefit purposes. The House recedes with an amendment conforming to the conference action on amendment No. 19.

Amendment No. 58: This amendment added to section 201 of the House bill a new subsection (e), which would make the necessary changes in section 1402 (a) (8) (B) of the Internal Revenue Code (relating to the computation of net earnings from self-employment, in the case of a minister serving in a foreign country, for purposes of the tax on self-employment income) to correspond with the changes made by amendment No. 23 in section 211 (a) (7) (B) of the Social Security Act (relating to the computation of such net earnings for benefit purposes). In view of the action taken by the conferees with respect to amendment No. 23, the House recedes with clerical amendments.

Amendment No. 59: This amendment added to section 201 of the House bill a new subsection (f), which would make the necessary changes in section 3121 of the Internal Revenue Code of 1954 to correspond with the changes made by amendment No. 26 in section 209 (h) (2) of the Social Security Act (relating to the treatment of remuneration for agricultural labor as "wages" for old-age and survivors insurance benefit purposes) and in section 210 of that act (relating to the treatment of service performed by and for crew leaders for old-age and survivors insurance benefit purposes).

Paragraph (3) of the new subsection (f) would amend section 3102 (a) of the Internal Revenue Code of 1954 (which permits an employer paying cash remuneration for agricultural labor to deduct the Federal Insurance Contributions Act employee tax from such remuneration even though at the time of payment it is not clear whether or not such remuneration constitutes "wages") to reflect the change in section 209 (h) (2) of the Social Security Act made by amendment No. 26 and the change in section 3121 (a) (8) (B) of the Internal Revenue Code of 1954 made by this amendment (No. 59).

The House recedes with amendments conforming to the conference action on amendment No. 26.

Amendment No. 60: This amendment added to section 201 of the House bill a new subsection (g), which would make the necessary changes in the last two sentences of section 1402 (a) of the Internal Revenue Code of 1954 (relating to the optional method of computing net earnings from farm self-employment for purposes of the tax on self-employment income) to correspond with the changes made by amendment No. 27 in section 211 (a) of the Social Security Act (relating to the optional method of computing such net earnings for old-age and survivors insurance benefit purposes).

The House recedes with amendments which conform to the conference action with respect to amendment No. 27.

Amendment No. 61: This amendment added to section 201 of the House bill a new subsection (h), which would amend section 3121 (l) (8) (A) of the Internal Revenue Code of 1954 so as to include as a foreign subsidiary of a domestic corporation, for purposes of the provisions of law permitting the extension of old-age and survivors insurance coverage to employees of such subsidiaries, any foreign corporation of whose voting stock not less than 20 percent is owned by a domestic corporation. Under present law, more than 50 percent of the stock of the foreign subsidiary must be owned by the domestic corporation in order for the employees of the foreign subsidiary to be eligible for such coverage. The House recedes with a clerical amendment.

Amendment No. 63: Section 201 (g) of the House bill amended section 3121 (k) (1) of the Internal Revenue Code of 1954 to extend until the end of 1957 the period during which employees of an organization which has filed a certificate waiving its tax exemption under the Federal Insurance Contributions Act may add their names to the list of employees concurring in the filing of such certificate. Under present law, no names may be added to any such list after the expiration of 24 months following the first quarter during which the certificate was in effect. The Senate amendment extended the period provided by the House bill for an additional year, i. e., until the end of 1958. The House recedes.

Amendments Nos. 65 and 66: Section 201 (i) of the House bill contained the effective dates applicable to the provisions of the House bill which made the necessary changes in chapter 2 (tax on self-employment income) and chapter 21 (Federal Insurance Contributions Act) of the Internal Revenue Code of 1954 to reflect the changes in coverage under the old-age and survivors' insurance system which were made in the House bill. Senate amendment No. 66 deleted this subsection of the House bill, and Senate amendment No. 65 inserted a new subsection containing the effective dates applicable to such provisions in the bill as it passed the Senate. The new subsection also included special provisions to permit a minister, whose income as a minister, for any taxable year ending after 1954 and prior to 1957, would have constituted net earnings from self-employment, if the bill as amended by Senate amendment No. 58 had been then in effect, to elect to have the provisions of such amendment apply with respect to taxable years ending after 1954 and prior to 1957.

The House recedes with amendments. In view of the period of time which has elapsed since the passage of the bill in the House,

the conference agreement, except as noted below, retains the effective dates contained in the Senate amendment. The amendment made by subsection (b) of section 201 of the House bill, which was restored by the conference action on amendment No. 51, shall apply with respect to remuneration paid after October 1956. The amendments made by subsection (d) of the House bill, which were restored by the conference action on amendment No. 53, shall apply with respect to service with respect to which the amendments made by subsection (b) of section 104 of the bill apply. (For an explanation of the effective date of these amendments, see amendment No. 25.) The amendment to subsection (a) of section 1402 of the Internal Revenue Code of 1954 (made by sec. 201 (i) of the bill as agreed to in conference) shall apply with respect to taxable years ending on or after December 31, 1956, rather than to taxable years ending after December 31, 1956, as provided in the Senate amendment.

The conference agreement also makes necessary technical and conforming changes in the Senate amendment.

Amendments Nos. 67 and 68: Section 202 of the House bill amended section 1401 of the Internal Revenue Code of 1954 to increase each of the rates of tax upon self-employment income prescribed by existing law by three-fourths of 1 percent, and amended sections 3101 and 3111 of the Federal Insurance Contributions Act to increase each of the rates of the employee tax and the employer tax prescribed by existing law by one-half of 1 percent. The increase in the tax on self-employment income would apply with respect to taxable years beginning after 1955, and the increase in the employee and employer taxes would apply with respect to remuneration paid after 1955.

Senate amendment No. 67 deleted section 202 of the House bill. Senate amendment No. 68 added to the House bill a new section 202, which amended the same sections of law as were amended by the House bill. Under the Senate amendment, the rates of tax prescribed in section 1401 upon self-employment income would each be increased by three-eighths of 1 percent; and the rates of the employee tax and the employer tax prescribed in sections 3101 and 3111, respectively, would each be increased by one-fourth of 1 percent. The increase in the tax on self-employment income would apply with respect to taxable years beginning after 1956, and the increase in the employee and employer taxes would apply with respect to remuneration paid after 1956.

The House recedes.

Amendments Nos. 69 and 70: These amendments added to the House bill a heading for a new title III and a declaration of the purpose of such new title, which would amend the public assistance provisions of the Social Security Act and would consist of the matter contained in amendments Nos. 71 through 98. In view of the action taken by the conferees with respect to the latter amendments, the House recedes.

Amendments Nos. 71, 72, 73, 74, 75, and 76: These amendments, which comprise part I (relating to matching of assistance expenditures for medical care) of the new title III of the bill, would amend sections 3 (a), 403 (a), 1003 (a), and 1403 (a) of the Social Security Act so as to provide separate dollar-for-dollar matching of State expenditures for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled where such assistance is

furnished in the form of medical or other remedial care, up to a maximum of (1) $8 (or, in the case of aid to dependent children, $4 for each child recipient and $8 for each adult recipient) multiplied by the number of individuals receiving assistance in any form under the State plan, plus (2) certain additional amounts. State expenditures for assistance in the form of cash payments would continue under the present formula (as amended by amendments Nos. 89, 90, and 91). The amendments relating to medical care would be effective July 1, 1957 (and would continue in effect even after the expiration of such amendments Nos. 89, 90, and 91). With respect to amendments Nos. 71 and 76, the House recedes; and with respect to amendments Nos. 72, 73, 74, and 75, the House recedes with amendments limiting the dollar-for-dollar matching for medical care expenditures to a maximum of $6 (or, in the case of aid to dependent children, $3 per child and $6 per adult) multiplied by the number of individuals receiving assistance under the State plan.

Amendments Nos. 77, 78, 79, 80, and 81: These amendments, which comprise part II (relating to services in programs of public assistance) of the new title III of the bill, would amend titles IV, X, and XIV of the Social Security Act so as to make it clear that the public assistance programs under those titles include not only the provision of financial assistance but also the furnishing of services designed to help needy individuals to attain self-support or self-care (or, in the case of aid to dependent children, designed to maintain and strengthen family life and to help the relatives caring for dependent children to attain self-support and personal independence). These amendments also require (effective July 1, 1957) that each State plan include a description of the services (if any) to be furnished by the State for this purpose, and make it clear that Federal payments to a State with respect to the costs of administering the State plan may include payments with respect to such services. With respect to amendment No. 77, the House recedes with an amendment making changes in title I of the Social Security Act (relating to old-age assistance) which have substantially the same purpose with respect to self-care as the changes made in titles IV, X, and XIV of that act by the Senate amendments; and with respect to amendments Nos. 78, 79, 80, and 81, the House recedes with clerical and conforming amendments.

Amendments Nos. 82, 83, and 84: These amendments, which comprise part III (extension of aid to dependent children) of the new title III of the bill and become effective July 1, 1957, would amend section 406 (a) of the Social Security Act so as to add first cousins, nephews, and nieces to the list of the relatives with one of whom a needy child must be living in order to be eligible for aid to dependent children under title IV of that act. These amendments also eliminate the requirement that a needy child between 16 and 18 years of age must be regularly attending school in order to be eligible for aid to dependent children. The House recedes.

Amendments Nos. 85, 86, 87, and 88. These amendments comprise part IV (relating to research and training) of the new title III of the bill.) Amendment No. 86 would authorize the Federal Government (through grants, contracts, and jointly financed cooperative arrangements) to participate in the cost of research and demonstration projects relating to the improvement of the public assistance and

related programs; the authorized appropriation for this purpose would be $5,000,000 for the fiscal year 1957 and such amount as the Congress may determine thereafter. Amendment No. 87 would authorize the Federal Government to make grants to States (as defined in sec. 1101 of the Social Security Act) to enable them (either directly or through nonprofit institutions of higher learning) to provide various types of training for personnel employed or preparing for employment in the public assistance programs; the authorized appropriation for this purpose would be $5,000,000 for the fiscal year 1958 and such amount as the Congress may determine thereafter, and the Federal share of the cost of such training would be 100 percent during the fiscal years 1958 through 1967 and 80 percent thereafter. With respect to amendments Nos. 85, 86, and 88, the House recedes; and with respect to amendment No. 87, the House recedes with an amendment under which the program of training grants for public welfare personnel would terminate at the end of the fiscal year 1962 and the Federal share of the cost would be limited to 80 percent during each of the 5 years of the program.

Amendments Nos. 89, 90, 91, 92, and 93: These amendments, which comprise part V of the new title III of the bill, would amend the matching formulas applicable to titles I, IV, X, and XIV of the Social Security Act (relating to old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled, respectively). Amendments Nos. 89, 90, and 91 apply to old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and for purposes of assistance under those programs would (1) increase the ceiling on the Federal payment with respect to any individual from $55 to $65 and (2) provide that five-sixths of the first $30 per recipient can be counted instead of only four-fifths of the first $25; however, these increases would not be available to any State unless it maintains its average expenditure per recipient from State funds. Amendment No. 92 would extend until June 30, 1959, the temporary matching formula for aid to dependent children which was provided in section 8 (b) of the Social Security Act Amendments of 1952 and which is currently in effect. Under amendment No. 93, all of these amendments would become effective October 1, 1956.

With respect to amendments Nos. 89, 90, and 91, the House recedes with amendments (1) providing that the Federal ceiling for purposes of titles I, X, and XIV of the Social Security Act shall be $60 and that four-fifths of the first $30 per recipient can be counted, (2) eliminating the requirement that a State maintain its average expenditure per recipient from State funds in order to receive the Federal increase, and (3) changing the matching formula contained in title IV of the Social Security Act (relating to aid to dependent children) so as to provide that the Federal ceiling for purposes of such title shall be $32 with respect to the first dependent child in any home, $23 with respect to each additional child, and $32 with respect to each relative with whom the child is living (instead of $30, $21, and $30, respectively, as in present law), and that fourteen-seventeenths of the first $17 per recipient can be counted (instead of four-fifths of the first $15, as in present law).

With respect to amendment No. 92, the Senate recedes in view of the action taken on amendment No. 89 in regard to aid to dependent children.

With respect to amendment No. 93, the House recedes with an amendment providing that the changes made by amendments Nos. 89, 90, and 91 shall cease to be effective after June 30, 1959.

Amendments Nos. 94, 95, 96, 97, and 98: These amendments comprise part VI of the new title III of the bill. Amendment No. 95 would amend sections 403 and 1108 of the Social Security Act (effective for the fiscal year 1957 and subsequent fiscal years) so as to permit Federal matching (under the program of aid to dependent children) of expenditures in the Virgin Islands for relatives with whom dependent children are living, and so as to increase from $160,000 to $300,000 the maximum Federal payment to the Virgin Islands under all the public assistance programs in any fiscal year. Amendment No. 98 would make the same changes in the case of Puerto Rico (except that the increase in the maximum Federal payment would be from $4,250,000 to $5,312,500). Amendments Nos. 96 and 97 would make certain changes in the public assistance provisions of the Social Security Act with respect to the determination of need.

With respect to amendment No. 94, the House recedes. With respect to amendment No. 95, the House recedes with an amendment combining its provisions with those of amendment No. 98 (relating to Puerto Rico), limiting the maximum Federal payment in the case of the Virgin Islands to $200,000, and making certain technical changes. With respect to amendments Nos. 96 and 97, and with respect to amendment No. 98 in view of the action taken by the conferees on amendment No. 95, the Senate recedes.

Amendment No. 99: This amendment added to the House bill (as a part of a new title IV) a new section 401, which would amend section 403 of the Social Security Amendments of 1954.

Subsection (a) of such section 403 presently provides that service performed by an individual after 1950 and before 1955 as an employee of an organization (1) described in section 501 (c) (3) of the Internal Revenue Code of 1954 which is exempt from tax under section 501 (a) of such code and (2) which failed to file a waiver certificate, may, notwithstanding such failure to file, be deemed to constitute "employment" for old-age and survivors insurance purposes if the Federal Insurance Contributions Act taxes were paid (and not refunded) on the good-faith assumption that the certificate had been filed, and if the individual so requests. The Senate amendment extended for 2 years the period during which such service can be counted under subsection (a), so that the subsection would apply to service performed after 1950 and before 1957 (but only where the individual was employed by that organization before the enactment of the bill).

Subsection (b) of such section 403 presently provides that service performed for such an exempt organization after 1950 and before 1955, where the organization filed the waiver certificate but the employee failed to sign the list of concurring employee, may be deemed to constitute "employment" for old-age and survivors insurance purposes to the extent that the Federal Insurance Contributions Act taxes were paid (and not refunded) with respect to such service, if the employee so requests before 1957. The Senate amendment extended for 2 years the period during which such service can be counted under subsection (a), so that the subsection would apply to service performed after 1950 and before 1957 (but only where the employee was employed by that organization before the enactment of the bill,

and also extends for 2 years (until January 1, 1959) the period during which the employee can file his request.

The House recedes.

Amendment No. 100: This amendment added to the House bill a new section 402, which would amend section 521 (a) of the Social Security Act (effective with respect to fiscal years beginning after June 30, 1956) so as to increase the annual authorization for child-welfare services from $10,000,000 to $12,000,000. The House recedes with an amendment providing that such increase shall be effective only with respect to fiscal years beginning after June 30, 1957.

Amendment No. 101: This amendment added to the House bill a new title V, which would establish a United States Commission on the Aging and Aged.

The Senate recedes.

Amendment of title: The Senate amendment conformed the title of the bill to the bill as amended by the Senate. Under the conference agreement the title of the bill is conformed to the bill as agreed to in conference.

JERE COOPER,
WILBUR D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
THOMAS A. JENKINS,
Managers on the Part of the House.

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FOR IMMEDIATE RELEASE
July 21, 1956

COMMITTEE ON WAYS AND MEANS
1102 NEW HOUSE OFFICE BLDG.

CHAIRMAN JERE COOPER OF THE COMMITTEE ON WAYS AND MEANS ANNOUNCES CONFERENCE AGREEMENT ON H.R. 7225. THE SOCIAL SECURITY AMENDMENTS OF 1956

The Honorable Jere Cooper (D.-Tenn.), Chairman of the Committee on Ways and Means, announces the agreement of the House and Senate Conferees on H.R. 7225, the Social Security Amendments of 1956. A summary of the principal provisions of the conference agreement follows:

I. Coverage

a. Self-Employed Professional Groups

The Conferees agreed to the Senate version which excluded from coverage physicians and osteopaths. This provision is effective for taxable years after 1955.

b. Farm Operators and Share Farmers

Two-thirds of farm operators gross income where it is $1800 or less would be considered as net income for social security purposes.

Where farm operators gross income is over $1800 they may report either their actual net income, or, if their net income is less than $1200, they may report $1200 as their net income.

This provision would be effective for taxable years after 1956.

Rentals would be credited as self-employment income where the owner or tenant of the land participates materially with the individual working the land in the production or the management of the production of an agricultural or horticultural commodity. Share farmers would be covered as self-employed persons.

c. Ministers

Ministers outside the United States would be covered if they serve a congregation predominantly made up of United States citizens even though their employer may not be a United States employer.

d. Agricultural Workers

Agricultural workers would be covered if (1) they are paid $150 or more in cash wages in a calendar year by one employer, or (2) they perform agricultural labor for an employer on 20 days or more during the calendar year for cash wages computed on a time basis.

Such laborers who are recruited and paid by a crew leader would be deemed to be employees of the crew leader if the crew leader is not by written agreement designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor. Under the above circumstances, the crew leader will be deemed to be self-employed.

Agricultural workers from any foreign country who are admitted to the United States on a temporary basis would be excluded from coverage.

Persons producing or harvesting gum resin products would be excluded from coverage.

e. State and Local Employees

Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii would be authorized at their option to cover those persons now members of a state retirement system who wish to be covered, provided that the new employees are covered compulsorily. The same treatment would be authorized for political subdivision retirement systems of the States.

Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii at their option would be authorized to cover employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act either by themselves or with other employees of the Department of the State in which they are employed. In such situations, the referendum provisions must be complied with.

Florida, Minnesota, Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii would be authorized at their options up until July 1, 1957, to include employees of public school districts who are under teachers' retirement systems but who are not required to have teachers' or school administrators' certificates (for example, school custodians) in the states' OASI agreement without a referendum and without including the certificated employees who are under teachers' retirement system.

Florida, North Carolina, Oregon, South Carolina, and South Dakota would be allowed to make coverage to policemen and firemen subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees, the policemen and firemen may at the option of the State hold a separate referendum and be covered as a separate group.

f. Employees of Non-Profit Organizations

Such employees would be allowed coverage by being listed on supplemental lists and where they did not concur in the initial coverage certificate of a non-profit organization provided such lists are filed by January 1, 1959.

Where a non-profit organization employs an individual after 1950 and before the enactment of H.R. 7225 and the organization failed to file a valid waiver certificate although it believed that it had done so, such individual will be permitted to receive credit for his employment by filing a request with the Internal Revenue Service if at least part of the OASI taxes were paid and not refunded prior to the enactment of H.R. 7225.

Where a non-profit organization filed a valid waiver but an employee's name was not on the list of names of those which are submitted and who are listed for coverage, such an employee can get credit for employment on which taxes were paid and not refunded prior to the date of enactment of H.R. 7225 upon request to the Internal Revenue Service.

g. Federal Employees

TVA employees would be given social security coverage upon their submitting to the Secretary of the Department of Health, Education and Welfare for approval an integrated plan (which integrates their present system with Social Security) and upon the approval of such plan by the Secretary. Coverage was also extended to employees of Federal Home Loan Banks. This coverage at the discretion of these groups could be effective as of January 1, 1956. There are approximately 11,000 TVA employees and 200 Federal Home Loan Bank employees.

h. Citizens of the United States Employed by Foreign Subsidiaries of American Corporations

Such persons would be covered where a domestic corporation owns not less than 20 percent of the voting stock of the foreign subsidiary (at present a domestic corporation must own 50 percent of such stock).

i. Insured Status

Persons covered in 1956 would be deemed fully insured if all but four (but not less than six) of the quarters after 1954 and prior to the later of (1) July 1, 1957, or (2) the quarter of death or attainment of retirement age (whichever first occurs) are quarters of coverage. Five years may be dropped out in computing average monthly wages in all cases regardless of the number of quarters of coverage. This provision would be effective after enactment of H.R. 7225.

A provision would be added primarily for persons who are first covered in 1956. Such individuals who become entitled to benefits or who die in 1957 and who have at least six quarters of coverage after 1955 would be permitted to have a starting date of December 31, 1955, and a closing date of July 1, 1957, in those cases where these dates would yield a higher benefit.

II. Benefits for Permanently and Totally Disabled Persons

The Conferees for the most part accepted the Senate version of this provision.

A separate trust fund and a separate tax would be provided for these payments.

Members of the Christian Science Church or other churches which rely on spiritual healing and who refuse rehabilitation services would be deemed to have done so with good cause.

The Conferees deleted the provision of the Senate bill whereby individuals who refuse to undergo surgical or medical services in connection with rehabilitation would have been deemed to have done so with good cause.

Dependent disabled children would be given benefits if such children are permanently and totally disabled and have been so disabled since before they reached age 18.

Disability benefit payments will begin in July 1957.

III. Retirement Age for Women.

The conferees accepted the Senate version with an amendment making the change effective in November 1956. Widows and surviving dependent mothers would be given full benefits at age 62. Working women and wives would be given reduced benefits

if they begin to draw them between age 62 and 65. Working women would receive 80% of their full benefit should they retire at age 62. If they delay retirement they would be given 5/9ths of 1% for each month's delay up to age 65. Wives would be given 75% of their full benefits should they retire at 62. For each month's delay of retirement up to age 65 they would receive 25/36ths of 1%. Should a woman accept a reduced benefit, this benefit would continue to be payable and it would not be increased upon their reaching age 65.

IV. Suspension of Benefits for Certain Aliens Who Live in the United States.

The Senate version, whereby payments to persons not a citizen or national of the United States would have their benefit payments suspended if they leave the United States, was accepted with amendments. The amendments would make the provision inapplicable if such a person has been a resident of the United States for 10 years or has paid contributions for 10 years or where there is a reciprocal treaty under which the country to which such person goes pays benefits to United States citizens under their program. The Senate version was also amended so as to provide that a person would have to be outside the United States for six months (instead of three) before his payments would be suspended.

V. Forfeiture of Benefits for Persons Convicted of Certain Crimes.

The Senate version would have terminated an individual's benefits if he is or has been convicted of treason, sedition, sabotage, espionage or certain other crimes under the Internal Security Act. The conferees amended this provision so as to provide that benefits could be terminated by a Court in such cases. This provision applies only to the person involved and is not applicable to dependents or survivors.

VI. Exclusion From Coverage of Persons Listed by the Subversive Activities Control Board.

Employees of organizations listed by the SACB would be excluded from old-age and survivors insurance coverage.

VII. Financing

A separate Trust Fund would be established for the disability benefits program. Social Security taxes would be increased effective January 1, 1957, by 1/4th of 1% for each the employee and employer, making the rate 2-1/4th% on each.

The self-employment tax would be increased from 3% to 3-3/8ths%, effective January 1, 1957. These increases would also be made in each of the scheduled increases now contained in the law. The interest rate on U.S. obligations in which a Trust Fund is invested would be determined by using the average rate of interest paid on interest bearing obligations of the U.S. which are not due or callable until after the expiration of five years from the date of original issue.

VIII. Public Assistance Amendments.

(a) Matching Formula.

The matching formula for Old Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to Dependent Children at the present time for the first three of these programs is 4/5ths of the first $25 of a State's average monthly payment and 1/2 of the next $30, up to a maximum of $55. The maximum amount matchable for these three programs would be increased from $55 to $60 and the formula would be changed so as to provide matching of 4/5ths of the first $30 and 1/2 of the next $30 up to a maximum of $60. The Aid to Dependent Children formula is presently 4/5ths of the first $15 of a State's average monthly payment plus 1/2 of the next $15 up to a maximum of $30 for an eligible adult and for the first child. Each additional child is subject to a maximum of $21. The amount matchable would be increased by $2.

The increase in cost over present law for the first year amounts to $98 million for Aid to the Blind, Aid to the Permanently and Totally Disabled and Old Age Assistance and $48 million for the first year for ADC. The conferees deleted the "pass-along" provision from the Senate bill.

(b) Medical Care.

A new program would be added whereby the Federal Government would match on a 50-50 basis State expenditures on vendor payments in behalf of public assistance recipients needing medical care up to a maximum determined by multiplying $6 per month times the number of adults and $3 per month times the number of children. This program will cost $65 million in the first year.

The conferees deleted the Senate provision providing that the Federal Government would share in the amount by which the maximum possible Federal matching of cash payments exceeds the amount actually matched by the Federal Government.

(c) Administrative Costs.

Under present law there is separate dollar-for-dollar matching in costs for the administration of the public assistance programs. The conferees accepted the Senate amendment which makes explicit that the restoration of recipients of public assistance to self-support or self-care is a program objective and that the strengthening of family life is an objective in the program of Aid to Dependent Children.

(d) Requirements for Approval of State Plans.

A requirement would be added to the effect that a State plan for public assistance to be approved must contain a description of services, if any, which a State provides for self-support or self-care. The Senate provision to the effect that in determining need a State could disregard up to $50 in earned income was deleted. The conferees also deleted the Senate provision requiring that there be no discrimination based on sex in determining need.

(e) Research and Demonstration Projects.

$5 million would be authorized for fiscal year 1957 for grants to States, public and non-profit organizations for paying part of the cost of research and demonstration projects on prevention and reduction of dependency.

(f) Training Grants for Public Assistance Personnel.

$5 million would be authorized for fiscal year 1957 for allotment to States on a variable basis to pay to institutions of higher learning for the training of public welfare personnel, etc. The Federal share would be 80%.

(g) Definition of a Needy Child.

Provisions relating to aid to dependent children would be amended so as to delete the requirement of school attendance for children between the age of 16 and 18. The persons eligible for payments under the ADC program would be broadened to include first cousins, nephews and nieces. Parents and other relatives would be made eligible for payments in Puerto Rico and the Virgin Islands.

(h) Ceilings on Grants to Puerto Rico and the Virgin Islands.

The ceiling on Federal matching for the Virgin Islands would be raised from $160,000 to $200,000, and on Puerto Rico from $4,250,000 to $5,312,500.

(i) Child Welfare Programs.

The authorization for child welfare programs would be increased from $10 to $12 million a year.

(j) Commission on Aging.

The Senate provision establishing this Commission was deleted.

AMENDING TITLE II OF SOCIAL SECURITY ACT

Mr. COOPER submitted the following conference report and statement on the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 2938)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 18, 37, 47, 56, 92, 96, 97, 98, and 101.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 11, 13, 14, 17, 24, 28, 29, 30, 31, 32, 33, 36, 38, 39, 40, 41, 43, 44, 45, 49, 50, 55, 63, 66, 67, 68, 69, 70, 71, 76, 82, 83, 84, 85, 86, 88, 94, and 99, and agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with amendments as follows:

On page 4, line 17, and on page 5, lines 1, 8, 10, and 14, of the Senate engrossed amendments, strike out "August" each place it appears and insert "December".

On page 4, line 18, of the Senate engrossed amendments, strike out "August" and insert "September".

And the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with amendments as follows:

On page 6, lines 3, 5, and 9, of the Senate engrossed amendments, strike out "August" each place it appears and insert "October".

On page 6, lines 16 and 17, of the Senate engrossed amendments, strike out "December" each place it appears and insert "October".

On page 6, line 19, of the Senate engrossed amendments, strike out all after "Act." down to and including line 24.

On page 7, lines 4, 7, and 17, strike out "1957" and insert "November 1956".

On page 7, line 8, of the Senate engrossed amendments, strike out "1957" and insert "1956".

On page 7, line 12, of the Senate engrossed amendments, strike out "January 1957" and insert "November 1956".

On page 7, line 20, of the Senate engrossed amendments, strike out "such Act" and insert "the Social Security Act".

On page 7, line 25, of the Senate engrossed amendments, strike out "December" and insert "October".

On page 8, line 2, of the Senate engrossed amendments, strike out "118" and insert "114".

On page 8 of the Senate engrossed amendments, strike out line 6 and all that follows over to and including line 14, on page 14, and insert:

"(q) (1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

"(A) 5/9 of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

"(2) The wife's insurance benefit of any wife for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

"(A) 25/36 of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of

the month in which she attains the age of sixty-two.

The preceding provisions of this paragraph shall not apply to the benefit for any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence, if such wife does not have in such month such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

"(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with such individual), and

"(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attained the age of sixty-two, and (iii) for which such certificate is effective.

"(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the first month for which she is so entitled (but not for any prior month) or for any later month occurring before the month in which she attains the age of sixty-five, is entitled to a wife's insurance benefit to which paragraph (2) is applicable, the amount of such wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

"(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1), plus

"(B) an amount equal to—

"(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

"(ii) 25/36 of 1 per centum, and further multiplied by

"(iii) the excess of such wife's insurance benefit prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

"(4) In the case of any woman who is or was entitled to a wife's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which she is or was so entitled (but not for such first month or any earlier month) occurring before the month in which she attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

"(A) an amount equal to the amount by which such wife's insurance benefit is reduced under paragraph (2) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which she was entitled thereto), plus

"(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's insurance benefit prior to reduction under this subsection, an amount equal to—

"(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

"(ii) 5/6 of 1 per centum, and further multiplied by

"(iii) the excess of such old-age insurance benefit over such wife's insurance benefit.

"'(5) In the case of any woman who is entitled to an old-age insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

"'(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b),

and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

"'(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

"'(C) the number equal to the number of months occurring after the first month for which such wife's insurance benefit was reduced under such paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), and (C) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, a wife's insurance benefit shall not be considered terminated for any reason prior to the month in which she attains the age of sixty-five.

"'(6) In the case of any woman who is entitled to a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be subtracted from the number specified in clause (B) of such paragraph—

"'(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

"'(B) the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits, and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause (B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"(C) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b).

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), and (C) of the preceding sentence is not less than three.

"(7) In the case of a woman who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's insurance benefit, the amount of such wife's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month,

"(8) In the case of a woman who is or was entitled to a wife's insurance benefit to which paragraph (2) was applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's insurance benefit is reduced under paragraph (6) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which she was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which she attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

"(9) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203 (a) and application of section 215 (g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10."

On page 19, line 6, of the Senate engrossed amendments, insert before "amended" "each".

And the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with amendments, as follows:

On page 20 of the Senate engrossed amendments, strike out lines 20, 21, and 22, and insert "section.".

On page 22, lines 3 and 7, of the Senate engrossed amendments, after "begins" each place it appears insert "not earlier than".

On page 23, line 5, of the Senate engrossed amendments strike out "a State" and insert "the United States or of a State".

On page 23, line 17, of the Senate engrossed amendments after "individual" insert "(i) did not attain retirement age in such month or in any prior month, and (ii)".

On page 24, line 11, of the Senate engrossed amendments, strike out "Trust Fund" and insert "Federal Disability Insurance Trust Fund".

On page 26, line 20, of the Senate engrossed amendments, strike out all after "Act." down to and including "cause." in line 23.

On page 27, line 24, of the Senate engrossed amendments, strike out "retirement age," and insert "the age of 65,".

On page 28, line 15, of the Senate engrossed amendments, strike out "attains retirement age" and insert "becomes entitled to old-age insurance benefits".

On page 31, line 10, of the Senate engrossed amendments, strike out "directors" and insert "collectors".

On page 31, line 15, of the Senate engrossed amendments, strike out "directors" and insert "collectors".

On page 32, lines 1 and 2, of the Senate engrossed amendments, strike out "or pursuant to sections 6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b)" and insert "or to the Secretary of the Treasury or his delegate pursuant to subtitle F".

On page 32, line 19, of the Senate engrossed amendments, strike out "or chapter" and insert "or to the Secretary of the Treasury or his delegate on tax returns under subtitle F of such Code".

On page 33, line 23, of the Senate engrossed amendments, strike out "hereinafter provided" and insert "provided in this section".

On page 34, lines 7 and 8, of the Senate engrossed amendments, strike out "Commissioner of Internal Revenue pursuant to sections 6011 (a), 6071, 6081 (a), 6091 (a), 6302 (b)" and insert "Secretary of the Treasury or his delegate pursuant to subtitle F".

On page 34, lines 16, 17, and 18, of the Senate engrossed amendments, strike out "Commissioner of Internal Revenue on tax returns under chapter 2" and insert "Secretary of the Treasury or his delegate on tax returns under subtitle F".

On page 39, line 10, of the Senate engrossed amendments, strike out "Trust Fund" and insert "of the Trust Funds".

On page 39 of the Senate engrossed amendments, strike out lines 18 to 25, inclusive, and insert "amount estimated by him as taxes which are subject to refund under section 6413 (c) of the Internal Revenue Code of 1954 with respect to wages (as defined in section 1426 of the Internal Revenue Code of 1939 and section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1950. Such taxes shall be determined on the basis of".

On page 40, lines 5 and 6, of the Senate engrossed amendments, strike out "and sections 6011 (a), 6071, 6081 (a), 6091 (a), and 6302 (b)" and insert "and to the Secretary of the Treasury or his delegate pursuant to subtitle F".

On page 43 of the Senate engrossed amendments, after line 15, insert:

"(j) Section 3121 (l) (6) of the Internal Revenue Code of 1954 is amended—

"(1) by striking 'TRUST FUND', in the heading, and inserting in lieu thereof 'TRUST FUNDS'; and

"(2) by inserting after 'Federal Old-Age and Survivors Insurance Trust Fund' the following: 'and the Federal Disability Insurance Trust Fund'."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 19, line 9, of the House engrossed bill, strike out "of 1930"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and—

(1) on page 19, line 17, of the House engrossed bill, strike out "; or '" and insert "a semicolon".

(2) on page 20, line 9, of the House engrossed bill, strike out "produced.' " and insert "produced; or'.".

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "doctor of medicine or"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with amendments, as follows:

On page 44, line 15, of the Senate engrossed amendments, strike out "(d)" and insert "(e)".

On page 44, line 18, of the Senate engrossed amendments, strike out "Indiana,"

On page 45, line 25, of the Senate engrossed amendments, strike out "of the Social Security Act".

And the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: On page 46, line 13, of the Senate engrossed amendments, strike out "(e)" and insert "(f)"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with amendments, as follows:

On page 47, line 9, of the Senate engrossed amendments, strike out "(f)" and insert "(g)".

On page 47, after line 10, of the Senate engrossed amendments, insert "'Policemen and Firemen in Certain States'".

And the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with amendments, as follows:

On page 48, line 6, of the Senate engrossed amendments, strike out "(g)" and insert "(h)".

On page 48, line 13, of the Senate engrossed amendments, insert a comma after "States" and before the quotation marks.

And the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) (1) The amendment made by subsection (a) shall apply with respect to service performed after 1956. The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendment made by paragraph (2) of subsection (c) shall apply with respect to taxable years ending after 1955. The amendment made by paragraph (3) of subsection (c) shall apply with respect to taxable years ending after 1954. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to the same taxable years with respect to which the amendment made by section 201 (g) of this Act applies.

"(2) (A) Except as provided in subparagraphs (B) and (C), the amendments made by subsection (b) shall apply only with respect to service performed after June 30, 1957, and only if—

"(i) in the case of the amendment made by paragraph (1) of such subsection, the conditions prescribed in subparagraph (B) are met; and

"(ii) in the case of the amendment made by paragraph (2) of such subsection, the conditions prescribed in subparagraph (C) are met.

"(B) The amendment made by paragraph (1) of subsection (b) shall be effective only if—

"(i) the Federal Home Loan Bank Board submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan, with respect to employees of Federal Home Loan Banks, for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to such employees with the benefits provided by title II of the Social Security Act; and

"(ii) such plan specifies, as the effective date of the plan, July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956."

If the plan specifies as the effective date of the plan a day before July 1, 1957, the amendment made by paragraph (1) of subsection (b) shall apply with respect to service performed on or after such effective date; except that, if such effective date is prior to the day on which the Secretary approves the plan, such amendment shall not apply with respect to service performed, prior to the day on which the Secretary approves the plan, by an individual who is not an employee of a Federal Home Loan Bank on such day.

"(C) The amendment made by paragraph (2) of subsection (b) shall be effective only if—

"(i) the Board of Directors of the Tennessee Valley Authority submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan, with respect to employees of the Tennessee Valley Authority, for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to such employees with the benefits provided by title II of the Social Security Act; and

"(ii) such plan specifies, as the effective date of the plan, July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956.

If the plan specifies as the effective date of the plan a day before July 1, 1957, the amendment made by paragraph (2) of subsection (b) shall apply with respect to service performed on or after such effective date; except that, if such effective date is prior to the day on which the Secretary approves the plan, such amendment shall not apply with respect to service performed, prior to the day on which the Secretary approves the plan, by an individual who is not an employee of the Tennessee Valley Authority on such day.

"(D) The Secretary of Health, Education, and Welfare shall, on or before July 31, 1957, submit a report to the Congress setting forth the details of any plan approved by him under subparagraph (B) or (C)."

And the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with amendments as follows:

On page 49, line 13, of the Senate engrossed amendments, strike out "$200" and insert "$150".

On page 49, line 15, of the Senate engrossed amendments, strike out "thirty" and insert "twenty".

And the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with amendments as follows:

On page 51, line 8, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800".

On page 51, lines 10 and 11, of the Senate engrossed amendments strike out "be deemed to be the gross income derived by him from such trade or business; or" and insert "be deemed to be 66⅔ percent of such gross income; or".

On page 51, line 14, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800".

On page 51, line 25, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800".

On page 52 of the Senate engrossed amendments, strike out lines 4, 5, and 6 and insert: "equal to 66⅔ percent of his distributive share of such gross income (after such gross income has been so reduced); or",

On page 52, line 12, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800.",

On page 53, line 2, of the Senate engrossed amendments, strike out "(7)" and insert "(6)".

On page 53, line 8, of the Senate engrossed amendments, strike out "(7)" and insert "(6)."

On page 53, line 16, of the Senate engrossed amendments, strike out "after 1956" and insert "on or after December 31, 1956."

And the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: On page 59, line 19, of the Senate engrossed amendments, strike out "September" and insert "November"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: On page 60, after line 2 of the Senate engrossed amendments, insert: "Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

"SEC. 118. (a) Section 202 of the Social Security Act is amended by adding after subsection (s) (added by section 102 of this Act) the following new subsection:

"'Suspension of Benefits of Aliens Who Are Outside the United States

"'(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual who is not a citizen or national of the United States for any month which is—

"'(A) after the sixth consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States, and

"'(B) prior to the first month thereafter for all of which such individual has been in the United States.

"'(2) Paragraph (1) shall not apply to any individual who is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and under which—

"'(A) periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and

"'(B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

"'(3) Paragraph (1) shall not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of the enactment of this subsection.

"'(4) Paragraph (1) shall not apply to any benefit for any month if—

"'(A) not less than forty of the quarters elapsing before such month are quarters of coverage for the individual on whose wages and self-employment income such benefit is based, or

"'(B) the individual on whose wages and self-employment income such benefit is based has, before such month, resided in the United States for a period or periods aggregating ten years or more, or

"'(C) the individual entitled to such benefit is outside the United States while in the active military or naval service of the United States.

"'(5) No person who is, or upon application would be, entitled to a monthly benefit under this section for December 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 is based.

"'(6) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

"'(7) Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection.

"'(8) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the continental United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection.'

"(b) The amendment made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for months after December 1956 and in the case of lump-sum death payments under section 202 (i) of such Act with respect to deaths occurring after December 1956."

And the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with amendments as follows:

On page 66, line 12, of the Senate engrossed amendments, strike out "subparagraph (1)," and insert "subdivision of this subparagraph,",

On page 67, lines 8 and 14, of the Senate engrossed amendments, strike out "subparagraph (1)" each place it appears and insert "subdivision of this subparagraph."

On page 67, line 15, of the Senate engrossed amendments, strike out "in" and insert "under."

And the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"EFFECT ON BENEFITS OF CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES; EMPLOYMENT BY COMMUNIST ORGANIZATIONS

"SEC. 121. (a) Section 202 of the Social Security Act is amended by adding after subsection (t) (added by section 118 of this Act) the following new subsection:

"'Conviction of Subversive Activities, Etc.

"'(u) (1) If any individual is convicted of any offense (committed after the date of the enactment of this subsection) under—

"'(A) chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or

"'(B) section 4, 112, or 113 of the Internal Security Act of 1950, as amended,

then the court may, in addition to all other penalties provided by law, impose a penalty that in determining whether any monthly insurance benefit under this section or section 223 is payable to such individual for the month in which he is convicted or for any month thereafter, and in determining the amount of any such benefit payable to such individual for any such month, there shall not be taken into account—

"'(C) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and

"'(D) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year,

"'(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, the Attorney General shall notify the Secretary of such imposition.

"'(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon of the offense by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon is granted.'

"(b) The amendment made by subsection (a) of this section shall not be construed to restrict or otherwise affect any of the provisions of the Act entitled 'An Act to prohibit payments of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes', approved September 1, 1954 (Public Law 769, Eighty-third Congress).

"(c) Section 210 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"'(17) Service in the employ of any organization which is performed (A) in any quarter during any part of which such organization is registered, or there is in effect a final order of the Subversive Activities Control Board requiring such organization to register, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, and (B) after June 30, 1956.'

"(d) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

"'(17) service in the employ of any organization which is performed (A) in any quarter during any part of which such organization is registered, or there is in effect a final order of the Subversive Activities Control Board requiring such organization to register, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, and (B) after June 30, 1956.'"

And the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: On page 28 of the House engrossed bill, restore line 19 and all that follows over to and

including line 4 on page 29; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: On page 72, line 15, of the Senate engrossed amendments, strike out "(b)" the first place it appears and insert "(c)"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreeement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 29, lines 23 and 24, of the House engrossed bill, strike out "of 1930 (46 Stat. 470; 5 U. S. C. 693)"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment, restore the matter proposed to be stricken out by the Senate amendment, and—

(1) on page 30, line 7, of the House engrossed bill, strike out "'; or'" and insert "a semicolon".

(2) on page 30, line 22, of the House engrossed bill, strike out "produced.'" and insert "produced; or'".

And the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "doctor of medicine or"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with amendments as follows:

On page 73, line 14, of the Senate engrossed amendments, strike out "(e)" and insert "(g)".

On page 74, line 2, of the Senate engrossed amendments, insert a comma after "United States" and before the quotation marks.

And the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with amendments as follows:

On page 74, line 5, of the Senate engrossed amendments, strike out "(f)" and insert "(h)".

On page 74, line 12, of the Senate engrossed amendments, strike out "$200" and insert "$150".

On page 74, line 13, of the Senate engrossed amendments, strike out "30" and insert "20".

On page 75, line 11, of the Senate engrossed amendments, strike out "$200" and insert "$150".

On page 75, line 12, of the Senate engrossed amendments, strike out "30" and insert "20".

And the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with amendments as follows:

On page 75, line 18, of the Senate engrossed amendments, strike out "(g)" and insert "(i)."

On page 76, line 3, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800."

On page 76, lines 5 and 6, of the Senate engrossed amendments, strike out "be deemed to be the gross income derived by him from such trade or business; or" and insert "be deemed to be 66⅔ percent of such gross income; or."

On page 76, line 9, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800."

On page 76, line 21, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800."

On page 76 of the Senate engrossed amendments, strike out line 24, and on page 77 of the Senate engrossed amendments, strike out lines 1 and 2, and insert "to 66⅔ percent of his distributive share of such gross income (after such gross income has been so reduced)"; or

On page 77, line 8, of the Senate engrossed amendments, strike out "$1,200" and insert "$1,800."

And the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment as follows: On page 78, line 14, of the Senate engrossed amendments, strike out "(h)" and insert "(j)"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following "(k)"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(l)"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with amendments as follows:

On page 79 of the Senate engrossed amendments, strike out lines 1 through 17, and insert:

"(m) (1) The amendments made by subsection (a) and paragraph (1) of subsection (h) shall apply with respect to remuneration paid after 1956. The amendment made by subsection (b) shall apply with respect to remuneration paid after October 1956. The amendments made by subsection (c) and paragraph (2) of subsection (h) shall apply with respect to service performed after 1956. The amendments made by paragraphs (1) and (2) of subsection (d) shall apply with respect to service with respect to which the amendments made by paragraphs (1) and (2) of subsection (b) of section 104 of this Act apply. The amendments made by paragraph (1) of subsection (e) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by paragraph (2) of subsection (e) and by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (i) shall apply with respect to taxable years ending on or after December 31, 1956. The amendment made by subsection (l) shall apply with respect to certificates filed after 1956 under section 3121 (k) of the Internal Revenue Code of 1954."

On page 79, line 19, of the Senate engrossed amendments, strike out "(e)" and insert "(g)."

On page 79, line 23, of the Senate engrossed amendments, strike out "(e)" and insert "(g)."

On page 80, line 5, of the Senate engrossed amendments, strike out "(e)" and insert "(g)."

On page 81, line 16, of the Senate engrossed amendments, strike out "(e)" and insert "(g)."

On page 82 of the Senate engrossed amendments, strike out lines 9 through 20, and insert:

"(3) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (f), or paragraph (2) of subsection (e), of this section, for any taxable year ending on or before the date of the enactment of this act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of subsection (f), or paragraph (2) of subsection (e), of this section for any period before the day after the date of enactment of this Act.

"(4) Any tax due under chapter 21 of the Internal Revenue Code of 1954, which is due, solely by reason of the enactment of subsection (d) and an effective date prescribed pursuant to paragraph (2) (B) or (2) (C) of section 104 (l), for any calendar quarter beginning prior to the day on which the Secretary of Health, Education, and Welfare approves the plan which prescribes such effective date shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which such plan is approved. In no event shall interest be imposed on the amount of any such tax due under such chapter for any period before the day on which the Secretary of Health, Education, and Welfare approves such plan."

And the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 87, line 18, of the Senate engrossed amendments) insert the following:

"(c) Section 3 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ', and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any money as exceeds the product of $6 multiplied by the total number of individuals who received old-age assistance under the State plan for such month'."

And the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 89, line 9, of the Senate engrossed amendments) insert the following:

"(c) Section 403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: '; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof) not counting so much of such expenditure for any month as exceeds (A) the product of $3 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) the product of $6 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month'."

And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree

to the same with an amendment as follows: In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 91, line 1, of the Senate engrossed amendments) insert the following:

"(c) Section 1003 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: '; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the blind under the State plan for such month'."

And the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment as follows: In lieu of subsection (c) in the matter proposed to be inserted by the Senate amendment (beginning on page 92, line 16, of the Senate engrossed amendments) insert the following:

"(c) Section 1403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: '; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month'."

And the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"PART II—SERVICES IN PROGRAMS OF OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

"OLD-AGE ASSISTANCE

"SEC. 311. (a) The first sentence of section 1 of the Social Security Act is amended to read: 'For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title.'

"(b) Subsection (a) of section 2 of such Act is amended by striking out 'and' before clause (10) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: 'and (11) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of old-age assistance to help them attain self-care.'

"(c) (1) Clauses (1) and (2) of section 3 (a) of such Act are each amended by striking out ', which shall be used exclusively as old-age assistance,'.

"(2) Clause (3) of such section 3 (a) is amended by striking out 'which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose' and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care'."

And the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment as follows: In the second line of the matter proposed to be inserted by the Senate amendment strike out "SEC. 311" and insert "SEC. 312"; and the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows: In the second line of the matter proposed to be inserted by the Senate amendment strike out "SEC. 312" and insert: "SEC. 313"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows: In the second line of the matter proposed to be inserted by the Senate amendment strike out "SEC. 313" and insert "SEC. 314"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment as follows: In the third line of the matter proposed to be inserted by the Senate amendment strike out "and 313 (b)" and insert "313 (b), and 314 (b)"; and the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows:

On page 101, line 17, of the Senate engrossed amendments, strike out "each succeeding fiscal year" and insert "each of the 4 succeeding fiscal years."

On page 102, lines 2 and 3, strike out "the Federal percentage" and insert "80 percent of the total."

On page 102 of the Senate engrossed amendments, strike out the sentence beginning in line 13.

And the Senate agree to the same.

Amendment numbered 89: That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"PART V—AMENDMENTS TO MATCHING FORMULAS

"AMENDMENT TO MATCHING FORMULA FOR OLD-AGE ASSISTANCE

"SEC. 341. Section 3 (a) of the Social Security Act is amended to read as follows:

"'(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care.'

"AMENDMENT TO MATCHING FORMULA FOR AID TO DEPENDENT CHILDREN

"SEC. 342. Section 403 (a) of the Social Security Act is amended to read as follows:

"'(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $32, or if there is more than one dependent child in the same home, as exceeds $32 with respect to one such dependent child and $23 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $32—

"'(A) fourteen-seventeenths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $17 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month; plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-

care, or which are provided to maintain and strengthen family life for such children.'"

And the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"AMENDMENT TO MATCHING FORMULA FOR AID TO THE BLIND

"SEC. 343. Section 1003 (a) of the Social Security Act is amended to read as follows:

"'(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under Clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care.'"

And the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"AMENDMENT TO MATCHING FORMULA FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

"SEC. 344. Section 1403 (a) of the Social Security Act is amended to read as follows:

"'(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care.'"

And the Senate agree to the same.

Amendment numbered 93: That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"EFFECTIVE DATE

"SEC. 345. The amendments made by this part shall be effective for the period beginning October 1, 1956, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this part had not been enacted."

And the Senate agree to the same.

Amendment numbered 95: That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"AID TO DEPENDENT CHILDREN IN PUERTO RICO AND THE VIRGIN ISLANDS

"SEC. 351. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the semicolon the following: ', and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18',

"(b) Subsection (b) of section 406 of such Act is amended by striking out '(except when used in clause (2) of section 403 (a))'.

"(c) Section 1108 of such Act is amended by striking out '$4,250,000' and inserting in lieu thereof '$5,312,500', and by striking out '$160,000' and inserting in lieu thereof '$200,000'.

"(d) The amendments made by this section shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years."

And the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows:

On page 123, line 13, of the Senate engrossed amendments, strike out "1957" and insert "1958."

On page 123, line 17, of the Senate engrossed amendments, strike out "1956" and insert "1957."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

Amend the title so as to read: "An Act to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes."

And the Senate agree to the same.

JERE COOPER,
WILBUR D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
THOMAS A. JENKINS,
Managers on the Part of the House.

HARRY FLOOD BYRD,
WALTER F. GEORGE,
ROBERT S. KERR,
J. ALLEN FREAR, JR.,
EUGENE D. MILLIKIN,
EDWARD MARTIN,
JOHN J. WILLIAMS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 3, 4, 5, 6, 7, 8, 16, 18, 28, 36, 37, 38, 39, 40, 43, 44, 45, 49, 50, 54, 56, 62, and 64. With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature, or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

Amendment No. 2: Section 101 (a) of the House bill amended section 202 (d) (1) of the Social Security Act so as to provide for payment of child's insurance benefits to disabled children aged 18 or over who are receiving (or are eligible to receive) such benefits before attainment of age 18. The Senate amendment provided for payment of such benefits to such disabled children even if they were not receiving (and not eligible to receive) such benefits prior to attaining such age. In the case of both the House bill and the Senate amendment, however, the disability must have begun before attainment of age 18. The House recedes.

Amendment No. 9: Section 101 (f) of the House bill provided the effective date for the provisions on child's insurance benefits for disabled children. Generally, these provisions would be effective January 1, 1956, in the case of children who attained age 18 after 1953. The provisions of the Senate amendment on this subject would be effective generally September 1, 1956.

The House recedes with an amendment making the provisions on child's insurance benefits for disabled children, as contained in the Senate amendment, effective generally January 1, 1957.

Amendment No. 10: Section 102 (a) of the House bill reduced the age at which women

could qualify under the old-age and survivors insurance system for old-age insurance benefits, or for benefits as the wife, widow, or dependent mother of an insured worker, from 65 to 62. These provisions were generally effective after December 1955 (and lump-sum death payments in case of deaths after 1955).

The Senate amendment provided for the same reduction in the qualifying age. However, in the case of benefits payable to a woman as the wife of an insured worker (without having in her care a child of the worker entitled to child's benefits) and in the case of old-age insurance benefits payable to her, the benefits were to be reduced in order to take account of the earlier entitlement to the benefits. The reduction would be equal to 20 percent of the benefit which would be payable at age 65 in the case of old-age insurance benefits for which the woman qualifies at age 62 (with a proportionately lower reduction for each month after 62 that she delays in qualifying). In the case of wife's insurance benefits, the reduction for a woman qualifying for the full period between age 62 and 65 would be 25 percent of the benefit which would be payable at age 65.

The Senate amendment would generally be effective beginning September 1, 1956, in the case of widow's and parent's benefits and beginning January 1, 1957, in the case of wife's insurance benefits and old-age insurance benefits for women.

The House recedes with an amendment making the provisions effective generally November 1, 1956, and with technical amendments, including a technical amendment designed to simplify the computation of the actuarial reduction and the administration of these provisions in cases where a woman is entitled to both an old-age insurance benefit and a wife's insurance benefit. The effective date provided under the confcrence agreement would apply for purposes of all four types of benefits for women—old-age, wife's, widow's, and parent's insurance benefits, and (in the case of lump-sum death payments) where the death occurs after October 1956.

The conferees have been advised of the great difficulty which the Department of Health, Education, and Welfare will have not only in beginning benefit payments for the month of November 1956 to the large number of women who will file applications for early retirement benefits after the enactment date, but also in handling the very substantial additional workloads resulting from the disability and other provisions of the 1956 amendments. The conferees urge the Department to take immediate measures to staff up, to train its employees, and to take all other immediate measures to insure that it will do the best possible job in discharging its increased responsibilities under these amendments.

Amendments Nos. 11 and 12: Section 103 of the House bill provided for payment of disability insurance benefits to certain insured disabled individuals who have attained age 50 but have not reached age 65 and whose disability has lasted not less than 6 months. It also provided for reduction of such benefits, and child's insurance benefits for a disabled child age 18 or over, if another Federal benefit or State workmen's compensation benefit is payable by reason of physical or mental impairment. In addition, the House bill provided for suspension of these benefits based on disability pending determination of whether the disability has, in fact, ceased in cases where the Secretary believes the beneficiary is no longer disabled, and for withholding of such benefits for refusal, without good cause, to accept rehabilitation services available under an approved Federal-State program.

The Senate amendment contained the same provisions except for (1) technical or clarifying changes; (2) the addition of a provision exempting an individual from loss of benefits for months for which he refuses to accept rehabilitation services where the refusal relates to surgery or medical services or where the refusal is based on adherence to the teachings of a church or sect that teaches its members to rely solely on spiritual means for curing impairments; and (3) the addition of a provision establishing a separate Federal disability insurance trust fund composed of amounts equal to one-half of 1 percent of wages and three-eighths of 1 percent of self-employment income.

In the case of the House bill the new disability insurance benefits would first be payable for months after December 1955. In the case of the Senate amendment they would first be payable for months after June 1957.

The House recedes with an amendment under which refusal to undergo surgery or medical services would not exempt an individual from loss of benefits unless such refusal is based on adherence to the teachings of a church or sect which teaches its members to rely solely on spiritual means for curing impairments. The amendment also makes technical and conforming changes.

In providing in the conference agreement that determinations of disability for cash disability benefits be made by State agencies under the same arrangements as are now utilized in making determinations for the disability freeze, it is understood and expected that the Secretary of Health, Education, and Welfare will fully utilize his authority to review and revise determinations of State agencies in order to assure uniform administration of the disability benefits and to protect the Federal Disability Insurance Trust Fund from unwarranted costs.

Amendment No. 13: Section 104 (a) of the House bill amended section 210 (a) (1) of the Social Security Act so as to provide coverage under the old-age and survivors insurance system, on the same basis as other agricultural labor, for service performed in connection with the production and harvesting of gum-resin products. The Senate amendment deleted this provision of the House bill, thereby continuing in effect the present exclusion from coverage of such service. The House recedes.

Amendment No. 14: This amendment added to the House bill a new section 104 (b), which would amend section 210 (a) (1) (B) of the Social Security Act so as to exclude from coverage under the old-age and survivors insurance system service performed by foreign agricultural workers lawfully admitted to the United States from any foreign country (or possession thereof) on a temporary basis to perform agricultural labor. Section 210 (a) (1) (B) presently excludes from coverage such service performed by workers so admitted from the Bahamas, Jamaica, and the other British West Indies. The House recedes.

Amendment No. 15: Section 104 (b) of the House bill amended section 210 (a) (6) of the Social Security Act so as to provide coverage under the old-age and survivors insurance system for service performed in the employ of a Federal home loan bank (and subject to its retirement system) and for service performed in the employ of the Tennessee Valley Authority (and subject to its retirement system). The Senate amendment deleted this provision of the House bill, thereby continuing in effect the present exclusion from coverage of such service. Under the conference agreement the provisions of the House bill providing coverage for such service performed by employees of the Tennessee Valley Authority, and by employees of Federal home loan banks, are retained. As explained in connection with the explanation of amendment No. 25, the extension of coverage in the case of Federal home loan banks will become effective only if the conditions specified in subparagraph (B) of section 104 (1) (2) of the bill as agreed to in conference are met, and the extension of coverage in the case of the Tennessee Valley Authority will become effective only if the conditions specified in subparagraph (C) of such section 104 (1) (2) are met.

Amendment No. 17: Section 104 (c) (2) of the House bill amended section 211 (a) (1) of the Social Security Act so as to provide that income derived from a share-farming arrangement by the owner or tenant of land may be included in computing his net earnings from self-employment if the arrangement provides for his material participation in the production (by the other party to the arrangement) of agricultural or horticultural commodities and such participation in fact exists. The Senate amendment added language to make it clear that the income so derived by the owner or tenant of land may be included in his net earnings from self-employment where he participates materially in the "management of the production" of such commodities. The House recedes.

Amendment No. 19: Section 104 (d) of the House bill amended section 211 (c) (5) of the Social Security Act so as to provide coverage under the old-age and survivors insurance system for self-employment lawyers, dentists, osteopaths, veterinarians, chiropractors, naturopaths, and optometrists. Under the House bill, of the professional self-employed individuals presently enumerated in section 211 (c) (5), only physicians and Christian Science practitioners would continue to be excluded from such coverage. The Senate amendment provides for the exclusion of the performance of service by an individual in the exercise of his profession as a doctor of medicine, doctor of osteopathy, or Christian Science practitioner (or the performance of such service by a partnership). The House recedes with an amendment extending coverage to the performance of service by an individual in the exercise of his profession as a doctor of osteopathy (or the performance of such service by a partnership).

Amendment No. 20: This amendment added to section 104 of the House bill a new subsection (d), which would amend section 218 (d) (6) of the Social Security Act to allow certain States (Florida, Georgia, Indiana, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii), and the political subdivisions of such States, under certain conditions to divide their retirement systems into two divisions or parts, one consisting of the positions of members who desire old-age and survivors insurance coverage and the other consisting of the positions of members who do not, with each such division or part being treated as a separate retirement system. The provision added by this amendment would also allow employees of certain States (Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii) who are covered by a retirement system, and who are compensated in whole or in part from Federal grants for unemployment compensation administration under title III of the Social Security Act, to have their positions (or all other positions in the department in which they are employed, or all positions in such department) treated as a separate retirement system for purposes of old-age and survivors insurance coverage. The House recedes with a clerical amendment and with an amendment deleting Indiana from the scope of the amendment.

Amendment No. 21: This amendment added to section 104 of the House bill a new subsection (e), which would permit certain States (Florida, Nevada, New Mexico, Minnesota, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii) to modify their State agreements under section 218 of the Social Security Act at any time prior to July 1, 1957, without regard to certain requirements contained in section 218 (d) of that

act so as to provide old-age and survivors insurance coverage under such agreements for school district employees who are not required to hold teachers' or administrators' certificates. The House recedes with a clerical amendment.

Amendment No. 22: This amendment added to section 104 of the House bill a new subsection (f), which would amend section 218 of the Social Security Act so as to permit certain States (Florida, North Carolina, Oregon, South Carolina, and South Dakota) to modify their State agreements to provide old-age and survivors insurance coverage under such agreements for employees in any policeman's or fireman's position covered by a retirement system, notwithstanding the provisions of such section 218 which preclude old-age and survivors insurance coverage of employees in any such position. If the retirement system covers positions of policemen or firemen (or both) and other positions as well, the policemen or firemen (or both) may be treated as having a separate retirement system for these purposes. The House recedes with clerical amendments.

Amendment No. 23: This amendment added to section 104 of the House bill a new subsection (g), which would amend section 211 (a) (7) (B) of the Social Security Act so as to permit inclusion, in the computation of net earnings from self-employment for purposes of old-age and survivors insurance, of certain remuneration received by any minister in a foreign country who is a United States citizen and whose congregation is composed predominantly of United States citizens. The House recedes with clerical amendments.

Amendments Nos. 24 and 25: Section 104 (e) of the House bill contained the effective dates applicable to the provisions of the House bill which extended coverage under the old-age and survivors insurance system. Senate amendment No. 24 deleted section 104 (e) of the House bill, and Senate amendment No 25 inserted a new subsection containing the effective dates applicable to the coverage provisions in the bill as it passed the Senate.

The House recedes with an amendment. In view of the period of time which has elapsed since the passage of the bill in the House, the conference agreement retains the effective dates contained in the Senate amendment. In the case of coverage provided by section 104 (b) of the House bill which was restored by the conference action on amendment No. 15, the conference agreement provides that the amendment made by paragraph (1) of such section 104 (b) (relating to coverage of employees of Federal home loan banks) shall become effective only if the Federal Home Loan Bank Board submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to employees of Federal home loan banks with the benefits provided by title II of the Social Security Act, and such plan prescribes as the effective date thereof July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956. If the plan specifies July 1, 1957, as its effective date, the conference agreement provides that the amendment made by such paragraph (1) shall apply with respect to service performed on or after July 1, 1957. If the plan specifies as its effective date a day prior to July 1, 1957, the conference agreement provides that the amendment made by such paragraph (1) shall apply with respect to service performed on or after such day.

The conference agreement contains a similar requirement with respect to the amendment made by paragraph (2) of section 104 (b), relating to coverage of employees of the Tennessee Valley Authority. The plan with respect to such employees must be submitted by the Board of Directors of the Tennessee Valley Authority. Otherwise, the conditions and provisions described above with respect to the amendment made by paragraph (1) of section 104 (b) also apply with respect to the amendment made by paragraph (2) of section 104 (b).

The conference agreement requires that, on or before July 31, 1957, the Secretary of Health, Education, and Welfare shall submit a report to the Congress setting forth the details of any plan, described above, approved by him.

Amendment No. 26: This amendment added to the House bill a new section 105. Subsection (a) of the new section 105 would amend section 209 (h) (2) of the Social Security Act to provide that cash remuneration paid by any one employer in any calendar year (after 1956) to an employee for agricultural labor will constitute "wages" for old-age and survivors insurance purposes if such remuneration is $200 or more (regardless of the basis on which paid) or if such employee performs agricultural labor for that employer (for cash remuneration computed on a time basis) on 30 days or more during the year. Under present law, such remuneration only constitutes "wages" for old-age and survivors insurance purposes if it is $100 or more during the year.

Subsection (b) of the new section 105 would amend section 210 of the Social Security Act (with respect to service performed after 1956) so as to provide that where a crew leader furnishes individuals to perform agricultural labor for another person such individuals would be deemed to be employees of the crew leader for old-age and survivors insurance purposes, and the crew leader would be deemed not to be an employee of such other person. The term "crew leader" is defined as an individual who furnishes workers to perform agricultural labor for another person, if he pays their wages (either on his own behalf or on behalf of such person) and has not entered into a written agreement designating him an employee of such person.

Subsection (c) of the new section 105 would amend section 213 (a) (2) (B) (iv) of the Social Security Act so that an individual receiving $100 or more but less than $200 as wages for agricultural labor during a year will receive (as under existing law) one quarter of coverage.

The House recedes with amendments changing the $200 figure in the amended section 209 (h) (2) of the Social Security Act to $150 and changing the 30-day provision to 20 days.

Amendment No. 27: This amendment added to the House bill a new section 106, which would amend section 211 (a) of the Social Security Act (effective with respect to taxable years ending after 1956) so as to change the optional method for the computation of farm self-employment income.

Under existing law, a self-employed farmer who computes his income on a cash receipts and disbursements basis may deem 50 percent of his gross income from farming to be his net earnings from self-employment attributable to farming, if such gross income is $1,800 or less; and he may deem $900 to be his net earnings from self-employment attributable to farming if his gross income from farming is more than $1,800 and such net earnings as otherwise computed are less than $900.

Under the new section 106, the optional method of computing net earnings from farm self-employment would be extended to self-employed farmers who report income under an accrual method, and to members of farm partnerships. In addition, such optional method of computing net earnings would be changed so that a farmer whose gross income from farming is $1,200 or less may deem such gross income to be his net earnings from self-employment from farming, and a farmer whose gross income from farming is more than $1,200 may deem $1,200 to be his net earnings from farm self-employment if such net earnings as otherwise computed are less than $1,200. This optional method of computing net earnings from farm self-employment would be extended on the same basis to a member of a farm partnership with respect to his distributive share of the gross income of the partnership.

The House recedes with amendments. Under the conference agreement, if the gross income derived by a self-employed farmer from his farming operations is not more than $1,800, he may, at his option, deem his net earnings from self-employment derived from such farming operations to be 66⅔ percent of such gross income. If the gross income derived by a self-employed farmer from his farming operations is more than $1,800 and the net earnings from self-employment derived by him from such farming operations are less than $1,200, he may, at his option, deem his net earnings from self-employment from such farming operations to be $1,200. The conference agreement provides similar rules with respect to a partner's distributive share of the gross income of a partnership engaged in farming operations.

As under the Senate amendment, the conference agreement provides that, for purposes of applying this provision, the gross income derived by an individual from one or more farming operations and his distributive share of the gross income of one or more farm partnerships shall be aggregated and treated as having been derived from a single trade or business.

As under existing law, payments made to a partner which are guaranteed payments within the meaning of section 707 (c) of the Internal Revenue Code of 1954 will be treated as income from a trade or business separate from the partnership.

The Senate amendment would have applied to taxable years ending after 1956. Under the conference agreement, this amendment will apply to taxable years ending on or after December 31, 1956 (including the calendar year 1956).

Amendment No. 29: This amendment added to the House bill a new section 108, which would amend section 214 (a) (3) of the Social Security Act so as to provide a special fully insured status for an individual with respect to whom all but 4 of the quarters elapsing after 1954 and prior to July 1957 (or, if later, the quarter in which he attains retirement age or dies) are quarters of coverage as defined in section 213 of such act, but with a requirement of a minimum of 6 such quarters of coverage. Section 214 (a) (3) presently provides such special insured status only where all of the quarters elapsing after 1954 and prior to July 1956 (or, if later, the quarter in which the individual attained retirement age or dies) are quarters of coverage, with the same 6-quarter minimum. The House recedes.

Amendment No. 30: This amendment added to the House bill a new section 109, which would amend section 215 (b) (4) of the Social Security Act so as to provide that up to 5 years of low earnings (or no earnings) may be dropped out in the computation of an insured individual's average monthly wage, regardless of the number of such individual's quarters of coverage; under present law only 4 such years may be dropped out unless the individual has 20 or more quarters of coverage. Subsection (b) of the new section 109 sets forth the conditions under which an individual may take advantage of the new 5-year dropout provision, limiting the application of such provision to those who become entitled in the future to old-age insurance benefits or (under specified circumstances) to recomputations of benefits on the basis of earnings after initial entitlement. The House recedes.

Amendment No. 31: This amendment added to the House bill a new section 110, providing that the primary insurance amount of an individual who dies or becomes entitled to old-age insurance benefits in 1957 shall be computed under section 215 (a) (1) (A) of the Social Security Act with a starting date of December 31, 1955, and a closing date of July 1, 1957, if this method of computation would result in a higher primary insurance amount and the individual had not less than 6 quarters of coverage after 1955 and prior to the quarter following his death or entitlement to old-age insurance benefits. In any such computation (using July 1, 1957, as the closing date), the total of the individual's wages and self-employment income after 1956 would be reduced to $2,100 if it exceeded that amount. The House recedes.

Amendment No. 32: This amendment added to the House bill a new provision (sec. 111), amending section 205 (b) of the Social Security Act so as to provide that an applicant for benefits, or any other individual who believes that his or her rights may be prejudiced by a decision of the Secretary, must file his request for a hearing (if he desires to file such a request as permitted under present law) within a period of 6 months from the date on which notice of the Secretary's decision is mailed to him or within such longer period as the Secretary may prescribe. Where notice of any such decision has been mailed to an individual prior to the date of the enactment of the bill, the period within which such individual may file his request would run for at least 6 months after such date. The House recedes.

Amendment No. 33: This amendment added to the House bill a new section 112, which would amend section 203 of the Social Security Act (effective with respect to taxable years ending after 1955) so as to provide that service performed outside the United States as a member of the Armed Forces shall be considered for purposes of the "work clause" as employment within the United States and not as noncovered remunerative activity outside the United States; the remuneration for such service would be included under the regular annual earnings test. Under the present provisions of section 203, a member of the Armed Forces serving overseas is regarded as engaged in "noncovered remunerative activity outside the United States" and as a result is subject under the work clause to the special 7-day test. The House recedes.

Amendment No. 34: This amendment added to the House bill a new section 113, which would amend section 202 (e) of the Social Security Act so as to provide that if a widow remarries and such remarriage is terminated by the second husband's death but she is not his widow for purposes of entitlement to old-age and survivors insurance benefits, such remarriage shall be deemed not to have occurred and she may again become entitled to widow's insurance benefits based on the wages and self-employment income of her first husband. The House recedes with an amendment changing the effective date from, generally, September 1956 to November 1956.

Amendment No. 35: This amendment added to the House bill a new section 114, which would amend section 202 of the Social Security Act to provide that where an individual failed to file proof of support by the insured worker as required for husband's widower's, or parent's insurance benefits, or to file application for a lump-sum death payment in the case of a death occurring after 1946, within the period prescribed by law, and there was good cause for such failure to file in time (as determined by the Secretary of Health, Education, and Welfare), such proof of support or such application shall be deemed to have been filed within the prescribed period of time if filed within 2 years after the expiration of such period or within 2 years after August 1956, whichever is later. The amendment would apply only to lump-sum death payments, and monthly benefits for months after August 1956, based on applications filed after August 1956. The House recedes with a technical amendment.

Amendment No. 41: The Senate amendment added a new section 117 to the bill, amending section 205 (c) (5) of the Social Security Act (relating to the time limitation for correction of earnings records) to provide that under specified circumstances an individual's earnings record could be corrected, even after the time limitation has run with respect to a given year, to include self-employment income for that year in any case where wages for that year were deleted from the records as having been erroneously reported. The amount of self-employment income to be included could not be in excess of the amount of wages deleted. The correction could be made only to the extent of the individual's self-employment income (or his net earnings from self-employment) not already included in his earnings record as self-employment income which is included in a tax return or statement filed before the expiration of the time limitation following the taxable year in which the deletion of wages is made. The House recedes.

Amendment No. 42: This amendment added to the House bill a new section 118, amending section 202 of the Social Security Act to add a new subsection (t) at the end thereof, providing that no benefits may be paid to certain aliens who are outside the United States.

Paragraph (1) of the new subsection (t) provided that the prohibition against payment shall apply to any individual who is not a citizen or national of the United States for any month after the third consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or which otherwise comes to his attention, that such individual is outside the United States and prior to the first month for all of which he has been in the United States. The prohibition would not apply to individuals who are citizens of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and which pays periodic benefits, or their actuarial equivalent, on account of old age, retirement, or death, if United States citizens who are not citizens of such foreign country and who qualify for such benefits are permitted to receive such periodic benefits or their actuarial equivalent while they are outside of such foreign country for periods of 3 months or longer.

Paragraph (2) of the new subsection (t) provided that a person who is, or on application would be, entitled to a monthly benefit under section 202 for June 1956 would not, because of this provision, be deprived of such benefit or of any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for June 1956 is based.

Paragraph (3) provided that no lump-sum death payment may be made on the basis of the wages and self-employment income of an individual who died while outside the United States and whose benefits were not paid under paragraph (1) for the month preceding the month in which he died.

Paragraph (4) provided that the deductions under subsections (b) and (c) of section 203 of the Social Security Act on account of work or failure to have a child in the beneficiary's care would not be applied for any month with respect to the benefits of any individual if his benefits for such month are not payable by reason of paragraph (1).

Paragraph (5) provided that the Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a country which is territorially contiguous to the United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection, and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary for this purpose.

The House recedes with an amendment which contains a substitute for the language proposed to be inserted by the Senate amendment. Under section 118 (a) of the conference agreement, a new subsection (t) will be added to section 202 of the Social Security Act.

Paragraph (1) of the new subsection (t) provides that no monthly benefits will be paid under section 202 of the Social Security Act, and no disability benefits will be paid under the new section 223 of that act, to any individual who is not a citizen or national of the United States for any month which is (A) after the sixth consecutive calendar month during all of which the Secretary of Health, Education, and Welfare finds (on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention) that such individual is outside the United States (as defined in sec. 210 (i) of the Social Security Act), and (B) before the first month during all of which such individual has been in the United States (as so defined).

Paragraph (2) of the new subsection (t) provides that the suspension of benefits described in paragraph (1) will not apply to any individual who is a citizen of a foreign country which the Secretary of Health, Education, and Welfare finds has in effect a social insurance or pension system which is of general application in that foreign country and under which (A) periodic benefits (or the actuarial equivalent thereof) are paid on account of old age, retirement, or death, and (B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits (or the actuarial equivalent thereof) while outside such foreign country without regard to the duration of such absence. The requirement set forth in subparagraph (B) of the preceding sentence would not be met by an insurance system in any foreign country under which, for example, Americans are precluded from receiving benefits by reason of their absence from that foreign country (regardless of how lengthy the period is before the benefits are cut off). Another example of a situation in which a foreign insurance system might fail to meet the requirements of such subparagraph (B) would be a case where such system has conditions to the receipt of payment which, though not phrased in terms of absence from the country, have the same effect as if such system expressly required presence in the foreign country concerned for the benefits to continue.

Paragraph (3) of the new subsection (c) provides that the suspension of benefits provided in the new paragraph (1) will not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date on which this bill becomes law.

Paragraph (4) of the new subsection (t) makes the suspension of benefits inapplicable to benefits for any month (including derivative benefits) if the wage earner on whose record the benefits are based has, before such month, either (A) had 40 quarters or more of coverage, or (B) resided in the United States (as defined in sec. 210 (i) of the Social Security Act) for 1 or more periods aggregating 10 years or more.

In addition, paragraph (4) makes the suspension of benefits inapplicable to an alien who is outside the United States while in the active military or naval service of the United States.

Paragraph (5) of the new subsection (t) provides that no person who is, or upon application would be, entitled to a monthly benefit under section 202 of the Social Security Act for December 1956 shall be deprived, by reason of the provision in paragraph (1) suspending the benefits of aliens, of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 was based.

Paragraph (6) of the new subsection (t) provides that if an individual is outside of the United States when he dies, and if no benefit may be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of that individual's wages and self-employment income.

Paragraph (7) of the new subsection (t) provides that subsections (b) and (c) of section 203 of the Social Security Act (relating to deductions on account of work or failure to have a child in care) will not apply with respect to any individual for any month for which no monthly benefit may be paid by reason of paragraph (1) of the new subsection (t).

Paragraph (8) of the new subsection (t) provides that the Attorney General shall certify to the Secretary of Health, Education, and Welfare such information regarding aliens who depart from the United States to any foreign country (other than Canada or Mexico) as may be necessary to carry out the purposes of the new subsection (t). In addition, the Attorney General will be required to otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purpores of the new subsection (t).

Section 118 (b) of the conference agreement provides the effective date for the new subsection (t). It will apply to monthly benefits under title II of the Social Security Act for months after December 31, 1956, and to lump-sum death payments under section 202 (i) of that act in the case of deaths occuring after December 31, 1956.

Amendment No. 46: This amendment adds, to the portion of the House bill preserving the relationship between railroad retirement and old-age and survivors insurance, a new subsection (c) amending section 5 (k) (2) of the Railroad Retirement Act of 1937 (relating to financial interchange). The Senate amendment provides the same type of financial interchange provisions between the Railroad Retirement Account and the Federal Disability Insurance Trust Fund (established by amendment No. 12) as are presently provided with respect to such account and the Federal Old-Age and Survivors Insurance Trust Fund, with corresponding technical changes in other provisions of such section 5 (k) (2).

The House recedes with technical amendments.

Amendment No. 47: This amendment added to the House bill a new section 121, amending section 216 (e) of the Social Security Act (relating to the definition of "child") and section 202 (d) of that act (relating to benefits payable to children, as defined in section 216 (e)). Subsection (a) of the Senate amendment would add a new class of persons to the definition of child, so that in the case of a deceased individual, the definition would include a child with respect to whom such individual has stood in loco parentis for not less than 5 years immediately preceding the day on which such individual died. Subsection (b) of the Senate amendment would add a new paragraph (7) to section 202 (d) of the Social Security Act providing that a person who is a "child" by reason of the changed definition of that term in subsection (a) shall be deemed dependent upon the individual standing in loco parentis with respect to him if at the time of such individual's death, the child was living with and receiving at least three-fourths of his support from such individual. Subsection (c) of the Senate amendment provided that the amendments made by subsections (a) and (b) shall apply only with respect to monthly benefits for months beginning after the date of enactment.

The Senate recedes.

Amendment No. 48: The Senate amendment added a new section 122 to the House bill. Subsection (a) of such section 122 would insert a new subsection "(u)" at the end of section 202 of the Social Security Act, consisting of two paragraphs. Under paragraph (1) of the new subsection (u), monthly benefits under section 202 of the Social Security Act would not be paid to any individual for any month after the Secretary of Health, Education, and Welfare has been notified by the Attorney General of the United States that such individual is or has been convicted of an offense under chapter 37, 105, or 115 of title 18 of the United States Code, or under section 4, 112, or 113 of the Internal Security Act of 1950. Paragraph (2) of the new subsection would provide for the Attorney General to furnish to the Secretary a complete list of the names of all individuals heretofore convicted of offenses specified in paragraph (1), and to notify the Secretary of the name of each individual hereafter so convicted. Such list and notification would be furnished as soon as practicable.

Subsection (b) of the Senate amendment would provide that the new subsection (u) should not be construed to restrict or otherwise affect any of the provisions of the act of September 1, 1954, which prohibits payment of annuities to officers and employees of the United States convicted of certain offenses.

The House recedes with an amendment substituting new language for the language proposed to be inserted by the Senate amendment. Under section 121 (a) of the conference agreement, section 202 of the Social Security Act is amended by adding at the end thereof a new subsection (u).

Paragraph (1) of the new subsection (u) provides that if an individual is convicted of any of the offenses specified in that paragraph, and if the offense was committed after the date of the enactment of the bill, then the court may impose a penalty in addition to all other penalties provided by law. The additional penalty is that in determining whether any monthly insurance benefit is payable under section 202 of the Social Security Act or under section 223 (relating to disability) of that act to the individual so convicted for the month in which he is so convicted or for any month thereafter, there is not to be taken into account (A) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and (B) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year. The offenses specified for which the additional penalty may be imposed are offenses under chapter 37 (espionage and censorship), chapter 105 (sabotage), and chapter 115 (treason, sedition, and subversive activities) of title 18 of the United States Code, and offenses under sections 4, 112, and 113 of the Internal Security Act of 1950, as amended.

The imposition of the additional penalty is left to the discretion of the court. However, in those cases where the court imposes this penalty, the convicted individual will lose, for the month of conviction and all months thereafter, monthly benefits (including disability benefits) to the extent that such benefits are based on the employment or self-employment record of any person for the period in which the conviction occurs or for any prior period.

For example, if an individual is convicted in December 1957 of an offense committed in January 1957, and if the court imposes the additional penalty provided by the new paragraph (1), then for purposes of determining any monthly benefit which would otherwise be payable to such individual for December 1957 or for any month thereafter, such individual's insured status and his average monthly wage shall be determined by omitting all wages paid to him for the last quarter of 1957 and for all prior quarters of 1957 and prior years and by omitting all net earnings from self-employment derived by such individual during 1957 (assuming that he is a calendar-year taxpayer) and during all prior taxable years.

If the convicted individual referred to in the preceding sentence is entitled to a monthly benefit based on the earnings record of a second individual, or if at some time in the future he makes application for such a monthly benefit, there must be omitted all wages paid to such second individual for the quarters specified in the preceding paragraph and all net earnings from self-employment income by such second individual during the taxable years specified in the preceding paragraph (with the exception that in this case the taxable year in which the conviction occurs will be determined by reference to the taxable years of such second individual, rather than by reference to the taxable year of the individual convicted).

It is to be emphasized that the additional penalty applies only to the individual convicted of the offense, and does not prejudice any of the rights of other individuals. Thus, if the penalty is imposed with respect to an individual, the entitlement of his wife, children, or parents to monthly benefits on the basis of his earnings record is to be determined as if no such penalty had been imposed. He is to be permitted to make application for benefits (if he is not already entitled to benefits) in the manner provided by law, if such application is necessary for others to become entitled to benefits on the basis of his earnings record. Similarly, section 203 (a) of the Social Security Act (relating to maximum benefits) is to operate as if the penalty had not been imposed. That is to say, in computing the maximum benefits which other individuals may receive on the basis of any earnings record, he will be deemed to be "entitled" to the benefits to which he would be entitled but for his conviction, even though the court-imposed penalty prevents the payment of any such benefit to him or reduces the amount thereof.

Paragraph (2) of the new subsection (u) provides that the Attorney General is to notify the Secretary of Health, Education, and Welfare as soon as practicable after the additional penalty has been imposed with respect to any individual. However, the period with respect to which the penalty is to be applied is dependent not on the date of such notification but on the time when the conviction occurs.

Paragraph (3) of the new subsection (u) provides that if the President of the United States grants a pardon of any offense with respect to which the additional penalty has been imposed, the penalty will not apply to months beginning after the month in which the pardon is granted. In the case of such a pardon granted to any individual, the determination of whether any monthly benefit is payable on the basis of his earnings record or the record of any other individual, and the determination of the amount of any benefit so payable, will be made as if he had not been convicted. However, the pardon will not affect monthly benefits for any month which begins on or before the date on which the pardon is granted.

Subsection (b) of section 121 of the conference agreement provides that the amendment made by subsection (a) of that section (which adds the new subsection (u)) is not

to be construed to restrict or otherwise affect any of the provisions of the act of September 1, 1954 (Public Law 769, 83d Cong.), which prohibits payment of annuities to officers and employees of the United States convicted of certain offenses.

Subsection (c) of section 121 of the conference agreement amends section 210 (a) of the Social Security Act to exclude from the term "employment" service performed in the employ of certain Communist organizations. If any organization is registered at any time during any calendar quarter which begins after June 30, 1956, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, then service performed in such quarter in the employ of such organization does not come within the definition of the term "employment." The same rule is provided in the case of any organization which fails to register but with respect to which there is in effect, at any time during the calendar quarter in question, a final order of the Subversive Activities Control Board requiring such organization to register as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization. Whether or not there is in effect on any day a final order requiring registration is to be determined in the manner provided in title I of the Internal Security Act of 1950, as amended.

Subsection (d) of section 121 amends section 3121 (b) of the Internal Revenue Code of 1954 to exclude from the term "employment," for purposes of the taxes imposed by chapter 21 of such code, service which is not treated as employment for purposes of title II of the Social Security Act by reason of the amendment made by subsection (c) of section 121.

Amendment No. 51: Section 201 (b) of the House bill amended section 3121 (a) (9) of the Internal Revenue Code of 1954 (which excludes from "wages" certain payments made to employees after they attain retirement age) to reflect changes made elsewhere in the bill with respect to the definition of retirement age. Section 201 (c) of the House bill made the necessary changes in section 3121 (b) (1) of the code (relating to the exclusion of service performed by gum-resin workers from "employment" for purposes of the Federal Insurance Contributions Act) to correspond with the changes made by the House bill in section 210 (a) (1) of the Social Security Act (relating to the exclusion of such service from "employment" for benefit purposes). The Senate amendment deleted both section 201 (b) and section 201 (c) of the House bill. In view of the action taken by the conferees with respect to amendment No. 10 (relating to definition of retirement age) and amendment No. 13 (relating to coverage of service performed by gum-resin workers), the House recedes with an amendment which restores section 201 (b) of the House bill.

Amendment No. 52: This amendment added to the House bill a new section 201 (b), which would amend section 3121 (b) (1) (B) of the Internal Revenue Code of 1954 (relating to the exclusion of service performed by certain foreign agricultural workers from "employment" for purposes of the Federal Insurance Contributions Act) to correspond with the changes made by amendment No. 14 in section 210 (a) (1) (B) of the Social Security Act (relating to the exclusion of such service from "employment" for benefit purposes). In view of the action taken by the conferees with respect to amendment No. 14, the House recedes with a clerical amendment.

Amendment No. 53: Section 201 (d) of the House bill made the necessary changes in section 3121 (b) (6) of the Internal Revenue Code of 1954 (relating to the exclusion of certain service from "employment" for purposes of the Federal Insurance Contributions Act) to correspond with the changes made by the House bill in section 210 (a) (6) of the Social Security Act which extend coverage to service in the employ of the Tennessee Valley Authority and to service in the employ of a Federal home loan bank. The Senate amendment deleted this provision of the House bill. In view of the action taken by the conferees with respect to amendment No. 15, the House recedes with an amendment which restores with clerical changes the provisions of the House bill.

Amendment No. 55: Section 201 (e) (2) of the House bill made the necessary changes in section 1402 (a) (1) of the Internal Revenue Code of 1954 (relating to the treatment of income derived from share-farming arrangements for purposes of the tax on self-employment income) to correspond with the changes made by the House bill in section 211 (a) (1) of the Social Security Act (relating to the treatment of such income for benefit purposes). The Senate amendment added to this provision of the House bill the same language as that which was added by amendment No. 17 to the provision of the House bill dealing with the treatment of such income for benefit purposes. The House recedes.

Amendment No. 57: Section 201 (f) of the House bill made the necessary changes in section 1402 (c) (5) of the Internal Revenue Code of 1954 (relating to the treatment of certain professional self-employed individuals for purposes of the tax on self-employment income) to correspond with the changes made by the House bill in section 211 (c) (5) of the Social Security Act (relating to the treatment of such individuals for benefit purposes). The Senate amendment made the same change in this provision of the House bill as that which was made by amendment No. 19 in the provision of the House bill dealing with the treatment of such individuals for benefit purposes. The House recedes with an amendment conforming to the conference action on amendment No. 19.

Amendment No. 58: This amendment added to section 201 of the House bill a new subsection (e), which would make the necessary changes in section 1402 (a) (8) (B) of the Internal Revenue Code (relating to the computation of net earnings from self-employment, in the case of a minister serving in a foreign country, for purposes of the tax on self-employment income) to correspond with the changes made by amendment No. 23 in section 211 (a) (7) (B) of the Social Security Act (relating to the computation of such net earnings for benefit purposes). In view of the action taken by the conferees with respect to amendment No. 23, the House recedes with clerical amendments.

Amendment No. 59: This amendment added to section 201 of the House bill a new subsection (f), which would make the necessary changes in section 3121 of the Internal Revenue Code of 1954 to correspond with the changes made by amendment No. 26 in section 209 (h) (2) of the Social Security Act (relating to the treatment of remuneration for agricultural labor as "wages" for old-age and survivors insurance benefit purposes) and in section 210 of that act (relating to the treatment of service performed by and for crew leaders for old-age and survivors insurance benefit purposes).

Paragraph (3) of the new subsection (f) would amend section 3102 (a) of the Internal Revenue Code of 1954 (which permits an employer paying cash remuneration for agricultural labor to deduct the Federal Insurance Contributions Act employee tax from such remuneration even though at the time of payment it is not clear whether or not such remuneration constitutes "wages") to reflect the change in section 209 (h) (2) of the Social Security Act made by amendment No. 26 and the change in section 3121 (a) (8) (B) of the Internal Revenue Code of 1954 made by this amendment (No. 59).

The House recedes with amendments conforming to the conference action on amendment No. 26.

Amendment No. 60: This amendment added to section 201 of the House bill a new subsection (g), which would make the necessary changes in the last two sentences of section 1402 (a) of the Internal Revenue Code of 1954 (relating to the optional method of computing net earnings from farm self-employment for purposes of the tax on self-employment income) to correspond with the changes made by amendment No. 27 in section 211 (a) of the Social Security Act (relating to the optional method of computing such net earnings for old-age and survivors insurance benefit purposes).

The House recedes with amendments which conform to the conference action with respect to amendment No. 27.

Amendment No. 61: This amendment added to section 201 of the House bill a new subsection (h), which would amend section 3121 (l) (8) (A) of the Internal Revenue Code of 1954 so as to include as a foreign subsidiary of a domestic corporation, for purposes of the provisions of law permitting the extension of old-age and survivors insurance coverage to employees of such subsidiaries, any foreign corporation of whose voting stock not less than 20 percent is owned by a domestic corporation. Under present law, more than 50 percent of the stock of the foreign subsidiary must be owned by the domestic corporation in order for the employees of the foreign subsidiary to be eligible for such coverage. The House recedes with a clerical amendment.

Amendment No. 63: Section 201 (g) of the House bill amended section 3121 (k) (1) of the Internal Revenue Code of 1954 to extend until the end of 1957 the period during which employees of an organization which has filed a certificate waiving its tax exemption under the Federal Insurance Contributions Act may add their names to the list of employees concurring in the filing of such certificate. Under present law, no names may be added to any such list after the expiration of 24 months following the first quarter during which the certificate was in effect. The Senate amendment extended the period provided by the House bill for an additional year, i. e., until the end of 1958. The House recedes.

Amendments Nos. 65 and 66: Section 201 (i) of the House bill contained the effective dates applicable to the provisions of the House bill which made the necessary changes in chapter 2 (tax on self-employment income) and chapter 21 (Federal Insurance Contributions Act) of the Internal Revenue Code of 1954 to reflect the changes in coverage under the old-age and survivors' insurance system which were made in the House bill. Senate amendment No. 66 deleted this subsection of the House bill, and Senate amendment No. 65 inserted a new subsection containing the effective dates applicable to such provisions in the bill as it passed the Senate. The new subsection also included special provisions to permit a minister, whose income as a minister, for any taxable year ending after 1954 and prior to 1957, would have constituted net earnings from self-employment, if the bill as amended by Senate amendment No. 58 had been then in effect, to elect to have the provisions of such amendment apply with respect to taxable years ending after 1954 and prior to 1957.

The House recedes with amendments. In view of the period of time which has elapsed since the passage of the bill in the House, the conference agreement, except as noted below, retains the effective dates contained in the Senate amendment. The amendment made by subsection (b) of section 201 of the House bill, which was restored by the conference action on amendment No. 61, shall apply with respect to remuneration paid after October 1956. The amendments made

by subsection (d) of the House bill, which were restored by the conference action on amendment No. 53, shall apply with respect to service with respect to which the amendments made by subsection (b) of section 104 of the bill apply. (For an explanation of the effective date of these amendments, see amendment No. 25.) The amendment to subsection (a) of section 1402 of the Internal Revenue Code of 1954 (made by sec. 201 (i) of the bill as agreed to in conference) shall apply with respect to taxable years ending on or after December 31, 1956, rather than to taxable years ending after December 31, 1956, as provided in the Senate amendment.

The conference agreement also makes necessary technical and conforming changes in the Senate amendment.

Amendments Nos. 67 and 68: Section 202 of the House bill amended section 1401 of the Internal Revenue Code of 1954 to increase each of the rates of tax upon self-employment income prescribed by existing law by three-fourths of 1 percent, and amended sections 3101 and 3111 of the Federal Insurance Contributions Act to increase each of the rates of the employee tax and the employer tax prescribed by existing law by one-half of 1 percent. The increase in the tax on self-employment income would apply with respect to taxable years beginning after 1955, and the increase in the employee and employer taxes would apply with respect to remuneration paid after 1955.

Senate amendment No. 67 deleted section 202 of the House bill. Senate amendment No. 68 added to the House bill a new section 202, which amended the same sections of law as were amended by the House bill. Under the Senate amendment, the rates of tax prescribed in section 1401 upon self-employment income would each be increased by three-eighths of 1 percent; and the rates of the employee tax and the employer tax prescribed in sections 3101 and 3111, respectively, would each be increased by one-fourth of 1 percent. The increase in the tax on self-employment income would apply with respect to taxable years beginning after 1956, and the increase in the employee and employer taxes would apply with respect to remuneration paid after 1956.

The House recedes.

Amendments Nos. 69 and 70: These amendments added to the House bill a heading for a new title III and a declaration of the purpose of such new title, which would amend the public assistance provisions of the Social Security Act and would consist of the matter contained in amendments Nos. 71 through 98. In view of the action taken by the conferees with respect to the latter amendments, the House recedes.

Amendments Nos. 71, 72, 73, 74, 75, and 76: These amendments, which comprise part I (relating to matching of assistance expenditures for medical care) of the new title III of the bill, would amend sections 3 (a), 403 (a), 1003 (a), and 1403 (a) of the Social Security Act so as to provide separate dollar-for-dollar matching of State expenditures for old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled where such assistance is furnished in the form of medical or other remedial care, up to a maximum of (1) $8 (or, in the case of aid to dependent children, $4 for each child recipient and $8 for each adult recipient) multiplied by the number of individuals receiving assistance in any form under the State plan, plus (2) certain additional amounts. State expenditures for assistance in the form of cash payments would continue under the present formula (as amended by amendments Nos. 89, 90, and 91). The amendments relating to medical care would be effective July 1, 1957 (and would continue in effect even after the expiration of such amendments Nos. 89, 90, and 91). With respect to amendments Nos. 71 and 76, the House recedes; and with respect to amendments Nos. 72, 73, 74, and 75, the House recedes with amendments limiting the dollar-for-dollar matching for medical care expenditures to a maximum of $6 (or, in the case of aid to dependent children, $3 per child and $6 per adult) multiplied by the number of individuals receiving assistance under the State plan.

Amendments Nos. 77, 78, 79, 80, and 81: These amendments, which comprise part II (relating to services in programs of public assistance) of the new title III of the bill, would amend titles IV, X, and XIV of the Social Security Act so as to make it clear that the public assistance programs under those titles include not only the provision of financial assistance but also the furnishing of services designed to help needy individuals to attain self-support or self-care (or, in the case of aid to dependent children, designed to maintain and strengthen family life and to help the relatives caring for dependent children to attain self-support and personal independence). These amendments also require (effective July 1, 1957) that each State plan include a description of the services (if any) to be furnished by the State for this purpose, and make it clear that Federal payments to a State with respect to the costs of administering the State plan may include payments with respect to such services. With respect to amendment No. 77, the House recedes with an amendment making changes in title I of the Social Security Act (relating to old-age assistance) which have substantially the same purpose with respect to self-care as the changes made in titles IV, X, and XIV of that act by the Senate amendments; and with respect to amendments Nos. 78, 79, 80, and 81, the House recedes with clerical and conforming amendments.

Amendments Nos. 82, 83, and 84: These amendments, which comprise part III (extension of aid to dependent children) of the new title III of the bill and become effective July 1, 1957, would amend section 406 (a) of the Social Security Act so as to add first cousins, nephews, and nieces to the list of the relatives with one of whom a needy child must be living in order to be eligible for aid to dependent children under title IV of that act. These amendments also eliminate the requirement that a needy child between 16 and 18 years of age must be regularly attending school in order to be eligible for aid to dependent children. The House recedes.

Amendments Nos. 85, 86, 87, and 88: These amendments comprise part IV (relating to research and training) of the new title III of the bill. Amendment No. 86 would authorize the Federal Government (through grants, contracts, and jointly financed cooperative arrangements) to participate in the cost of research and demonstration projects relating to the improvement of the public assistance and related programs; the authorized appropriation for this purpose would be $5,000,000 for the fiscal year 1957 and such amount as the Congress may determine thereafter. Amendment No. 87 would authorize the Federal Government to make grants to States (as defined in sec. 1101 of the Social Security Act) to enable them (either directly or through nonprofit institutions of higher learning) to provide various types of training for personnel employed or preparing for employment in the public assistance programs; the authorized appropriation for this purpose would be $5,000,000 for the fiscal year 1958 and such amount as the Congress may determine thereafter, and the Federal share of the cost of such training would be 100 percent during the fiscal years 1958 through 1967 and 80 percent thereafter. With respect to amendments Nos. 85, 86, and 88, the House recedes: and with respect to amendment No. 87, the House recedes with an amendment under which the program of training grants for public welfare personnel would terminate at the end of the fiscal year 1962 and the Federal share of the cost would be limited to 80 percent during each of the 5 years of the program.

Amendments Nos. 89, 90, 91, 92, and 93: These amendments, which comprise part V of the new title III of the bill, would amend the matching formulas applicable to title I, IV, X, and XIV of the Social Security Act (relating to old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled, respectively). Amendments Nos. 89, 90, and 91 apply to old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and for purposes of assistance under those programs would (1) increase the ceiling on the Federal payment with respect to any individual from $55 to $65 and (2) provide that five-sixths of the first $30 per recipient can be counted instead of only four-fifths of the first $25; however, these increases would not be available to any State unless it maintains its average expenditure per recipient from State funds. Amendment No. 92 would extend until June 30, 1959, the temporary matching formula for aid to dependent children which was provided in section 8 (b) of the Social Security Act Amendments of 1952 and which is currently in effect. Under amendment No. 93, all of these amendments would become effective October 1, 1956.

With respect to amendments Nos. 89, 90, and 91, the House recedes with amendments (1) providing that the Federal ceiling for purposes of titles I, X, and XIV of the Social Security Act shall be $60 and that four-fifths of the first $30 per recipient can be counted, (2) eliminating the requirement that a State maintain its average expenditure per recipient from State funds in order to receive the Federal increase, and (3) changing the matching formula contained in title IV of the Social Security Act (relating to aid to dependent children) so as to provide that the Federal ceiling for purposes of such title shall be $32 with respect to the first dependent child in any home, $23 with respect to each additional child, and $32 with respect to each relative with whom the child is living (instead of $30, $21, and $30, respectively, as in present law), and that fourteen-seventeenths of the first $17 per recipient can be counted (instead of four-fifths of the first $15, as in present law).

With respect to amendment No. 92, the Senate recedes in view of the action taken on amendment No. 89 in regard to aid to dependent children.

With respect to amendment No. 93, the House recedes with an amendment providing that the changes made by amendments Nos. 89, 90, and 91 shall cease to be effective after June 30, 1959.

Amendments Nos. 94, 95, 96, 97, and 98: These amendments comprise part VI of the new title III of the bill. Amendment No. 95 would amend sections 403 and 1108 of the Social Security Act (effective for the fiscal year 1957 and subsequent fiscal years) so as to permit Federal matching (under the program of aid to dependent children) of expenditures in the Virgin Islands for relatives with whom dependent children are living, and so as to increase from $160,000 to $300,000 the maximum Federal payment to the Virgin Islands under all the public assistance programs in any fiscal year. Amendment No. 98 would make the same changes in the case of Puerto Rico (except that the increase in the maximum Federal payment would be from $4,250,000 to $5,312,500). Amendments Nos. 96 and 97 would make certain changes in the public assistance provisions of the Social Security Act with respect to the determination of need.

With respect to amendment No. 94, the House recedes. With respect to amendment

No. 95, the House recedes with an amendment combining its provisions with those of amendment No. 98 (relating to Puerto Rico), limiting the maximum Federal payment in the case of the Virgin Islands to $200,000, and making certain technical changes. With respect to amendments Nos. 96 and 97, and with respect to amendment No. 98 in view of the action taken by the conferees on amendment No. 95, the Senate recedes.

Amendment No. 99: This amendment added to the House bill (as a part of a new title IV) a new section 401, which would amend section 403 of the Social Security Amendments of 1954.

Subsection (a) of such section 403 presently provides that service performed by an individual after 1950 and before 1955 as an employee of an organization (1) described in section 501 (c) (3) of the Internal Revenue Code of 1954 which is exempt from tax under section 501 (a) of such code and, (2) which failed to file a waiver certificate, may, notwithstanding such failure to file, be deemed to constitute "employment" for old-age and survivors insurance purposes if the Federal Insurance Contributions Act taxes were paid (and not refunded) on the good-faith assumption that the certificate had been filed, and if the individual so requests. The Senate amendment extended for 2 years the period during which such service can be counted under subsection (a), so that the subsection would apply to service performed after 1950 and before 1957 (but only where the individual was employed by that organization before the enactment of the bill).

Subsection (b) of such section 403 presently provides that service performed for such an exempt organization after 1950 and before 1955, where the organization filed the waiver certificate but the employee failed to sign the list of concurring employees, may be deemed to constitute "employment" for old-age and survivors insurance purposes to the extent that the Federal Insurance Contributions Act taxes were paid (and not refunded) with respect to such service, if the employee so requests before 1957. The Senate amendment extended for 2 years the period during which such service can be counted under subsection (a), so that the subsection would apply to service performed after 1950 and before 1957 (but only where the employee was employed by that organization before the enactment of the bill), and also extends for 2 years (until January 1, 1959), the period during which the employee can file his request.

The House recedes.

Amendment No. 100: This amendment added to the House bill a new section 402, which would amend section 521 (a) of the Social Security Act (effective with respect to fiscal years beginning after June 30, 1956) so as to increase the annual authorization for child-welfare services from $10,000,000 to $12,000,000. The House recedes with an amendment providing that such increase shall be effective only with respect to fiscal years beginning after June 30, 1957.

Amendment No. 101: This amendment added to the House bill a new title V, which would establish a United States Commission on the Aging and Aged.

The Senate recedes.

Amendment of title: The Senate amendment conformed the title of the bill to the bill as amended by the Senate. Under the conference agreement the title of the bill is conformed to the bill as agreed to in conference.

JERE COOPER,
WILBUR D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
THOMAS A. JENKINS,
Managers on the Part of the House.

Mr. COOPER. Mr. Speaker, I call up the conference report on the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point on the conference report just adopted and I also ask unanimous consent that all Members of the House desiring to do so may extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, we have reached another milestone in improving our social-security program. The conference committee report makes a number of important liberalizations in the system.

First, disability insurance protection is provided under the social-security system to over 35 million persons.

Second, social-security benefits are provided to women beginning at age 62.

Third, coverage under the social-security system is increased by over 250,000.

Fourth, the Federal share of public assistance to 5 million needy aged, disabled, blind, and dependent children is increased.

Fifth, Federal funds are provided for helping to meet the medical-care needs of the 5 million persons on public assistance.

Sixth, the program for aid to dependent children is broadened and strengthened.

Seventh, additional Federal encouragement is provided for helping the 5 milion public-assistance recipients attain self-support and self-care, and to maintain and preserve family life.

Eighth. Federal support is provided for research in social security.

Ninth, Federal funds authorized for child-welfare services are increased $2 million a year.

Tenth. Federal public-assistance funds for the Virgin Islands and Puerto Rico are increased.

Mr. Speaker, these 10 provisions greatly strengthen and improve our social-security program.

I will now describe the provisions in more detail:

I. COVERAGE

(a) Self-employed professional groups: The House-passed bill provided coverage for all presently excluded self-employed professional groups except physicians. The Senate bill in addition excluded osteopaths. The conference agreement follows the House version of the bill.

(b) Farm operators and share farmers: The House bill made no change in the reporting of income requirements for farm operators. The Senate bill permitted the optional method of reporting to farmers on the accrual basis of accounting.

The Senate bill also provided that where annual gross farm income is between $400 and $1,200 the farmer could report either his gross income or his actual net earnings. Where a farmer's gross income is over $1,200 and where his net earnings are less than $1,200, the Senate bill provided that the farmer could report either his actual net earnings or $1,200. Where both a farmer's gross and net income is over $1,200, the Senate bill would have required his reporting his actual net earnings.

Under the conference agreement, a farmer will report two-thirds of his gross income where it is $1,800 or less as his net income. Where his gross income is over $1,800, he may report either his actual net income, or if his net income is less than $1,200 he may report $1,200 as his net income. The conference agreement would also permit members of farm partnerships to use the optional method of reporting.

The conference agreement substantially follows the House-passed bill by providing that rentals will be credited as self-employment income where the owner or tenant of the land participates materially with the individual working the land in the production or the management of the production of an agricultural or horticultural commodity.

Share farmers would be covered as self-employed persons, confirming the current interpretation of the law.

(c) Ministers: The conferees accepted the new Senate provision which would cover ministers outside the United States where they serve a congregation predominantly made up of United States citizens even though their employer may not be a United States employer.

(d) Agricultural workers: The House-passed bill made no change in the coverage requirement for agricultural workers. The Senate bill would have covered such workers where they, first, are paid $200 or more in cash wages in a calendar year by one employer; or, second, perform agricultural labor for an employer on 30 days or more during a calendar year for cash wages computed on a time basis.

Where farmworkers are recruited and paid by a crew leader, the crew leader would have been deemed to be the employer if he is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricul-

tural labor. Under such circumstances the crew leader would have been deemed to be self-employed.

Under the conference agreement farmworkers who, first, are paid $150 or more in a calendar year by one employer; or, second, perform agricultural labor for an employer on 20 or more days during the calendar year for cash wages computed on a time basis would be covered.

The conferees accepted the Senate provisions relating to crew leaders.

The conferees accepted the Senate provision which would exclude from coverage agricultural workers from any foreign country who are admitted to the United States on a temporary basis.

The conference agreement also provides for an exclusion from coverage of persons producing or harvesting gum resin products as provided in the Senate bill.

(e) State and local employees: The conference agreement accepted the new provisions added by the Senate relating to the States named in the Senate bill except Indiana was deleted from the named States. It is my understanding that this deletion was at the request of the State of Indiana.

(f) Employees of nonprofit organizations: The conferees accepted the Senate version relating to nonprofit organization employees.

(g) Federal employees: The Senate deleted the House provisions granting coverage to Tennessee Valley Authority and Federal Home Loan Bank employees. The conference agreement would grant coverage to these employees.

(h) United States citizens employed by foreign subsidiaries of American corporations: The conferees accepted the Senate provision which would extend coverage to United States citizens employed by a foreign subsidiary of a domestic corporation where the corporation owns not less than 20 percent of the voting stock of the foreign subsidiary. At the present time there is a 50 percent ownership requirement.

(i) Adjustment of benefit provisions for newly covered persons: The conferees accepted the Senate provisions relating to insured status, the drop-out of years of low or no earnings, and starting and closing dates.

II. BENEFITS FOR PERMANENTLY AND TOTALLY DISABLED PERSONS

The conferees for the most part accepted the Senate version of the provisions granting benefits to the permanently and totally disabled.

The conference agreement deletes the provision of the Senate bill whereby individuals who refuse to undergo surgical or medical service in connection with rehabilitation would have been deemed to have done so with good cause.

III. RETIREMENT AGE FOR WOMEN

The House-passed bill would have reduced the retirement age for women from age 65 to age 62. The Senate bill would have provided full benefits at age 62 for widows and surviving dependent mothers only. Other women beneficiaries would be provided reduced annuities if they retire before age 65.

The conference agreement follows the Senate bill.

IV. SUSPENSION OF BENEFITS FOR CERTAIN ALIENS WHO LEAVE THE UNITED STATES

The conferees accepted the Senate provision suspending benefits to aliens who leave the United States with amendments making the suspension inapplicable if such a person has been a resident of the United States for 10 years or has paid contributions for 10 years or where there is a reciprocal treaty relating to benefits. The Senate provision was also amended to provide such a person would have to be outside the United States for 6 months before his payments would be suspended.

V. FORFEITURE OF BENEFITS UPON CONVICTION OF CERTAIN CRIMES

The Senate bill would have terminated an individual's benefits if he has been or is convicted of treason and certain other crimes under the Internal Security Act.

The conference agreement amends this provision to provide that benefits may be terminated only by a court.

VI. EXCLUSION FROM COVERAGE OF PERSONS LISTED BY THE SUBVERSIVE ACTIVITIES CONTROL BOARD

The conference agreement would exclude persons listed by the Board from coverage.

VII. FINANCING

The House-passed bill would have increased social security taxes by one-half of 1 percent on each the employer and employee, effective January 1, 1956. The self-employment tax would have been increased by three-fourths of 1 percent.

The conference agreement follows the Senate version whereby taxes would be increased one-fourth of 1 percent on each the employer and employee, effective January 1, 1957. The increase for the self-employed would be three-eighths of 1 percent. Similar increases would be made in each of the scheduled increases in taxes now contained in the law.

The conferees accepted the Senate provision establishing a separate trust fund for these increases which would be used only for the payment of disability insurance benefits.

The conferees also accepted the Senate provision providing for an increase in interest received by the Trust Fund.

VIII. PUBLIC ASSISTANCE AMENDMENTS

The House-passed bill did not contain any amendments to the public-assistance titles of the Social Security Act. The Senate bill would have increased the maximum amount matchable under the old-age assistance aid to the blind and the permanently and totally disabled to five-sixths of the first $30 plus one-half of the remaining amount up to a maximum of $65 if the States complied with a "pass-along" provision.

Under the conference agreement, matching would be on the basis of four-fifths of the first $30 plus one-half of the next $30 up to a maximum of $60.

The maximum amount matchable in the aid to dependent children program would be increased by $2.

The Senate bill provided for a new medical care program with 50–50 matching up to a maximum of $8 for adults and $4 for children recipients. The conference agreement reduces this amount to $6 and $3, respectively.

The Senate bill would have provided that in determining need a State could disregard up to $50 in earned income. The conferees deleted this provision. The conferees also deleted the Senate provision to the effect that there should be no discrimination based on sex in determining need.

The conferees accepted the Senate provision authorizing grants to States, public and nonprofit organizations for research and demonstration projects.

The conferees also accepted the Senate provision relating to training grants with an amendment providing that the Federal share would be 80 percent for 5 years.

The conference agreement contains the Senate provision deleting the requirement that a needy child must attend school between the ages of 16 and 18, as well as the Senate provision including first cousins, nephews, and nieces within the persons eligible for payments under the ADC program. Parents and other relatives in Puerto Rico and the Virgin Islands would be made eligible for payments under the ADC program.

The Senate bill raised the ceiling on Federal matching for public assistance for the Virgin Islands from $160,000 to $300,000. The conference agreement raises this amount to $200,000.

The conferees accepted the Senate provision raising the ceiling for Puerto Rico from $4,250,000 to $5,312,500.

The conferees accepted the Senate provision increasing the authorization for child welfare programs from $10 million to $12 million a year with a change making the increase effective for the fiscal year ending June 30, 1958. The conferees agreed to delete the Senate provision which would have established a Commission on Aging.

Mr. Speaker, I inserted a press release announcing the conference agreement on H. R. 7225 in the RECORD on Saturday, July 21. This release will be found at page 13889, and it contains a more detailed description of the conference agreement.

Mr. Speaker, we have reached another milestone in our social legislation. A major achievement has been made in providing insurance benefit payments for disabled workers. The lack of disability insurance payments has been a long-recognized shortcoming in our social security insurance program. We have also made another major contribution to the social security program by reducing the age at which women beneficiaries may become eligible for benefits. We have now reached practically universal coverage under the system.

It has been my good fortune to have voted for the original Social Security Act and the many improvements which has been made since that time. I have long fought to add disability insurance benefit payments to the program. I am very happy that these benefits are now being added to round out the protection for our American workers.

Mr. REED of New York. Mr. Speaker, H. R. 7225, the Social Security Act

Amendments of 1956, provides several major changes in the present law. As the ranking Republican Member of the Conference Committee on the part of the House, I would like to summarize these changes.

First, the bill provides for the payment of cash disability benefits at age 50 to covered individuals who are permanently and totally disabled.

Second, it provides for the payment of women's benefits at age 62 instead of the present 65. Widows and surviving dependent mothers would be given full benefits at age 62. Working women and wives would be given reduced benefits if they begin to draw them between age 62 and 65.

Third, additional self-employed persons are brought into the social security system. Among these, lawyers and dentists represent major new coverage groups. In my opinion, it is unfortunate that we have delayed so long in extending coverage to these groups. The bill which I sponsored in 1954 would have covered both lawyers and dentists at that time. Physicians will continue to be excluded under H. R. 7225.

Fourth, social-security taxes will be increased effective January 1, 1957, by ¼ of 1 percent for each the employee and employer, making the rate at that time 2¼ percent each. The self-employment tax will be increased from 2 to 3⅜ percent at the same time.

Fifth, the bill increases present public assistance payments. The matching formula for old-age assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children at the present time for the first 3 of these programs is four-fifths of the first $25 of a State's average monthly payment, up to a maximum of $55. The maximum amount matchable for these 3 programs would be increased from $55 to $60 and the formula would be changed so as to provide matching of four-fifths of the first $30 and one-half of the next $30 up to a maximum of $60. The aid to dependent children formula is presently four-fifths of the first $15 of a State's average monthly payment plus one-half of the next $15 up to a maximum of $30 for an eligible adult and for the first child. Each additional child is subject to a maximum of $21. The amount matchable would be increased by $2.

The increase in cost over present law for the first year amounts to $98 million for aid to the blind, aid to the permanently and totally disabled, and old-age assistance and $48 million for the first year for aid to dependent children. The conferees deleted the pass-along provision from the Senate bill.

I have always been vitally interested in the special problems of the blind and have taken a leading role in developing legislation on their behalf. For this reason, I am glad to call attention to the increased Federal matching for the aid-to-blind program.

Sixth, a new program would be added whereby the Federal Government would match on a 50–50 basis State expenditures on vendor payments in behalf of public-assistance recipients needing medical care up to a maximum determined by multiplying $6 per month times the number of adults and $3 per month times the number of children. This program will cost $65 million in the first year. This new program is one which I first introduced in bill form last year on behalf of the administration.

Of course, Mr. Speaker, there are many other changes provided by H. R. 7225, but I believe that the above summary contains the highlights.

In 1954, during the Republican 83d Congress, when I had the honor to be chairman of the Committee on Ways and Means, I assumed responsibility for sponsoring and leading the battle for the administration's social-security program. That legislation has been one of the landmarks of the Eisenhower administration during its first term. It demonstrated, once and for all, that the Republican Party did not intend to turn the clock back in this area, but would take the lead in placing the retirement and survivorship protection of the American people on a firmer foundation.

That social-security bill which I sponsored and which Congress enacted into law in 1954 provided a number of important improvements in the existing program. First, and, I believe, most important, the basic protection of social-security coverage was finally extended to practically the entire gainfully employed population of the United States. For example, some 6 million farm owners and their families were brought into the system for the first time, an accomplishment of tremendous significance to the farm families of America. I recognize that a great many of the farmers of this country do not retire at age 65 and do not want to retire at that age. As a result, the retirement benefits of the social-security program are of uncertain value to many of these individuals. On the other hand, the survivor benefits of the system are of inestimable value to widows and dependent children upon the unexpected and untimely death of the family breadwinner. It has been my sad experience that my farmer friends and neighbors are certainly as susceptible to crippling injury and sudden death as the result of farm accidents as are individuals in other occupations, and probably more so. The new survivorship protection which we provided in 1954 should bring a new sense of security and peace of mind to our farm homes throughout the land.

These facts are equally true, I think, with regard to the millions of other self-employed individuals who were brought into the system for the first time under my bill in 1954. Personally, I have always wished that there were some practical way by which these individuals, including farmers, could be brought into the social-security system on an optional and not on a compulsory basis. I think that it is unfortunate to force people to take part in this type of retirement and survivorship system if they do not want to or do not need to. On the other hand, it has been demonstrated that an optional social-security system would cost just as much as private insurance, and would, therefore, be out of the reach of those of our people most in need of this basic protection for themselves and their loved ones. By extending the system to all, it has been possible to keep the costs relatively low, and thus within the means of the average individual.

The 1954 amendments also contained a number of other improvements in the existing system. Coverage was broadly extended with regard to farm workers. Moreover, my bill substantially improved the so-called "work clause" which had operated to deny benefits to individuals, otherwise eligible for benefits, who had earnings in excess of $75 a month. Under my bill, the allowable amount of earnings was increased to $1,200 a year. In addition, my bill provided across-the-board increases in benefits for all social security beneficiaries. These increases were modest in amount but helped in some measure to offset the rise in the cost of living which had struck with especial severity at our older citizens.

In comparing the action of Congress in 1954 and the action today with regard to this bill, I feel that certain comments are in order.

I believe that it was most unfortunate that no public hearings were ever held by the Committee on Ways and Means on this bill. This seems extraordinary in view of the billions of dollars involved and, even more important, in view of its significance in terms of human needs, upon which no value in dollars can be placed.

I believe it is unfortunate that the Committee on Ways and Means, as well as this House as a whole, has had no opportunity to determine what other areas of improvement within the social security system might be appropriate. For example, no effort was made to study a possible increase in minimum benefits, even though such an action would have benefited all of our retired workers and not just a selected few. The Republican members of the Committee on Ways and Means made every effort last year to have this and other problems considered but to no avail. Frankly, I believe that the utter refusal by the majority to even consider an increase in the present minimum cash benefits demonstrates a callous disregard of the needs of our older citizens.

In many ways, the bill as agreed to by the conference committee represents a distinct improvement over the House bill. The provision for a separate trust fund with respect to the increased contributions required by disability benefits is a sound one. No one has the faintest conception what cash disability benefits ultimately will cost. The special trust fund will permit the Congress and the public to keep a close check on the finances of this new program. The overall lower cost of the conference bill is a distinct advantage.

I believe that the conferees have done an excellent job in resolving the differences between the House and Senate bills.

Mr. JENKINS. Mr. Speaker, I was a Member of Congress when the first social-security legislation was passed. It was then considered as an old-age pension law. We, in Ohio, had an old-age pension law for a year or two, and, of course, I was somewhat familiar with the principle. I felt that probably the most

deserving persons who should have help under this kind of legislation would be the deserving blind people, and I offered an amendment to the bill in the Ways and Means Committee providing for "aid to the indigent blind." In spite of all my earnestness, the Ways and Means Committee refused to accept my amendment. I then followed the matter up and offered my amendment on the floor of the House. Again, in spite of all my earnestness, the House of Representatives turned me down. The newspapers and magazines saw the fairness of my proposition and as a result, when the bill came before the Senate, my amendment was adopted and became a part of the first social-security law.

I mention this to show that from a humble beginning, where the poor blind woman who held out her tin cup on the street corner could not qualify for help, the principle of "public assistance has spread until today the social-security activities of the Government reach out and include nearly all our people.

Now, Mr. Speaker, I wish to discuss some of the changes in this great and important system made in the legislation under consideration today.

The conferees on H. R. 7225, the Social-Security Act Amendments of 1956, have accomplished successfully a very difficult and complex task.

The bill embraces a great many important changes, both in the old-age and survivors insurance system and also in the public assistance program. I would like to call to the attention of my colleagues some of the most significant of these changes.

First of all, H. R. 7225 contains an entirely new disability insurance program. It provides for the payment of cash benefits at age 50 to individuals who become permanently and totally disabled. The idea of disability insurance has been a controversial one over the years. There have always been sharp differences of opinion, not over the theoretical desirability of such a program, but over whether it could be practically administered and whether it could be financed on a sound basis. I believe that the conference bill provides for about the best approach to this problem that we can achieve at this time. However, we should watch the development of this program with great care.

Secondly, the bill lowers the age at which women can become entitled to benefits. Widows and surviving dependent mothers would be given full benefits at age 62. Working women and wives would be given reduced benefits if they begin to draw them between age 62 and 65. Working women would receive 80 percent of their full benefit should they retire at age 62. If they delay retirement they would be given five-ninths of 1 percent for each month's delay up to age 65. Wives would be given 75 percent of their full benefits should they begin to receive benefits at 62. For each month's delay up to age 65 they would receive twenty-five thirty-sixths of 1 percent. Should a woman accept a reduced benefit, this benefit would continue to be payable and it would not be increased upon their reaching age 65.

Third, the bill extends coverage to additional self-employment individuals, including lawyers and dentists. I believe it safe to say that when this bill becomes law, doctors of medicine will be the only self-employed group not covered by social security.

Fourth, it must be understood that the liberalizations provided by this bill must be paid for in order to keep the finances of the system on a sound basis. As a result, the social-security tax will go up one-quarter percent next January 1, after which it will be 2¼ percent each on employee and employer. The self-employment tax will go up to 3⅜ percent on the same date.

Mr. Speaker, that concludes the changes involving the old-age and survivors' insurance program. Several other changes are provided with respect to public assistance.

For example, with regard to old-age assistance, aid to the blind, and aid to the permanently and totally disabled, the maximum amount which the Federal Government will match is increased to $60 from the present $55. The matching formula is also changed to four-fifths of the first $30 and one-half of the next $30 up to a maximum of $60, instead of four-fifths of the first $25 and one-half of the next $30 up to a maximum of $55, as under present law. In addition, and this is very important, there will be a $2 increase in the amount matchable with respect to the aid to dependent children program.

Finally, the bill provides a new program with respect to matching medical care payments for the needy. Under the bill, the Federal Government will match on a 50–50 basis vendor payments by the States with respect to medical care for public-assistance recipients. The bill provides a ceiling on the program equal to $6 per month times the number of adults and $3 per month times the number of children receiving assistance.

Summarizing the entire bill, it provides: First, disability benefits under OASI; second, lowering the OASI benefit age for women to 62; third, coverage of all self-employed except doctors of medicine; fourth, increased social security taxes January 1, 1957; fifth, increased Federal share under public assistance; and sixth, Federal matching of State payments with respect to the medical care of public assistance recipients.

Mr. ZABLOCKI. Mr. Speaker, I am extremely pleased that the conference report on the Social Security Act Amendments of 1956 contained three major improvements in the law—improvements which will lower the retirement age for women, provide benefits to totally and permanently disabled workers at age 50, and extend coverage to dentists, lawyers, and certain other professional, self-employed groups.

The contents of the conference report are particularly pleasing because I have worked for these major improvements for a number of years.

As early as February 26, 1953, I introduced a bill in the House of Representatives, proposing that the retirement age for women be lowered to age 60 and that totally disabled workers be made eligible for benefits regardless of age.

This bill, H. R. 3554, 83d Congress, was the result of a long and thorough study assisted by outstanding experts on social security.

Two years later, on March 18, 1955, I reintroduced my proposal in an improved form. This time it was embodied in two separate bills: H. R. 1635 which proposed to lower the retirement age for women to age 60; and H. R. 5057, which called for the payment of social-security benefits to totally disabled workers, again without age limitations.

The progress made toward the achievement of these goals in the Social Security Act Amendments of 1956 will prove of tremendous benefit to thousands of American people. It will alleviate the problem of numerous widows, surviving dependent mothers, working women, and wives of workers, who will be able to retire at an earlier age.

At the same time, this new legislation brings new hope and relief to many American families which have been subjected to hardships because the principal wage earner became disabled, and was unable to draw social security benefits until age 65.

I join with my distinguished colleagues in supporting the conference report on the Social Security Act Amendments of 1956 in the firm belief that this constructive and farsighted legislation merits our whole-hearted support.

Mr. RODINO. Mr. Speaker, broadening social security to provide payment to disabled persons at age 50 or over, at the same time lowering women's eligibility age to 62, is a solid achievement of the 84th Congress in providing for the general welfare and, at the same time, strengthening purchasing power for those most in need of such help.

I am proud that I voted for this bill, H. R. 7225, when it passed the House July 18, 1955. I am proud today to have voted for the conference report on the final bill following Senate action July 17, 1956.

Mr. Speaker, this broadening of coverage is a landmark of progress in legislation that is humane and economically wise. As predicted by the veteran Senator WALTER F. GEORGE in the last great speech of his long career, this advance is but a beginning. If our Nation continues in peace and freedom, as we all pray daily that it will, it is as certain as tomorrow's sunrise that future Congresses will further improve the Social Security Act, passed in 1935 against virtually solid Republican opposition and now supported by both parties with only a small hard core of die-hard dissenters.

There is no logic, no justifiable reason for denying benefit payments to insured workers who become totally and permanently disabled at 49 or 48 or 38 or 28 years of age.

The line of age 50 was chosen in taking this first step toward complete coverage for disability because members of the House Ways and Means Committee felt that the area from age 65 to age 50 was all that could be successfully proposed in the first legislative action by Congress.

Lest anyone leap to the conclusion that this is in any sense a raid on the Public Treasury or on taxpayers, let me say at once that it is a pay-as-we-go

program, that the additional cost of insuring workers against permanent and total disability is to be met out of an additional one-quarter of 1 percent payroll tax to be paid by the workers themselves and a like amount to be paid by the insured workers' employers, the combined amount to be earmarked and reserved to pay disability benefits. This removes any possibility of draining the old age and survivors' insurance trust fund.

Mr. Speaker, it seems to me that very strong arguments can be made for lowering eligibility for disability payments below age 50, for removing any age qualifications whatever, and for making the eligibility test identical with the test for the payment of survivors benefits; namely, earnings in insured employment for the same number of years and quarters and amounts as now required for eligibility under the old-age and survivors insurance provisions of the act.

If a young worker has been working in insured employment for 10 years, during which both he and his employer have been taxed and have been paying into a fund to cover him, his dependents and survivors against the hazards of old age, death, and disability, it seems to me quite likely that permanent and total disablement of that worker at age 30 is quite likely to confront him, his wife, and young children with a more difficult and potentially more tragic situation than is likely to arise upon disablement at or after age 50, when dependency is likely to be less frequent and for shorter periods, since most of the children will have grown up beyond the dependency cut-off age of 18, or will be approaching that age.

At whatever age disability occurs, the insured worker and the members of his family are confronted with expenses beyond normal living expenses for able persons either of working age or in retirement. Medical care, surgery, therapy, prosthetic appliances, and other devices are often needed in addition to frequent nursing care.

All of these considerations, it seems to me, point to the need for, and the likelihood of, further improvements in the Social Security Act at an early date to lower the disability eligibility age until it is removed altogether and also to provide for the cost of medical, hospital, therapy, appliances and nursing care.

I shall continue to support and work actively for such further improvements.

Mr. Speaker, as so often happens in public policy and legislation, that which is morally right turns out to be economically right. This will be proven again in the 84th Congress' historic extension of the Social Security Act to cover disability and to lower the eligibility age for women.

The payments that can now be made to the totally and permanently disabled and to women upon reaching age 62 will strengthen mass purchasing power in precisely those areas where it is most needed, namely, in families whose income is threatened or has been cut off, and for the necessities of life itself, food, clothing, shelter, fuel, and medical care.

This bill passed the House with bipartisan support, only 31 voted against it, but 23 of those 31 were Republicans.

A year later, in July 1956, all the weight of the present administration through its Secretary of Health, Education, and Welfare was thrown into the fight in an effort to defeat the disability provisions of the bill, with the result that they passed the Senate by the narrow margin of 47 to 45. Forty-one Democrats voted for the George amendment adding disability to the bill as in the House version. Only 7 Democrats voted against it. But 38 Republicans voted against the George amendment adding disability, only 6 Republicans voted for that amendment. In conclusion, I want to quote and endorse the words of Senator GEORGE in closing the debate on his amendment:

Mr. President, I undertake to say that this is the most important question I have ever presented to the American people. Senators may do as they please now. Within the next Congress they will accept this principle. Regardless of promises or obligations, I do not believe that the Senate will so far desert the working people of the United States.

Mr. McCARTHY. Mr. Speaker, before voting on H. R. 7225 with amendments agreed to by the Conference Committee, I want to express concern over the amendment relating to agricultural workers and crew leaders. This is a Senate-approved amendment to section 201 (f) (2) of the measure. I call attention to the statement of the Department of Labor circulated belatedly to members of the Conference Committee which voices strong opposition to the amendment.

The statement declares that the amendment will be most unfortunate for the migratory agricultural workers. The statement predicts that "deductions would be made from the worker's pay envelope without in many cases being recorded with the Social Security Administration, thus defeating the purpose of the amendment and thus depriving the migrant of honestly earned benefits under the Social Security Act."

The statement bases its prediction on the Labor Department's "long experience with the so-called crew leader system, under which approximatly 350,000 migrant workers travel and secure their jobs."

There is a distinction—

The Department points out—

between crew leaders and legitimate labor contractors, who actually employ and pay agricultural workers. These labor contractors are now considered as employers for income tax and social security purposes under rulings of the Internal Revenue Service. Their operations are not affected by this proposed legislation.

Unlike the recognized labor contractor, the crew leader is generally only one step removed from migrant worker status himself. He may be a crew leader today and a migrant worker tomorrow, and vice versa. He is not, except in a few States, licensed, nor is he bonded. He usually has no place of business, no fixed residence, no facilities whatever for keeping records, and in many instances is illiterate.

The crew leader's charge for service averages around 12 percent of the workers' meager earnings. Crew leaders, having no responsibility toward workers or farmers, have been known to abscond with entire payrolls, leaving the migrants and their families destitute, without work, money or transportation.

While many migrants are now recruited directly by the farmers or through the employment service, section 201 (f) (2) would tend to force the workers to come under the crew leader system. The employer would find it more advantageous to have his entire work force under crew leaders and thus avoid employer-employee responsibilities.

This section would give statutory recognition to the crew leader system and would confer upon it a legal status inappropriate to its nature and most unfortunate for the migrant workers. Deductions would be made from the worker's pay envelope without in many cases being recorded with the Social Security Administration, thus defeating the purpose of the amendment and depriving the migrant of honestly earned benefits under the Social Security Act.

Moreover, from the standpoint of labor law administration, a dangerous precedent would be established by this amendment in its recognition of the practice of using a middleman to allow employers to shift their responsibilities for complying with labor legislation. This action might be a step in the direction of removing long recognized responsibilities of employers under other labor laws—workmen's compensation, for instance, or child labor, or the field of minimum wages."

These are telling arguments against this amendment and afford valid grounds for grave apprehension. I believe acceptance of this amendment carries with it an obligation on the part of Congress and especially of the Ways and Means Committee of which I am a member to follow closely the operation of this amendment in practice. If the Labor Department's unqualified forebodings are borne out by experience I believe the Congress should rectify the situation by legislative action. The least favored and least protected segment of our economic society—the approximately one million migratory agricultural workers—should not be left to the even more unhappy state which the Department of Labor declaration implies is in store for them under this amendment.

Mr. HENDERSON. Mr. Speaker, the social security bill of 1956 makes several significant changes in existing social security law:

First. It provides for payment to persons covered by social security who are totally disabled and who have reached the age of 50 years. Payments begin in July 1957. I see a great field of controversy in the determination of when and if a person is totally disabled. Such has been the experience of countless individuals seeking to establish this point to meet the requirements of workmen's compensation and Veterans' Administration laws.

Second. It reduces from 65 to 62 the age which women may qualify for payments as follows:

(a) If they are widows or surviving, dependent mothers of covered workers, they are eligible for full payment.

(b) If they are wives of workers covered by the Social Security Act or covered workers themselves, they may at age 62 elect to receive 80 percent of the payment. It should be pointed out that they then do not become eligible to receive the full amount at a later

date. This would be effective November 1956.

Third. Increased contributions are a part of the law to meet the increased costs. Effective January 1, 1957, taxes would be increased one-fourth of 1 percent for each, the employer and employee, making the rate 2¼ percent on each. The self-employment tax will be increased from 3 to 3⅜ percent.

Fourth. Eligibility for payments under Aid to Dependent Children program is broadened to include first cousins, nephews, and nieces.

Fifth. Beginning in taxable year 1956, coverage is extended to professional groups, except physicians.

Sixth. Formerly farm operators must have earned a net income of $400. Under the new bill where gross income is $1,800 or less, two-thirds of the gross income may be considered as net income for social-security purposes. Where the gross income is over $1,800, it is deemed that the net income is at least $1,200 for computation purposes. This provision is to be effective on the 1957 income.

Seventh. Agricultural workers are covered after they earn $150 or work 20 days or more during a calendar year.

Eighth. Under this bill, the Federal Government also increases funds available for matching State aid in public assistance programs. This would apply to aid for the needy aged, aid to the blind, and aid to disabled dependent children.

Ninth. The new bill would also continue old-age and survivors program aid for dependent childen beyond the age of 18 if such children are disabled.

Mr. ROOSEVELT. Mr. Speaker, the conference report on the amendments to the Social Security Act constitute substantial improvements for our senior citizens. It is with regret, however, that I note that some of the amendments adopted by the Senate were eliminated. Two in particular stand out: First, the provision which would have allowed recipients of old-age pensions to earn up to $50 a month without having their assistance diminished by such earnings. This amendment is so worthy that I intend to fight for it next year. It will add to the dignity of those receiving pensions and it is certainly a justified right. Secondly, I regret the elimination of the Senate provision that there be no discrimination based on sex in determining need. In my State of California, as well as in many other States, there is ample evidence that local authorities try to give less amounts to women than to men and there is certainly no evidence that the cost of living is any higher for men than it is for women.

On the affirmative side, I am happy to see that many of the things which Senator ESTES KEFAUVER and I fought for are included in the final bill. Outstanding, of course, is the reduction in the retirement age for widows and surviving dependent mothers from 65 to 62. Working women and wives will be given graduated benefits from 62 to 65, starting at 80 percent of the full amount they will receive at 65. Of great benefit also is the payment to those permanently and totally disabled of benefits beginning at the age of 50. It is interesting to note that members of the Christian Science Church and other churches who rely on spiritual healing and who refuse rehabilitation services would be deemed to have done so with good cause.

The bill, of course, also extends the social-security coverage to farm operators and share farmers, to ministers and to agricultural workers, as well as employees of nonprofit organizations. However, physicians were eliminated at the insistence of the American Medical Association.

Under the matching formula for pensions, the pensions will be increased from $55 to $60 and, although the final bill does not include the so-called pass-along provision adopted by the Senate which would have required the States to increase the pensions they pay by the same $10 amount, we in California have already taken care of that matter through the State legislature so our pensioners will receive a much-needed and well-deserved $10 increase.

I have a happy feeling that my efforts to help our senior citizens receive adequate pensions, under improved conditions, have been substantially successful. We still have a long way to go and I am pledged to continue the fight.

Mr. SEELY-BROWN. Mr. Speaker, I am advised that this morning the Senate passed a bill to launch a broad new program of Federal aid to depressed areas of the Nation. As has earlier been stated by the President, we must help deal with the pockets of chronic unemployment that here and there mar our Nation's general industrial prosperity. Certainly it is well recognized that economic changes in recent years have often been so rapid and so far-reaching in their effect that areas generally committed to a single local resource or industrial activity, such as the textile industry, have found themselves temporarily deprived of their markets and their jobs. I do believe that for communities so hit, a real sense of responsibility must remain with the people living there, and with their State, but I also am just as firmly convinced that a soundly conceived Federal partnership program can be of real assistance to the people in their efforts to help themselves.

I am well aware of the many problems involved in any legislation of this kind, and that every proper effort must be made to make sure that the legislation as drawn will not encourage further dislocation but will rather direct itself toward being of help and assistance to those communities which are so earnestly striving to help themselves.

I do urge that at the earliest possible moment we in the House be given the opportunity of debating fully and completely this important measure.

Mr. BLATNIK. Mr. Speaker, adoption of the conference report on H. R. 7225 represents the most historic and far-reaching improvements yet to be made in the Social Security System first enacted in 1935. This bill lowering the age at which women become eligible for benefits, providing disability insurance at age 50, expanding coverage to thousands of individuals not now covered, and increasing the Federal old-age assistance payment shares is a major step forward in providing the people of this Nation with a truly adequate and comprehensive social security program. However, there is still much to be done. We still have a long way to go before our present old-age programs, even with the enactment of H. R. 7225, are truly adequate to meet the ever-increasing problems of old age and disability.

Ever since coming to Congress 10 years ago, Mr. Speaker, I have been greatly concerned with the problems facing the older citizens of our Nation. The problem of old age is one of the most serious facing us today. The poet Browning wrote the famous line, "Grow old along with me, the best is yet to be," but if we were to look at hard, cold facts today we could see that growing old brings on problems and complications which would test the strength of the youngest and strongest of us much less that of the older person.

OLD-AGE PROBLEM NATIONAL CONCERN

The problem of old age is of national concern. It touches each of us, young and old alike. Consider for a moment that since 1900 the number of persons over 65 has quadrupled while the total population has only doubled. From 1947 to 1952 the population aged 65 and over, increased an almost unbelievable 17 percent while the total population in that same time increased only 5 percent. By 1975 there will be more than 20 million Americans 65 and over. There are over 14 million today, and the average income for a man and his wife over 65 today—one of the 14 million—is only $1,500. Their average savings are less than $500. Millions of old folks, Mr. Speaker, living on such pitifully small incomes in these days of high costs of living. The situation is becoming, if it isn't already, a national disgrace.

During the last 50 years, our national economy has moved from one based primarily upon agriculture to one of huge industrialization, creating many new and unanticipated social problems, particularly with respect to our older persons who are being shunted more and more to an insecure, dependent and much too hopeless and helpless a position in our society. They are being deprived of work because of their age and being forced to retire prematurely when they have good, active years ahead of them. As a result, many of our older people have inadequate financial resources to maintain themselves and their families as independent and self-respecting members of their communities, are unable to find adequate housing for themselves and their families, are confronted with disabling health and medical problems, are driven by frustration and despair to private and public mental institutions and general hospitals, and are placed in increasing numbers on old-age assistance rolls.

Because of the enormity of the problem even further improvements in the Social Security System should be enacted. The program in operation today is not designed to adequately assist the Nation's older, disabled, and dependent citizens. Basically we are still operating under a 1935 law trying to solve the social-security problems of 1956. We do

all in our power to modernize our laws calling for highway construction, defense measures, and countless others, yet when it comes to the field of social welfare and social security we seem satisfied with things the way they are. It is no more logical to put the tremendous traffic of today on the roads of 1920 than it is to try to solve the problem of today's aged and disabled with programs developed two decades ago. Present law just is not designed to solve the tremendous problem confronting us today.

FURTHER IMPROVEMENTS NEEDED

For instance, lowering the age at which women become eligible for benefits as provided in H. R. 7225, while it is a significant improvement over existing law, does not go far enough. Ever since coming to Congress I have urged that the retirement age in general, for men and women alike, be lowered to age 60. I have introduced a bill, H. R. 4471, with such a provision. I hope the day is not too far off when we truly face up to the problem and lower the retirement age to 60 for everyone.

Allowing disabled persons to obtain benefits at age 50, another provision of H. R. 7225, is a fine, progressive improvement in present law. It is estimated that in the first year of operation disability insurance benefits will be payable to about 250,000 workers, amounting to $200 million in benefits. Under the courageous leadership of Senator WALTER GEORGE this provision was retained in the Senate version of the bill in the face of determined opposition from the administration and an almost solid bloc of Republican votes against it. Actually, one could ask himself why must there be a disability age limit at all. When a person becomes totally disabled, bedridden, and unable to work, he is deserving of assistance. What we seem to be saying in H. R. 7225 is that a disabled person over 50 needs help, but a disabled person under 50 can take care of himself. Such is not the case, and everyone knows it. Yet the solution to the problem is shackled with this completely unrealistic age requirement. Disabled persons of whatever age need and deserve social-security coverage and until such is the case, we will not be adequately discharging our duties to them. My bill, H. R. 4471, would entitle a disabled person to assistance at any age, and I am pleased to see such able leaders as Senator GEORGE, of Georgia, take a similar stand on this issue.

I was extremely pleased to see coverage extended to over 250,000 self-employed individuals and their families under H. R. 7225. This, again, is a great improvement and one I have long striven for. But we see once more the piecemeal approach to the problem. The real solution is to extend coverage to all persons—to enact a truly overall and comprehensive social-security program for all today and not wait another few years to make a change here and a change there. The problem exists right now. We should not postpone the solution which we know to exist. Every moment lost just adds to the misery and tragedy of many of our older and disabled citizens. As Secretary of Health, Education, and Welfare Folsom has said, "Social legislation must change with changing social and economic conditions." These are fine sentiments, but we do not seem to be living up to them.

Apparently there are those who think we are unable to afford, from a financial standpoint, to take such a step toward the solution of the problem. Is it possible that a nation as rich as ours cannot afford to provide security both financial and social to its older citizens who helped make it as rich and great as it is? I cannot believe that such is the case. Headlines blare out the good news that our economy is approaching the $400 billion mark. But how much publicity is given the fact that nearly three-fourths of all Americans over 65 years of age either have no income of their own or receive less than $1,000 a year? This is a sad commentary on our economy. While storage bins burst with surplus food, many of these older folks actually live on marginal or submarginal levels. I am convinced that our economy can withstand the expense of a real Social Security System.

SOCIAL SECURITY AND FREEDOM

In order for this Nation to continue to maintain the kind of liberty and freedom we have become accustomed to, Mr. Speaker, the Government must participate in programs which provide security for the individual against risks over which he has no control. It is not a negative concept of liberty or freedom which gives us our individual and collective strength, but rather the more positive approach involving the existence of those economic and social conditions necessary to enjoy the good life, and to exercise the privileges of free speech, press, and citizenship. We all know that a man who is unemployed, for instance, is far from free—that to him freedom is a hollow word hedged about with the misery which accompanies poverty and insecurity. By the same token we know that our old folks who live on a miserly old-age assistance pension are not really free and able to enjoy the liberties and rights which our form of government provides. Such problems as these led Franklin D. Roosevelt to observe that "in order to preserve our democratic institutions we need to prove that the practical operation of democratic government is equal to the task of protecting the security of the people." One group in America, Mr. Speaker, sorely in need of help in protecting such security is our older and disabled citizens. We must all be aware that millions of them have been watching and waiting to see whether this Congress would accept its responsibilities and enact legislation truly beneficial and helpful to the older folks. Some progress, indeed great progress has been made with the enactment of H. R. 7225. But we should not stop here. Having made such excellent progress this year I am confident that in the not too distant future we will see the dream of a truly comprehensive and adequate social-security program become a reality.

Mr. KNOX. Mr. Speaker, it is my purpose to support the adoption of the conference report on the social-security amendments of 1956, H. R. 7225, and in doing so would like to commend the House conferees in the work they did with the Senate conferees on this important and meritorious legislation.

It is my view that within the limits of the matters germane to the conference a very desirable bill has been brought back to the House of Representatives for final approval. In making this observation I would like to express the opinion that certain improvements that should have been accomplished during this Congress are neglected in this legislation. The improvements that I have in mind that were not taken care of by the bill as agreed to in conference include such meritorious amendments as a liberalized retirement test so that America's aged citizens could lead more productive lives through employment without loss of their social-security entitlement.

I also believe that consideration should have been given to blanketing-in the present aged who are not now covered under social security so that those persons who have reached retirement age, and are not now eligible for benefits through no fault of their own, could begin to receive them. In this connection I would point out to my colleagues in the House that I introduced legislation, H. R. 9272, on February 13, 1956, to provide for the blanketing-in of the present aged on a basis that would guarantee against impairment of the actuarial soundness of the trust fund. If my proposed amendment to the Social Security Act had been adopted, our aged American citizens who met the eligibility requirements could have begun to draw benefits without concern over the iniquitous "needs test" and the humiliation that attends the acknowledgment of poverty that is required in order to be eligible for public assistance today.

In supporting this legislation I would like to make particular reference to four improvements provided by the conference report that I regard as particularly significant and meritorious. The first of these improvements pertains to the reporting of earnings by farm operators and tenant farmers. The legislation as modified in conference would provide a liberalized income reporting method so that small farmers may receive credit for a higher portion of their total income and thus become entitled to larger benefits than would be available to them under existing law. This change will result in more farmers becoming eligible for OASI benefits and the benefits to which they will be entitled will be higher than they would have obtained under present law. Tenant farmers will be regarded as self-employed individuals so that both the tenant farmer and the landowner may obtain coverage under the OASI program.

Agricultural workers would also be benefited under the conference agreement. Such workers would not be subject to social-security taxes if they are only casually engaged in employment and are not paid $150 or more in cash wages in the calendar year by one employer or if they perform less than 20 days of work for an employer during the calendar year. This change will not exclude from coverage those agricultural workers who should have the benefits of the OASI program but will save the employer

of the occasional farmworker from the need of keeping records on casual employees that he hires for a very short time. In this respect another improvement that was adopted by the conferees was the exclusion from coverage of agricultural workers from foreign countries who are admitted to the United States on a temporary basis.

Another amendment that would be made to the Social Security Act by the conference agreement that I regard as particularly significant is the amendment providing disability benefits for the totally disabled individual upon the attainment of age 50. A serious benefit gap has existed in our social-security program to date in that disability benefits are not payable under the OASI system. It has always been my view that the family of a worker who is disabled is as much in need of disability benefits as is the family of a retired worker in need of retirement benefits or the family of a deceased worker in need of survivorship benefits. One of the principal purposes of the social-security program is that its benefits are the means whereby family ties have essentially remained intact where the untimely death of the principal wage earner of the family has occurred. I would point out to my colleagues in the House that the loss of income is just as complete under circumstances of total disability as it is under the circumstances of the death of the principal family provider. For that reason it is appropriate that disability benefits would be payable under this conference agreement.

It is true that the disability benefits provided by the conference agreement are available on a more conservative basis than benefits payable to the retired and to survivors under existing law. However, the conference agreement establishes a separate trust fund and allocates a separate tax payable to that trust fund so that as experience with this new aspect of the social-security program is gained a liberalization of the disability portion of the program may be undertaken if it is warranted. I predict, Mr. Speaker, that the disability benefits that will become payable under the conference agreement on H. R. 7225 will do much to make the old-age and survivors insurance program more adequately meet an urgent need of the American people.

The third aspect of the report filed by the conferees on the social security amendments of 1956 that I regard as particularly significant pertains to the public-assistance titles of the Social Security Act. I am gratified to observe that the amendments provided in the conference agreement to these public-assistance titles will insure to our aged, our disabled, our blind, and our dependent children a liberalized benefit level that more realistically recognizes the cost of even the barest subsistence today. It should be recognized that people who are compelled to avail themselves of public assistance are entitled to an adequate benefit commensurate with the costs of their living requirements in our present-day economy. For that reason I would observe that the benefit increases provided under the conference agreement are most meritorious.

The fourth aspect of the bill to which I would like to specifically refer pertains to the lowering of the retirement age for women under the old-age and survivors insurance program, from 65 years to 62 years. I am convinced that this retirement age should have been lowered even further with respect to women who are unable to obtain work because they have not previously been a participant in the labor market and who are without means of support because of the death of their husbands. The amendment contained in the conference report lowering the retirement age for women is a step in the right direction. Women will now be able to make an election as to whether they will retire or will continue working at an earlier date than is possible under the present law and in this way the old-age and survivors insurance program is made more realistic and more adequate.

I would also like to commend the conferees on the action that they have taken to preclude the payment of benefits to persons convicted of crimes that are traitorous in their nature and that would deny recognition for coverage purposes to employment by communistic-front organizations. I also subscribe to the action of the conferees imposing more stringent limitations on the payment of benefits to aliens. It has always been my view that the old-age and survivors insurance program was established to provide for the welfare of American citizens and I strongly believe that it should be so limited. The payment of benefits to aliens constitutes a drain on the trust fund and results in the denial of benefit increases that might otherwise be possible for our American citizens. An amendment to public-assistance titles that merits the support of all Members of the Congress is the amendment that would provide on a 50–50 matching basis medical-care benefits. This amendment will do much to assure to our aged citizens the medical care that they, perhaps more than any other category of our citizenry, need so direly.

Mr. Speaker, I regret that in the time allotted to me I do not have a more adequate opportunity to discuss this conference report, the social-security program, and the changes that must be accomplished in the future to make the program more fully meet the needs of our American citizens. It is my view that the social-security law more vitally affects our American polity than any other Federal statute. For that reason I think the Congress of the United States should be particularly attentive on a continuing basis to effecting changes and improvements in the law as they prove feasible. I am confident the Congress will undertake such attentiveness and will review the operation of the program to make sure that it is fiscally sound, economically adequate, and humanely equitable.

Mr. Speaker, it is my privilege to urge my colleagues in the House to support the adoption of the conference report on H. R. 7225.

Mr. DONOHUE. Mr. Speaker, for the past 10 years I have repeatedly and emphatically declared in this House my conscientious judgment that the enactment of and continuing improvement in our Social Security System is the greatest bulwark that can be legislatively erected against the danger of domestic inroads upon our people from subtle Communist propaganda and criticism of our so-called capitalist society.

It is, therefore, with the deepest earnestness I express the hope that this conference report will be adopted unanimously. In my opinion, such action will represent the most historic and far-reaching improvements yet made in the Social Security System that was first enacted in 1935.

The bill and conference report lowering the age at which women become eligible for benefits, providing disability insurance at age 50, expanding coverage to thousands of individuals not now within the System, and increasing the Federal old-age assistance payments is a major step forward in providing the people of this Nation with a truly adequate and comprehensive social-security program.

I am particularly gratified that our older citizens are being extended an additional measure, which could still be expanded, of assistance. The problem of reasonably helping our older people is one of the most challenging facing the country today. Since 1900, the number of persons over 65 has quadrupled, while the total population has only doubled. By 1975, there will be more than 20 million Americans 65 and over; there are over 14 million today. The average income for a man and his wife over 65 now is only $1,500. Just think of it for a minute, these millions of our older folks trying to live on such pathetically small incomes in these days of high living costs. At least we are beginning to deal with that deplorable situation, and I trust we will continue to give it even greater sympathetic consideration in our further actions.

Allowing disabled persons to obtain benefits at the age of 50 is a genuinely Christian and humane provision of this new legislation. Indeed, we may well question the justice of setting this arbitrary figure of disability at 50. It is quite obvious that disabled persons of whatever age need and should morally be granted social-security coverage. I look forward to the day when we will realistically realize that age is not a just factor in considering the needs of a disabled person. At whatever age such tragedy occurs, the individual and family members are plagued with expenses beyond normal living for medical care, medicine, correctional appliances, nursing care, and so on. Anyone who has experienced any temporary family sickness at all realizes the tremendous financial burden that accompanies sickness and disability these days.

Let us further appreciate that in setting up this program it is not in any sense an imposition on the Public Treasury or our taxpayers. The additional cost of taking care of these disabled persons is to be met out of an additional one-fourth of 1 percent payroll tax to be paid by the workers themselves and a like amount to be paid by the insured workers' employers, the compiled amount to be earmarked and reserved to pay disability benefits. This process removes

any possibility of depleting the old-age and survivors insurance trust fund.

Mr. Speaker, another outstanding feature of improvement in this current legislation is the lowering of age limit at which women can become entitled to benefits. I refer, of course, to the provision to lower to 62 the retirement age for workingwomen, wives and dependent mothers. Widows and surviving dependent mothers will be given full benefits at age 62. Workingwomen and wives would be given reduced benefits if they began to draw them between ages 62 and 65, in accord with a well-defined formula. This is, indeed, a definite improvement in our long-neglected consideration of American women under this System. It still leaves an obvious inequity by excluding other groups of women from the same benefits.

We all know and experience proves that after the age of 50, or even before, in our modern industrial life, women who lose their jobs or are otherwise unemployed find it extremely difficult to get new positions, far more than men under the same circumstances. Women, therefore, are frequently forced into retirement much earlier than men and therefore need the benefits earlier. These are hard facts which must be dealt with sooner or later, but at least we are taking a step now in the right direction; I hope that we will continue this present promise of progress in this field.

There are, Mr. Speaker, many more sound and beneficial provisions in this bill, such as the extended coverage to certain farmers, ministers, agricultural workers, and self-employed individuals, including lawyers and dentists. All of these provisions have been carefully explained to the House and thoroughly justified. There is no need of repeating them here.

Mr. Speaker, these current improvements in our Social Security System, as spelled out in this legislation, are in entire accord with our Christian principles and traditions. They are within the capacity of this blessed and bountiful Nation to assume. We have been extremely anxious these last 10 years and extremely generous in providing billions of dollars to aid and assist friendly peoples, and even some enemies, all over the world. Some of those expenditures were and are undoubtedly wise in our self-interest, but the wisdom and practicality of certain others become ever more and more doubtful.

To those who question our own ability to reasonably participate in a sound Social Security System at the Federal level, I suggest they take a look at the staggering and astounding amounts of money that we have spent abroad. I ask them, in all sincerity, what will it profit us to spend abroad if we neglect to the point of discouragement and demoralization the welfare of our own people? I would remind them that the primary duty of this National Legislature is concern for the people of the United States.

This social-security measure is truly in accord with the exhortation of the President to legislate for the good of all Americans, and I now urge its unanimous adoption without further delay.

Mr. FORAND. Mr. Speaker, the 84th Congress has just completed action on one of the most significant and humane pieces of legislation in recent history—I refer, of course, to the social security amendments of 1956. The enactment of this landmark legislation is another victory in the long struggle in which my Democratic colleagues and I have engaged, side by side, in providing a degree of self-respecting security for our elderly people, our disabled, and those who have suffered misfortune. I am proud to state that I have for many years worked long and hard to improve and strengthen our social-security program and that the amendments of 1956 achieve many of the objectives which I urged many years ago.

It is therefore appropriate on this occasion for me to review briefly just what has been accomplished by the 1956 social security amendments and indicate those areas where further improvements may yet be made. I am particularly interested in reviewing these accomplishments, Mr. Speaker, because of the vital interest which I have always had in our social-security program and because of the contribution which I am proud to have made, as a member of the Ways and Means Committee and of the Congress, toward enactment of this important legislation.

It will be recalled that in the summer of 1955 the Committee on Ways and Means of the House of Representatives originated and passed by an overwhelming majority this basic legislation. Certain changes were made in the bill by the Senate Finance Committee, and further changes were made on the Senate floor. Insofar as the major provisions of the bill are concerned, I still believe the House version was the soundest approach, but I am happy that the bill which has finally been approved does retain most of the improvements recommended by the House.

The five principal features of the 1956 social security amendments may be summarized as follows:

First, one of the most important provisions of the 1956 amendments was provision for disability insurance protection for the permanently and totally disabled at or after age 50. The inclusion of this provision rounds out the protection of our social-security program and provides one of the most humane actions which could have been taken by the 84th Congress. The gap which existed in our Social Security System prior to approval of these amendments was obvious. Previously, a worker who was insured under the System and who became disabled regardless of his age had to wait until age 65 before becoming eligible for any benefits, a situation which unquestionably was unsound and unfair. Certainly, a breadwinner who is unfortunate enough to become permanently and totally disabled at age 50, and who is a fully insured individual under social security, should not be forced to wait for 15 years before receiving benefits.

I am proud to state that the bill passed by the House of Representatives last year by an overwhelming vote included this humane provision and it was with gratification that I noted it was restored to the bill on the floor of the United States Senate, after having been removed by the Senate committee. It is estimated that some 250,000 individuals may become eligible for benefits during the first year under this provision of the bill, and this basic protection is extended to some 35 million insured persons.

Before leaving this point, Mr. Speaker, I must state that I would have much preferred not to see the age limit of 50 placed in the disability-insurance provision, but I recognized the practical legislative situation which existed. I do intend, however, to work for refinements and improvements in this respect at a later date.

Second, the bill provides for a reduction in the retirement age of widows, workingwomen, and wives, from age 65 to age 62. For a number of years, I have worked for a reduction in the retirement age for women. As the bill passed the House of Representatives last year, the retirement age for all of these categories of women was reduced uniformly from 65 to 62 upon my motion. As the bill came back to us from the Senate, provision was made for reduction in the retirement age to 62 with full benefits for widows, but it provides further for an actuarial reduction in retirement benefits for wives and workingwomen if they choose to retire at age 62 rather than 65. In the case of wives, 75 percent of full benefits may be received by them if they begin receiving them at age 62, and in the case of workingwomen, 80 percent of their full benefits may be received if they retire at 62 rather than 65.

As indicated, under the House version of the bill, all women could retire at age 62 with full benefits. I still think this was by far the better version, but I recognize the practical situation in that the modified version of the bill apparently was the only acceptable version to the Senate during this session.

In this connection I should like to emphasize that it was upon my motion that the Ways and Means Committee in 1955 included the original provision to lower the age limit uniformly for all women to age 62 with full benefits. I repeat that I am very sorry that the version which I recommended in committee and which passed the House was not accepted by the Senate.

Further, in this connection I think it appropriate for me to indicate that in the 83d Congress I introduced a bill—H. R. 2713, on February 6, 1953—which provided for the lowering of the retirement age for women from 65 to 60. I believe that it is fair for me to state that my record shows my vital interest in this matter, and while I am glad that action has been taken to provide for lowering the retirement age to age 62, I still consider that improvements may be made in this area, and it is my intention to press for and support measures at a future date to make such improvements.

Third, coverage was extended to many additional individuals, so that now our social-security program is nearly universal in its coverage. Some 250,000 persons were added, and perhaps many

more, depending upon State and local action. Practically all self-employed professional people are now covered except physicians, who were left out at their request; coverage was made available to more State and local employees; provisions relative to sharefarmers were clarified and amplified; and further additional groups were brought into the System, such as employees of the Tennessee Valley Authority, Federal Home Loan Banks, and others.

Fourth, provision is made for the payment of benefits after age 18 to the dependent child of a retired or deceased worker if the child has been permanently and totally disabled since before age 18. The mother of the child would also be eligible for benefits under this provision so long as she continues to have the child in her care. I think this provision, which originated in the Ways and Means Committee, is one of the most commendable in the entire bill, although it is of narrower application. The situation faced by those persons who are caring for a mentally or physically handicapped child is sad indeed, and their suffering is greater because of their concern as to what may happen when the family income may be cut off by death or retirement of the wage earner. This provision will help ameliorate, to a degree, this situation.

Fifth, a number of improvements were made with respect to grants-in-aid for public assistance, aid to the blind, aid to the permanently and totally disabled, and aid to dependent children. The Federal share for these programs was increased; the program for aid to dependent children was broadened and strengthened; Federal support for research is provided; Federal funds for child welfare are increased; and other changes are made.

I am not entirely satisfied, however, with these changes, important as they are. For the most part, they are a step in the right direction, and will enable our needy aged, blind, disabled, and dependent to have some improvement in their security, but I consider that my own bill on this subject, H. R. 10302, would have been much better. It would have placed these programs on an up-to-date basis, provided even higher assistance levels than is provided in the present amendments, and made other desirable changes. However, the provisions of the social security amendments of 1956 do make improvements in the grant-in-aid programs and I am pleased to see this done.

Mr. Speaker, the foregoing are some of the major provisions of this important legislation. I regard this bill as one of the most forward-looking enactments which any Congress in recent years has approved. I am proud to emphasize that its basic framework was laid out in the bill originated last year by the Committee on Ways and Means and that I am happy to have had the opportunity of working hard for its enactment. I expect to continue to press for further improvements in our Social Security System, which now is reaching a well-rounded program of basic protection, soundly and equitably financed, for all our people.

Mr. BOLAND. Mr. Speaker, I rise in support of the conference report on H. R. 7225 to amend and liberalize the Social Security Act. I am extremely pleased to note that the conferees included the provision which will allow women to become eligible for benefits at age 62 rather than 65 under the present law. This was one of the provisions of the bill that I introduced, H. R. 6783, and was incorporated by members of the Committee on Ways and Means into H. R. 7225 with modifications. Although I would desire to see the age eligibility reduced to 60 for women, I accept the modification to age 62 by committee members and wholeheartedly support the recommendations in the conference report.

I am also pleased that this bill includes dentists and lawyers in the social-security program and that provision has been made for the continuation of monthly benefits for mentally and physically retarded children after age 18.

Mr. Speaker, the hour is fast approaching when the 84th Congress will pass into history. During both sessions these needed and desirable amendments to the Social Security Act have been studied and debated. The House-Senate conferees are to be commended for working out an agreement on this important measure so that we could have this report before us today. I urge my colleagues to overwhelmingly adopt this report so that we may have a liberalized social-security law this year.

Mr. EBERHARTER. Mr. Speaker, the title of this bill is self-explanatory—it is, in effect, a bill to modernize the whole social-security program in keeping with the policies which we on the Democratic side have been supporting and promoting ever since the original Social Security Act was passed.

This bill does many things to help many people—women approaching retirement age whose wait before collecting benefits will now be shortened in a great many cases; people on public assistance and aid to the blind and aid to dependent children who can look for a larger Federal contribution to their monthly benefits; and the sick and ill among the indigent who can look for Federal assistance toward medical and hospital expenses. Furthermore, practically all professional groups except medical doctors are now to be covered by social security. And the disabled have had opened to them under this bill a great new program for receiving social-security benefits at or after the age of 50.

On this occasion, as we prepare to pass this bill, I cannot help but think back a few years.

Mr. Speaker, as you drove down the Boulevard of the Allies, or down Bigelow Boulevard, toward Pittsburgh's Golden Triangle during those autumn days and into the late fall, the billboards called down at you a frightening message that the workers of our country were being victimized by a cruel hoax.

The billboards were Republican Party billboards; the "cruel hoax" to which they referred was social security—the social security law which Franklin Delano Roosevelt had signed into law the year before but which had not yet gone into effect regarding the payroll deductions and benefits under the old-age and survivors insurance program.

The Republican Party was shedding immense — and expensive — billboard tears over the consequences of this terrible New Deal law—and was promising to repeal it.

Now I grant, Mr. Speaker, that all this may sound like ancient history to some. After all, it did happen 20 years ago. To the new voters of today, 20 years may appear to be an eternity—for certainly to their way of thinking it is a lifetime, at least.

OUTSTANDING NEW FEATURES IN 1956 SOCIAL SECURITY BILL

But the voter of any age today—whether he lived through the days I speak of 20 years ago and was aware of their significance, or whether he just heard about them at the family dinner table as the parents reminisced about the exciting and eventful era when this country was pulled from the depths of depression—each such voter knows that we have experienced in the United States in this interval of one generation a great change, actually a social revolution.

And, of course, social security—the social security law which 20 years ago the Republicans were promising to repeal—has been a cornerstone of the structure of our society and economy.

During these past 20 years, there have been periodic changes and improvements in the social security law. The improvements, in nearly all cases, have been proposed, supported, and enacted primarily by Democrats and opposed, in most instances, by Republicans. So the billboards of 20 years ago are not entirely obsolete, although, of course, it would take a brave Republican, indeed, to campaign for office today on a promise to repeal social security. Rather, we find the Republican Party giving much lip-service to the social security laws, but going in for backstage maneuvers to weaken, if not destroy, the program.

EISENHOWER ADMINISTRATION OBJECTED TO CHANGES

The new benefits are a case in point. The social security bill which is now before us for final action is, in many respects, a truly outstanding one. It incorporates some great new improvements, particularly the principle of paying retirement benefits at age 50 to workers who become totally and permanently disabled. Also incorporated into the bill is a long-overdue provision to permit widows to receive their survivorship benefits at age 62; for working-women to retire at 62; and for wives of retired workers to begin collecting their supplementary benefits at age 62. The Republican administration and its supporters in Congress sought desperately to block these improvements.

This marks the first time since the original social security bill was enacted in 1935 that there has been any break in the 65-year minimum age for retirement benefits. It establishes a new principle, and sets a precedent which, no doubt, will be expanded in the future. I foresee the removal of any age minimum for payment of benefits to the totally disabled

who are eligible by reason of their previous employment and earnings and contributions to the fund.

Now that we have established the precedent of permitting retirement for women at age 62, I foresee further reductions in the future of that age minimum for women, and probably some reduction, too, in the present 65-year minimum retirement age for men under the program.

In addition to these advanced features of the new bill, we have widened the coverage of the program to include lawyers, dentists, optometrists, veterinarians, osteopaths, and others. These groups heretofore had not been sure they wanted to be covered but finally became aware of the tremendous value to them and to their families of social-security coverage—particularly in survivorship benefits should the breadwinner die. Throughout our Nation now families are held together through social security which would in other years have been forced to separate upon the father's death. It has been a great, great thing for America.

REPUBLICAN OPPOSITION TO LOWERED RETIREMENT AGE

While the bill is an outstanding legislative achievement, it has in it some features which are unfair to those women between the ages of 62 and 65 who elect to take advantage of their new opportunity to retire before 65. As a result of Republican opposition to the whole principle of early retirement benefits, a Senate compromise had to be accepted which penalizes workingwomen by deducting from their retirement benefits a certain percentage for each month they lack of being 65 at the time they apply for benefits. This penalty is then supposed to remain in effect even after the woman reaches 65. That is too severe.

A workingwoman who wants to retire at age 62, as this bill permits, would receive only 80 percent of the monthly benefits that she would be eligible for at age 65. For each month that she delays retirement after 62, until she is 65, the benefit will be increased by five-ninths of 1 percent. And while wives of retired workers can now apply for supplementary retirement benefits at age 62, if they do, they receive only 75 percent as much as they would be eligible for at age 65, and so on.

INTEND TO SEEK REPEAL OF PENALTY CLAUSE

These penalty provisions were not in the bill which passed in the House of Representatives last year. Nor were they in the bill which my committee, the Committee on Ways and Means, reported out last year. They were inserted in the bill in the Senate, as the price exacted by conservative Republican elements in the narrowly divided Senate in getting through the principle of retirement for women before 65. I think this limitation was unfair, and I intend next year to seek its repeal. I hope we have a sufficiently large Democratic majority in the Senate, as well as the House, next year, to enable us to overcome such tactics as occurred in the Senate this year on this provision of the social security bill. The House bill would have paid full benefits to all eligible women at 62, with no penalty clause. That is what I am for.

Going back to those billboards of 20 years ago, Mr. Speaker—the billboards along the Boulevard of the Allies overlooking the Monongahela River, and on Bigelow Boulevard overlooking the Allegheny, and across Liberty Bridge and up the Mount Washington roadway, and all over the city of Pittsburgh and the county of Allegheny 20 years ago—billboards proclaiming that the Republican Party would repeal social security because it was a cruel hoax on the worker, a tax on your pay envelope, a drag on recovery from the depression, interference with the private insurance business, a crushing burden on the economy, and so on—going back to those days, Mr. Speaker, we find that they were really not too far back, at that. For in this bill now before us, we experienced a straight out political battle between the two parties over liberalizing and improving the social-security law.

THE FIGHT OVER DISABILITY BENEFITS

It is clear from the debate and votes on the bill that the principle of improving social security to provide more generous retirement benefits at an earlier age is primarily still a Democratic principle, and opposition to that idea is primarily still a Republican principle, and a Republican administration concept.

As you know, Mr. Speaker, the disability provision of the new bill, which is its most outstanding single new feature from the standpoint of social insurance against personal disaster, was put into the bill originally by my committee and by the House over the violent objections of the Eisenhower administration and the Republican leadership. It was retained in the bill in the Senate by the very narrowest of margins, on what turned out to be an almost solid party line vote—the overwhelming majority of the Democrats voting for it and the overwhelming majority of the Republicans voting against it. And the Eisenhower administration, as I said, was 100 percent opposed to it and used every conceivable device to line up Republican votes against it.

The Republicans were saying, in effect, that a 50-year-old worker who is totally and permanently disabled should be required to sit around for 15 years and wait until he is 65 before collecting any of the social-security benefits he had earned during his working career. How indifferent can one be to human needs—to the needs of the average family and worker?

REPUBLICAN PARTY UNAWARE OF PEOPLE'S REAL NEEDS

But we do not have to depend upon the social-security debates and votes alone to see how the amazing attitude displayed by the Republican Party 20 years ago over the "cruel hoax" of social security still dominates that party when it comes to human needs and human problems. We have concrete evidence of the vast differences between the two political parties on all social issues and on human needs each time Congress takes up any important legislation affecting the people generally.

Social Security—Don't Confuse Us With Facts, Our Minds Are Made Up

EXTENSION OF REMARKS
OF
HON. CECIL R. KING
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 26, 1956

Mr. KING of California. Mr. Speaker, under unanimous consent, I include in the CONGRESSIONAL RECORD the following exchange of correspondence setting forth the opposition of the Los Angeles County Medical Association to social security and my reply thereto:

LOS ANGELES
COUNTY MEDICAL ASSOCIATION,
Los Angeles, Calif., June 28, 1956.
Mrs. MARY A. SMITH,
San Pedro, Calif.

DEAR MRS SMITH: Thank you for your letter inquiring as to the reasons the medical profession opposes the expansion of the social security bill now being considered by the United States Senate. The prime reason is simply one of economics. Those who are aware of the true facts know that the Social Security Administration is not solvent and that under present conditions it never will be. Practically every cent of the billions of dollars which have been contributed to social security has been spent by the Government and most of the present social security payments now come directly out of the general fund. Thus the taxpayers of this country are paying twice, once to social security and once to replenish the money taken from the general fund. In view of this factor, the medical profession does not believe it wise to add further debt to social security by lowering the requirements of those who could receive payments.

Of course, there are other factors. Speaking broadly and without reference to any specific case, we know that if there is no incentive for a person to rehabilitate himself, his efforts to again make himself self-supporting after illness or injury will be diminished. We believe social security would take this incentive from the ill or injured person.

This is a topic upon which actually a book could be written, however, I believe that the above will give you some idea of the reasons for our opposition to expansion of social security.

With every wish for an early improvement in your health, I remain,
Sincerely,
J. NORMAN O'NEILL, M. D.,
Secretary-Treasurer.

CONGRESS OF THE UNITED STATES,
House of Representatives,
Washington, D. C., July 18, 1956.
Mrs. MARY A. SMITH,
San Pedro, Calif.

DEAR MRS. SMITH: This is in response to your letter requesting comment on a letter which you received from Dr. J. Norman O'Neill, secretary-treasurer, Los Angeles County Medical Association, setting forth reasons why the medical profession opposes the expansion of the social security bill now being considered by the United States Senate. (This bill passed the Senate yesterday, July 17, 1956.)

These reasons are presented in two paragraphs. The first, and longest, paragraph is an attack on the financial soundness of the present Social Security System. The second paragraph refers to vocational rehabilitation. As is often typical of those who attack the whole Social Security System, opposition is expressed in broad general statements, unsupported by any factual material. The points made by Dr. O'Neill will be considered and answered in the order in which they were set forth in his letter to you.

First, there was mentioned the matter of economics, and it was alleged that "the Social Security Administration is not solvent and under present conditions it never will be." The simple fact of the matter is that the old-age and survivors insurance trust fund is completely solvent and actuarially sound. The total assets of the trust fund as of June 30, 1955, were $21,141,001,461.71. The source of this figure is the report of the Board of Trustees of the Old-Age and Survivors Insurance Trust Fund for the fiscal year ending June 30, 1955, Senate Document No. 119, 84th Congress, page 9. (The members of the Board of Trustees are: George M. Humphrey, Secretary of the Treasury; James P. Mitchell, Secretary of Labor; Marion B. Folsom, Secretary of Health, Education, and Welfare; and Charles I. Schottland, Commissioner of Social Security.)

The law requires that these assets be invested only in direct interest-bearing obligations of the United States and obligations guaranteed as to both principle and interest by the United States. In other words, the assets are invested in United States Government securities, which constitute the safest form of investment. This fact of course is recognized by businessmen throughout the country and, indeed, laws in every State of the Union class government bonds as the No. 1 preferred form of investment for regulated insurance companies, trusts, and so forth. Further, the interest which is collected from these securities goes into the trust fund. For the fiscal year ending June 30, 1955, alone over $438 million in interest was received. The total amount of interest since the inception of the trust fund amounts to approximately $3.7 billion. In connection with the operation of the trust fund investment I hope you will read carefully pages 7 and 8 of the enclosed annual report, under the section entitled "Reality of the Trust Fund." As you will note, that report discusses and completely refutes the type of charge made by Dr. O'Neill in his letter to you.

Second, and in support of his first statement, Dr. O'Neill asserts that "practically every cent of the billions of dollars which have been contributed to social security has been spent by the Government and most of the present social-security payments now come directly out of the general fund"; and he further charges that "thus the taxpayers of this country are paying twice, once to

social security and once to replenish the money taken from the general fund." These statements are misleading and are completely contrary to the facts. They have been repudiated time and again. The investment of the assets of the trust fund in government securities, as required by law, is entirely proper. Amounts equal to 100 percent of contributions under the Social Security Act are permanently appropriated by law to the Federal old-age and survivors insurance trust fund which is completely separate from the general funds of the United States Treasury.

The allegation that the public will be taxed twice for social security has been answered fully and completely on a number of different occasions. For example, the report of the Committee on Ways and Means of the House of Representatives, in August 1949, said with reference to this:

"The investment of the excess income of the trust fund in government securities does not mean that the people have been or will be taxed twice for the same benefits, as has been charged."

Also, I refer again to the Annual Report of the Board of Trustees, signed by Secretary of the Treasury, George M. Humphrey, as follows:

"When the Treasury pays back money borrowed from the trust fund, the public will not be taxed a second time for social security. If taxes are levied to redeem the securities held by the trust fund, these taxes will not be levied for the purpose of paying social security benefits. Rather, they will be levied for the purposes for which the money was originally borrowed, such as the costs arising out of World War II. Taxes would have to be raised to pay back the money borrowed to cover the cost of the war, whether the obligations were held by the trust fund or by other investors. The fact that the trust fund, rather than other possible investors, holds part of the Federal debt does not change the purpose for which these taxes must be levied."

To state the matter as simply and concisely as possible, the United States Treasury borrows from a number of different sources, including individuals, mutual savings banks, insurance companies, and various other classes of investors, including the OASI Trust Fund. Government securities in the hands of the OASI Trust Fund are fully as valuable as are Government securities in the hands of other investors. The investment of this trust fund are handled much the same as are other types of insurance systems set up by the Congress, such as Civil Service Retirement (established in 1920), United States Government Life Insurance (established in 1924), and others.

Facts about our Social Security System are readily available to Dr. O'Neill as they are to anyone who is broadminded enough to seek the truth. Actuarial estimates presented to the Committee on Ways and Means of the House of Representatives, of which I am proud to be a member, and to the Senate Committee on Finance, show that the contribution rates now in the law make the System wholly self-supporting. These actuarial estimates do not take into account the probability of a continuing rise of wage levels as has occurred throughout all American history. An increase in wage levels would have the effect of increasing income in relationship to outgo in the fund. In this connection, the Ways and Means Committee in its report on H. R. 7225, said:

"Your committee has always very strongly believed that the System should be actuarially sound. Your committee continues to believe that the tax schedule in the law should make the System self-supporting as nearly as can be foreseen, or in other words, actuarially sound.

In consideration of H. R. 7225 in 1955, as in all previous years, the committee was very careful to provide adequate financing for the new benefits provided. Actuarial testimony presented to the committee indicated that the System would be actuarially sound if the contribution rate was increased beginning with January 1, 1957. The committee nevertheless concluded that in order to be absolutely certain of the fund's actuarial soundness the increase in the rate should go into effect on January 1, 1956. As stated in the committee's report on the bill:

"The old-age and survivors insurance program as amended by this bill would be actuarially sound, and in fact its actuarial status would be improved since the cost of the liberalized benefits is more than met by the increased contributions scheduled (with such rise going fully into effect immediately with the inauguration of the new benefit provisions)."

As I have indicated above, the major portion of Dr. O'Neill's letter consisted of his first paragraph in which he attacked the financial soundness of the Social Security System itself. He then said, "Of course, there are other factors." He then referred merely to the matter of rehabilitation, stating that social-security disability benefits would remove the incentive from ill or injured individuals to rehabilitate themselves.

This argument deserves close examination. Rehabilitation is, indeed, vitally important and I yield to no one in the desire to encourage and promote efforts to rehabilitate and return to useful and fruitful life and work those individuals who unfortunately have been injured or disabled. As the report of the Committee on Ways and Means clearly demonstrates, the committee did carefully and thoroughly consider this whole subject in connection with disability benefit provisions. The committee states in its report: "We believe that everything possible should be done to support and strengthen vocational rehabilitation. Rehabilitation, where it is possible, is the most economical method of providing for disabled persons and is the most satisfactory for the individual." The committee, in order to avoid setting up barriers to vocational rehabilitation, specifically provided in the bill that a person who performs work while under a State rehabilitation program will not, solely by reason of this work, lose his benefits during the first 12 months while he is testing out a new earning capacity. At the same time, in order to prevent malingering, the committee included in the bill, as a specific safeguard, a provision that would stop the benefits of anyone, who, without good cause, refused rehabilitation available to him.

The arguments against disability benefits on the grounds that such benefits will prevent rehabilitation seem to ignore the very basic consideration that important as rehabilitation is, it cannot be a substitute for disability benefits, since (a) many disabled persons cannot be rehabilitated, and (b) even those who can be rehabilitated will need assistance during the process of rehabilitation. It is a mistake and misunderstanding to believe that a disability benefit system, as contemplated in the bill passed by the House of Representatives, is really antagonistic to or a substitute for rehabilitation. Actually such a system not only supplements but actually strengthens the rehabilitation program.

Dr. O'Neill may not be aware of the fact that the American Medical Association has taken a position with respect to workmen's compensation that the payment of disability benefits should make rehabilitation more feasible and effective. In December 1955 the house of delegates of the American Medical Association approved a report of a special committee on medical relations in workmen's compensation which stated in part:

"The physician's interest involves recognition that the amount and method of indemnification have a direct and important bearing on an effective rehabilitation regime. While overgenerous indemnity can dull the will for rehabilitation, inadequate indemnity requirements can destroy an employer's incentive to support rehabilitation by providing him with an easier or cheaper alternative. More important, inadequate indemnity can lower patient morale, or force return to gainful employment in advance of clearcut medical indications."

That report proceeds to discuss important relationships between indemnity and methods of indemnity to the rehabilitation effort. It seems somewhat strange, both from the standpoint of commonsense and from the standpoint of logic that the medical profession could, on the one hand, agree that indemnity benefits under workmen's compensation are necessary and at the same time oppose disability benefits for the permanently and totally disabled as an entire group.

No other arguments are provided by Dr. O'Neill in his letter to you. He completely ignores the numerous safeguards written into the disability insurance benefit provision of the bill as passed by the House of Representatives. For example, before an individual can qualify for disability benefits under that bill, he must be permanently and totally disabled as defined in the bill; he must have had at least 1½ years of coverage under the act during the 3-year period ending with the quarter of his disablement and he must have had at least 5 years of coverage during the 10-year period ending with the quarter of his disablement; and, in addition, he must be fully insured under the act. Benefits would be payable only after a 6-month waiting period. Benefits would not be payable to dependents of the disabled worker. Benefits would be suspended in the case of refusal without good cause to accept vocational rehabilitation.

All circumstances considered, the program of disability insurance benefits contemplated by the bill constitutes a very conservative program, and includes very tight prerequisites which much be met before a worker may become eligible. For example, the definition of the term "disability" requires inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration is more exacting than the disability provisions of commercial insurance policies now being issued, which permit a total disability that has persisted for 6 months to be compensated on the presumption that it is permanent until shown to be otherwise.

I hesitate to take this much of your time in responding to your letter, but I consider it so vitally important that the true facts about our Social Security System and the lack of any real factual basis for the malicious charges which have been made against it that the time to discuss these issues is warranted.

Sincerely yours,

CECIL R. KING,
17th District, California.

Social Security Still Inadequate

EXTENSION OF REMARKS
OF
HON. JOHN B. BENNETT
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Friday, July 27, 1956

Mr. BENNETT of Michigan. Mr. Speaker, I voted for the social-security conference report which was approved by the Congress on yesterday. I noted for this bill when it passed the House of Representatives last year because it is a step in the right direction and does bring about some very badly needed improvements in this law—particularly in reference to the age reduction for women and the disability protection for workers aged 50 or over.

My own bill to amend the social-security law is still pending before the House Ways and Means Committee and would make the following improvements:

First, reduce the eligibility age for retirement benefits—now age 65 for everyone—to age 62 for men and age 60 for women.

Second, provide that widows who have been entitled to mother's benefits because there were young children in the home when the father died may become eligible for benefits in their own right at age 55, regardless of whether there are still children under 18 in the home. Under existing law, the benefits to such a widowed mother cease when the youngest child reaches age 18, and she must wait until she is 65 years of age before she is again entitled to a benefit.

Third, provide that workers aged 50 and over who are retired prematurely from their jobs by a disability which is so severe that they cannot work at any job shall be entitled to benefits on proof of such disability.

Fourth, provide substantial increases in benefits ranging from 33⅓ percent in the lower and middle brackets to 10 percent in the highest.

The greatest need under our social-security program today is a substantial increase in benefits. Present rates are completely inadequate and unrealistic in the light of living costs and economic conditions generally. It is deplorable that our retired people should be expected to live on a pension as low as $45 per month for man and wife.

I hope the House Ways and Means Committee will renew its study and commence hearings on this important subject immediately upon the adjournment of Congress so that the matter can be given further consideration next January.

Dr. Townsend and Social Security

EXTENSION OF REMARKS
OF

HON. GEORGE M. RHODES
OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 27, 1956

Mr. RHODES of Pennsylvania. Mr. Speaker, the final approval this week by the Congress of amendments to the social-security law is a big step forward in social insurance for the people of our country.

It is another step toward the goal envisioned by Dr. Francis E. Townsend, who pioneered for a plan to bring economic freedom, dignity, respect, and security to the old folks of this Nation. His proposal which became known as the Townsend plan gave inspiration and hope for the past score or more years to millions of senior citizens throughout the Nation.

Dr. Townsend was appalled at the sight of poverty in the midst of plenty. He saw how the Hoover depression brought dire hardship to millions of people. Old folks then were especially affected by privation and despair. Many of them rallied under the leadership of Dr. Townsend in a fight for social justice. The Townsend plan was proposed to abolish poverty and to bring lasting prosperity to all Americans as well as justice and security to elderly folks.

Much of the credit for the progress that has been made in social insurance is the result of Dr. Townsend's pioneering efforts for old-age pensions or for what he now refers to as a plan for national insurance.

Dr. Townsend's plan has been presented in many Congresses but has never reached the floor of Congress. It has been introduced again in this 84th Congress, 163 Members of the House have signed a discharge petition to bring the bill to the floor for debate and action.

This support gives evidence that many Members of Congress see the need for consideration and action on legislation which goes much further than the present social security law and beyond the amendments which were finally approved by Congress this week.

The Townsendites were not dismayed by the powerful opposition they faced. They continue to press for the Townsend plan—a program that will adequately meet the needs of all elderly folks. Even the modest improvements just made in the social-security law by this Congress were opposed by Health, Education, and Welfare Secretary, Marion B. Folsom, a member of President Eisenhower's Cabinet. If the administration opposes these very mild changes today, it can be understood why the Townsend plan faced bitter opposition from extreme conservative forces during the past 20 or more years.

These mild social-security improvements of 1956 were also bitterly opposed by the United States Chamber of Commerce, the National Association of Manufacturers, the American Medical Association, the Committee for Constitutional Government, and other big money groups who have been long-time foes of such humanitarian and liberal legislation. Despite such opposition, great advances have been made in the field of social insurance, thanks to Dr. Townsend and other men of vision who were not influenced by deceptive propaganda and scare labels used by opponents of such programs.

Mr. Speaker, I have had the pleasure of attending meetings of Townsend Clubs in my district on a number of occasions. These meetings are attended by many senior citizens of Reading and Berks County. These elderly folks are making a great contribution to the understanding of the problem of the aged. They point to the need for organization and action, particularly by senior citizens, in seeking legislative action to obtain their worthy objective.

Growing numbers of citizens, as a result, now recognize the need for this humanitarian legislation. They believe that people who have contributed a life of service to the Nation have a right to enjoy their twilight years in dignity, self-respect and security.

The Townsendites have taken a keen interest in politics realizing the importance of their ballots in obtaining adequate security legislation that will bring justice to the old folks and prosperity to all.

It is quite proper that we give proper recognition to Dr. Townsend and to his faithful followers for their contribution to the progress that has been made in social insurance. Dr. Townsend is a man of great social vision. He is nearing his 90th birthday but has remarkable energy. He continues to carry on at a great sacrifice to himself for a cause which will eventually triumph.

Dr. Townsend may not live to see his plan, or another which meets the objective he seeks, adopted by the Congress. But he can take pride in knowing that he has played a leading role in easing the burden of millions of old folks and in making life for them more full and happy.

Statement in Support of Amendments to the Social Security Act Contained in H. R. 7225

EXTENSION OF REMARKS
OF

HON. THOMAS J. DODD
OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, July 27, 1956

Mr. DODD. Mr. Speaker, I wish to take this opportunity to present my views on the 1956 amendments to the Social Security Act embodied in H. R. 7225, and to voice my support for the humanitarian measures contained in this vital legislation.

When this legislation was before the House just a little over a year ago, I was glad to join my colleagues from Connecticut on the other side of the aisle in supporting these measures to improve our social-security laws. The other body passed a bill with certain modifications, and still further changes were made by the conference committee of the House and Senate. The final result, in my opinion, is not a perfect bill, but certainly one that will add many vitally needed changes to the Nation's social-security program.

I am particularly pleased that the essential characteristics of a provision for the payment of disability benefits has been retained in this bill. The Senate bill as it went to conference provided that this program for protection to those permanently and totally disabled be set up with a separate system of financing.

No doubt a great many, and probably even a majority, would agree with me in the belief that this was not necessary in order to preserve the integrity of the old-age and survivors insurance fund or to prevent excessive drains upon that fund. However, no one can quarrel with the desire of those who designed this particular provision to set up special safeguards to make doubly sure that the equity of the 70 million wage earners and self-employed who have contributed to the present reserve fund is thoroughly protected.

Even those of us who felt that it was probably not necessary can likewise agree that no harm is done by this arrangement and that the interest of those who look to the fund for the basis of their security in retirement as well as those who look to the newly created fund for protection against the contingency of physical disability are both adequately provided for.

I was pleased that the House and the other body promptly approved this bill as it came from conference. Passage of this bill in my opinion marked a significant advance in protection afforded the working people of this country. It will go down in the history of the social program of this country along with the first passage of the Social Security Act 21 years ago, the addition of survivors' insurance in 1939, the notable advancement in benefits marked by the amendments of 1950, and the significant extension of coverage contained in the amendments of 1954.

The extension of our system of social insurance for the first time into the field of disability insurance well deserves a place among those historic landmarks.

This venture, while of deep and lasting significance, should not be thought by any to be hasty or without the most careful study and analysis. In fact, a great part of the significance of this venture arises from the fact that it culminates efforts reaching back for some 18 years. I am informed that in 1938 studies made by the then Social Security Board outlined the feasibility of providing protection against the contingency of permanent and total disability. The Advisory Council on Social Security to the Senate Finance Committee studied this proposal in 1948 and 1949. They included the following statement in their report to the Senate:

> Income loss from permanent and total disability is a major economic hazard to which, like old age and death, all gainful workers are exposed. The advisory council believes that the time has come to extend the Nation's social-insurance system to afford protection against this loss.

There can be no question concerning the need for such protection. On an average day the number of persons kept from gainful work by disabilities which have continued for more than 6 months is about 2 million. The economic hardship resulting from permanent and total disability is frequently even greater than that created by old age or death. The family must not only face the loss of the breadwinner's earnings but must meet the costs of medical care. As a rule, savings and other personal resources are soon exhausted.

This was the finding of a distinguished group of 17 people drawn from the fields of industry, organized labor, and representatives of the general public, many of whom held posts of honor and distinction in our great universities.

Members of longer service in this House will recall that the House bill of 1950 incorporated the recommendations of this advisory council but it failed of passage in the other body. We are most happy now to observe that the Senate bill carried this provision for payment of benefits to the permanently and totally disabled after age 50.

In 1954 a start was made toward the problem of disability by including the provision to freeze the benefits of those covered by social security who suffered disablement. This was a worthwhile step and it laid the foundations by proving that the determinations of a disability can be made soundly and objectively by a Government agency. The provisions similar to the waiver of premium provisions of private life insurance companies preserve the retirement benefits of a worker whose earnings were cut off because of his disability.

However, as Mr. George Meany, now president of the American Federation of Labor and Congress of Industrial Organizations, said in his statement to the Senate Finance Committee in support of this measure on April 9, 1954:

It is not enough to say to the permanently and totally disabled worker, "If you contrive to hold body and soul together during your years of incapacity until you reach age 65, we assure you payment of full retirement benefits."

This measure will give much more assurance to the unfortunate disabled workers. We are giving them the assurance that their primary retirement benefit will be paid to them if they should be forced to retire as early as age 50 because of a physical disability.

Through this legislation we are recognizing that men and women, while still young in years, are inflicted with the impairments associated with old age that result from illness, disease, and accident.

Many of us were distressed in the course of the hearings to observe the effort that was made to place the provision for benefit payments in opposition to rehabilitation efforts. No greater disservice could be done the very worthwhile and highly successful rehabilitation programs carried on by our State vocational rehabilitation agencies with the assistance that has been made available to them through Federal grants.

We need, however, to recognize that there are some cases that are beyond rehabilitation either because the physical impairment is too severe or because it occurs too late in life. But for the vast majority of the totally disabled rehabilitation is possible and great encouragement to the restoration of these people to useful and gainful employment will come from this measure. Their morale will be lifted knowing that the economic needs of the family are being met, at least in part.

Assistance as well as encouragement will come from the provision to retain the benefit status for a maximum of a year for getting started in a new occupation or employment. I look for the greatest advancement in the field of rehabilitation that we have seen in many years.

Mr. Speaker, I have dwelt upon the disability benefits aspect of this legislation which is, of course, a most important aspect of the bill, and one often misunderstood. However, H. R. 7225 does much more than provide disability benefits.

The bill also provides for lowering the retirement age from 65 to 62 for widows and surviving dependent mothers. The bill provides that insurance benefits for children who were disabled before they reached the age of 18 may be continued so long as their disability remains, which I feel is perhaps the most humane and desperately needed amendment contained in the bill.

The bill provides for a more liberal coverage for migrant agricultural workers, and for Ministers working outside the limits of the United States. The bill has many other provisions worthy of merit, but the ones that I have listed should serve to show the great good that this legislation will do for so many Americans.

I feel confident that the provisions of H. R. 7225 will become part of our social security laws. I am also confident that the liberalization of our existing social security laws provided for in this humanitarian legislation will be welcomed by the American people as one of the outstanding achievements of the 84th Congress.

Summary of the Social Security Act as It Relates to Self-Employed Professional Groups Newly Covered by the Social Security Amendments of 1956

EXTENSION OF REMARKS
OF

HON. HERMAN P. EBERHARTER
OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 27, 1956

Mr. EBERHARTER. Mr. Speaker, under general leave to extend remarks in the CONGRESSIONAL RECORD, I insert herewith the following summary of the Social Security Act as it relates to self-employed professional groups newly covered by the Social Security Amendments of 1956, which was prepared by the staff of the Committee on Ways and Means:

SUMMARY OF THE SOCIAL SECURITY ACT AS IT RELATES TO SELF-EMPLOYED PROFESSIONAL GROUPS NEWLY COVERED BY THE SOCIAL SECURITY AMENDMENTS OF 1956

I. INTRODUCTION

The Social Security Act Amendments of 1956 (Public Law 880, 84th Cong.) extended coverage under the Old-Age and Survivors Insurance System to substantially all self-employed professional groups except physicians. This part of the new law, which was merely one of many provisions contained in the 1956 Amendments which broaden and strengthen the Social Security program will be of particular interest to the estimated 200,000 additional people who during the course of a year are self-employed in the practice of certain professions. Because of the interest which this group will have in this part of the 1956 Amendments, this summary of what the Social Security coverage will mean to these individuals was prepared for use of Members of the Committee in responding to inquiries. It is not intended to be a complete statement in detail on this part of the new law, nor is it intended to cover other provisions of the law. It is merely a condensed outline applicable to these additional self-employed professional groups. Detailed information,

of course, may be obtained by the individuals newly covered from the Social Security Administration or from the nearest local Social Security office.

II. SELF-EMPLOYED PROFESSIONAL GROUPS NEWLY COVERED

The 1956 Amendments extended coverage under the Old-Age and Survivors Insurance program to the following additional groups of self-employed persons:

1. Lawyers.
2. Dentists.
3. Doctors of Osteopathy.
4. Chiropractors.
5. Veterinarians,
6. Naturopaths.
7. Optometrists.

III. BENEFITS UNDER OASI

Benefits under OASI are related to prior earnings of an individual in covered, employment or self-employment and fall within four broad categories: (a) Retirement benefits; (b) Survivors' benefits; (c) Disability benefits; and (d) Lump-sum death benefits. A more detailed description of these benefits follows:

(a) Retirement benefits—These are payable to male workers at age 65, if they retire, and to female workers at age 62 (on an optional basis) or age 65, if they retire; to male workers between the ages of 65 and 72 when they do retire, and to female workers between ages 62 (or 65) and 72, when they do retire; and to male and female workers at age 72, whether they retire or not.

The following examples indicate the nature of these benefits: To one fully insured, whose annual average earnings have not been less than $4,200, there would be payable each month (at present benefit rates): $108.50, if the insured beneficiary is unmarried; $162.80, if he is married and his wife has reached the age of 65 (or slightly less if she is 62 and decides to accept a smaller benefit than she would receive at 65); and $200 if, in addition he has children still under 18 years of age. These retirement benefits continue until the death of the insured.

(b) Survivors' benefits—These are payable, on the death of the insured, to a person's widow (or dependent widower) or surviving parents or surviving children. As an example, where the person has enjoyed average annual earnings of not less than $4,200, a widow aged 62, or a widow of whatever age with a child under 18 years of age, would receive (at present rates) $81.40 a month; and a surviving family might be entitled to payments of as much as $200 a month.

(c) Disability benefits—The new law provides for the payment of benefits to fully insured, and otherwise qualified, workers at or after age 50 where the worker becomes permanently and totally disabled. This benefit is the same in amount, generally, as the retirement benefit, but is payable only to the disabled worker himself.

(d) Lump-sum death benefits—These are payable to the widow of an insured person or, generally, to anyone else who may pay the burial expenses. They are designed to defray such expenses, are limited to a maximum of $255, and are payable in addition to the survivor benefits.

IV. THE TAXES PAYABLE UNDER OASI

Self-employed individuals covered under OASI will pay annually, beginning with the taxable year 1956, 3⅜ percent of their first $4,200 net income from covered self-employment. This rate increases to 4⅛ percent in 1960, 4⅞ percent in 1965, 5⅝ percent in 1970, and 6⅜ percent in 1975 and after. There is no social security tax on any net income above the first $4,200.

The OASI taxes are payable at the same time as Federal income taxes are payable.

V. PRESERVATION OF BENEFIT RIGHTS FOR DISABLED

Periods of total disability of at least 6 months' duration are excluded in determining insured status and average monthly wage, provided the disabled worker has at least 6 quarters of coverage in the 13 quarters ending with the quarter in which he is disabled and at least 20 quarters of coverage in the 40 quarters ending with the quarter in which he is disabled. Determinations of disability are, in general, made by State agencies in charge of vocational rehabilitation.

VI. EMPLOYMENT PERMITTED WITHOUT SUSPENSION OF BENEFITS (CALLED "WORK CLAUSE" OR "RETIREMENT TEST")

A beneficiary can earn $1,200 in a year in any employment, covered or noncovered, without loss of benefits. For each $80 (or fraction thereof) of covered or noncovered earnings in excess of $1,200, 1 month's benefits are lost. In no case, however, are benefits withheld for any month in which the beneficiary's remuneration as an employee was $80 or less and in which he rendered no substantial services in self-employment. For beneficiaries age 72 or over, there is no limitation. If a retired worker's benefit is suspended, so also are the benefits of his dependents.

VII. EFFECTIVE DATES AND MINIMUM REQUIREMENTS FOR COVERAGE OF ELDERLY WORKERS AMONG NEWLY COVERED GROUPS

The coverage provided by the new law for self-employed professional groups will be effective beginning with taxable years after 1955 (the calendar year 1956 will, therefore, be the first effective year).

There is a special provision in the new law establishing special "starting and closing" dates intended primarily for persons first covered in 1956, whereby an individual who becomes entitled or dies in 1957, and has at least 6 "quarters of coverage" after 1955 can have a starting date of December 31, 1955, and a closing date of July 1, 1957, if that will yield a larger benefit amount.

Stated more simply, at least 6 quarters of coverage is required before those newly covered elderly persons now reaching retirement age, or who have reached retirement age, can qualify for benefits.

VIII. WHAT NEWLY COVERED PROFESSIONAL PERSONS SHOULD DO NOW

All newly covered professional persons should contact their nearest social security field office for details about the new law, to obtain full information and the steps which they should take. Included among these will be making an application for a social security card and account number. It is important for these persons to remember that the foregoing is merely a nontechnical, informative summary of some of the highlights of what the new law will mean to them.

Social Security: The Most Beneficial and Humane Legislation in This Century

EXTENSION OF REMARKS
OF

HON. LOUIS C. RABAUT
OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 27, 1956

Mr. RABAUT. Mr. Speaker, the 84th Democratic-controlled Congress has just seen enacted into law one of the most beneficial and humane pieces of legislation in this century—the 1956 Social Security Amendments. This law is an example of the continuing efforts of the Democratic Party to advance the lot of the average American—to assure him that, despite the tides of adversity that sometimes are part of the free enterprise system, he will be able to provide for self and family in a respectable, independent fashion.

It gives me great pleasure to bring to the attention of the American people who will be affected some of the more important and forward looking features of this vital legislation. While it is not as liberal as I think it should be, it is a very excellent foundation on which to build an expanded program.

An outstanding advance in the history of social legislation is the provision for insurance of the totally disabled at age 50. This is most appropriate and long overdue. In our land of plenty, it is a national disgrace to have helpless persons in desperate need. Heretofore, a working man or woman could pay into social security for years and then suffer a totally disabling injury and receive no compensation until age 65. The total disability payment was incorporated in the original House bill, but the Senate deleted it from their version. Fortunately, the House-Senate conference restored the disability clause to its rightful position in the new bill. It has been estimated by experts that 250,000 persons will benefit under the new law in the first year of its operation.

Another eminently just and necessary stipulation provides for retirement of widows and workingwomen at age 62. I have always felt that the age for both widows and wives should be lowered to 60. The average married woman is approximately 5 years younger than her husband, but cannot draw benefits until 5 years after the retirement of her husband. This is most unjust treatment of our senior citizens who are usually very much in need of the combined payments to keep abreast of modern-day living expenses. My Democratic colleagues and I voted in the House for uniform reduction of retirement age for women from age 65 to 62. As I previously stated, I have always favored retirement for widows and wives at age 60, but realized that age 62 would receive more favorable consideration at this time. The House approval of age 62 was altered in the Senate to read age 62 with full benefits for widows and an accrual reduction in retirement benefits for wives and workingwomen if they retire between 62 and 65. The maximum amount receivable by workingwomen at age 62 would be 80 percent of full benefits. Payments will not be increased at age 65 for those women who elect receipt of benefits prior to their 65th birthday.

The social-security bill of 1956 has pursued a most realistic course in widening its coverage to provide protection for an additional 250,000 workers. This number may be even further increased by local referendums. Many groups such as TVA employees, State and city employees, and practically all self-employed professional people except medical doctors are now included.

In a sharp departure from precedent, payments will now be made after age 18 to the dependent child of a retired or deceased worker if the child has been disabled since before the 18th birthday. The mother of the disabled dependent is also eligible for payment as long as she continues to care for said child. This provision took into consideration the mentally deficient children who must be cared for long after the normal son or daughter has ventured forth to make their own way in the world. A mentally incompetent child is an additional worry when the parents realize that financial reverses or death of one or both parents will create an even worse situation for a child who cannot protect himself from the normal dangers of everyday existence. I am sure this provision will remove a certain degree of concern from the shoulders of the affected parents.

In this connection, many improvements were made for grants-in-aid for public assistance. A new provision provides matching funds for medical care furnished those receiving old-age assistance from the States, Additional funds have been made available for use in aid to dependent children, aid to the blind, and aid to the permanently and totally disabled up to a maximum average of $6 per adult and $3 per child. In short, more national funds will be made available than ever before.

Mr. Speaker, while I am not a member of the Ways and Means Committee which worked so long and diligently on the new social security retirement bill, I have always been most keenly aware of the problems inherent in advancing years. I supported the original Social Security Act in the thirties and have fought to keep the program realistic and in step with the times. The statement of that great patriot, Thomas Jefferson, that "laws and institutions must go hand in hand with the progress of the human mind" was never more true than in the modern application of social security.

In this day of improved diet and medical advances, our people are living many years longer than was ever thought possible. While this is good news, it has created certain problems that must be coped with in the immediate future. Our older people with more leisure time than ever before are in what we might call a state of transition, facing a host of new problems, including boredom and financial difficulties. They are naturally self-respecting people who do not desire to be a burden to anyone—especially their children who are now busily engaged in raising their own families. Many of our retired citizens face a life of loneliness as a result of a lack of national planning in their behalf. Some progress has been made in housing for the aged in community-like hotels where those of common interest might gather to enjoy their remaining years with a minimum of worry. Wherever such endeavors have been tried, they have been a huge success. However, these projects have been the unselfish labor of public-spirited individuals and do not come close to filling the needs of an ever-expanding group of retired people. It is indeed regrettable that the provision for the creation of a commission on the aging was stricken from the social security bill.

In connection with my desire to assist the older people of our country, I introduced on February 16, 1956, a bill to provide that in determining income of World War I veterans and their widows for the purpose of ascertaining eligibility for pensions, payments under title II of the Social Security Act shall not be taken into account. Under the present system, if the total return from a pension and

social security exceeds $1,400, the pension is discontinued. This bill did not fare well this session due to an unexpected legislative backlog. It is my hope that I will have the opportunity and privilege to reintroduce similar legislation in the 85th Congress.

In conclusion, I would like to say that I am confident that Congress will continue to adjust social security to meet the growing needs of an ever-expanding economy.

The New Social Security Law

EXTENSION OF REMARKS
OF
HON. ROBERT W. KEAN
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Friday, July 27, 1956

Mr. KEAN. Mr. Speaker, Congress this summer made some significant improvements in the social-security system. The bill was signed into law by President Eisenhower on August 1, 1956.

Coverage has been extended to 200,000 more self-employed. These include lawyers, dentists, chiropractors, veterinarians, naturopaths, optometrists, and doctors of osteopathy. Substantially all the self-employed, except doctors of medicine, now will be included in the system. These newly admitted groups will be eligible for benefits as the result of their own contributions after they are in the system for 18 months.

Two hundred thousand widows of deceased workers who were contributors to the social security fund will receive benefits at age 62. This is particularly important, for a woman of that age who has spent her life taking care of her family would find it extremely difficult to get a job if her husband passed away.

Dependent mothers who are the sole survivors of social security contributors will also receive benefits at age 62.

Other working women also may retire at age 62, but benefits will be permanently lower than they would be if they postponed retirement until age 65. For example, a woman whose average earnings were $2,400 a year would receive $62.80 monthly if she retired at 62; while she would receive $78.50 monthly if she waited until 65 to retire.

Wives of men who have retired after reaching the permissible retirement age of 65 can also apply for benefits at age 62. As in the case of working women, wives who elect the earlier benefit age must accept lower permanent benefit payments. For instance, the average industrial male worker in New Jersey earns a little more than $300 a month. A couple, which means a working husband and a nonworking wife, who had that average wage when the wife was 62 would receive $135.50 a month; but, if the wife waited for her benefits until she reached 65, the monthly payment would be $147.80.

Individual circumstances will dictate the decision to be made in the case of each couple, but it is pertinent to point out that it would be better for a woman, where possible, to wait until she is 65 before claiming benefits because the life expectancy of women at 62 is 17 years.

The reason for the setting of these lower retirement benefits for working women and wives who retire at 62 is that if they were to receive full retirement at that age, the solvency of the trust fund which has been set up for the benefit of those who have retired and who will retire in the future would be jeopardized. If such a cost was to be incurred, it would necessitate a further increase in social security deductions from the wages of all workers.

The first payment to widows, and to working women and wives of retired men who will benefit under these provisions will be for the month of November 1956, payment being made in the first part of December.

Another important provision in the new law is that which provides benefits at age 50 to totally disabled persons who have been in the social-security system for a substantial period of time immediately previous to receiving their disability. The definition of disability is: a physical or mental infirmity that prevents the worker from engaging in a substantial gainful activity and which can be expected to continue for a long and indefinite period.

It is estimated that 25 years from now nearly 1 million persons will be benefiting by this provision.

Some opposed this disability-payment provision on the grounds it is impossible to accurately estimate the cost of such a program and because of the possibility it might dissipate the money in the social-security trust fund paid by workers towards their retirement.

It is estimated the disability payments will cost anywhere between $900 million and $2 billion a year. To prevent a possible dissipation of the social-security retirement fund, the new law provides that a special trust fund for disability payments be established through a tax of one-quarter of 1 percent each on employer and employee. This tax will start January 1, 1957. The first payments to the disabled will be made in July 1957.

The new law also provides that survivors benefits for a disabled child unable to earn a living which now stop at 18 shall continue indefinitely.

Another important provision which was recommended by President Eisenhower is that the Federal Government will match to a limited amount payments by the States for necessary medical expenses to those receiving public assistance.

The law also states as one of its objectives the rehabilitation of those unable to earn a living. This means that every effort will be made to restore the disabled and those receiving public assistance to the role of self-supporting wage earners.

Of course, it is essential that additional benefits should not impair the soundness of the trust fund. You will note that cost of the new disability coverage is provided for by a new tax and the cost of earlier retirement of workingwomen and wives through actuarially sound reduction of benefits if they take them at the earlier age.

There is no special provision for paying the additional cost, which is substantial, for the earlier date of paying benefits to widows. This is taken care of in two ways. First, owing to the passage of the bill giving social security to soldiers and the inclusion of more self-employed, the cost of the system is slightly lowered; on all group-insurance systems, the more who participate the lower the cost. And, in the second place, owing to the fact that money rates are higher now than in the past, the trust fund is able to invest its funds at a rate of a little above 2½ percent where in the past it was only 2¼ percent. This difference redounds to the benefit of the beneficiaries of the social-security system.

These improvements in our social-security system, which now is 21 years old, may provide increased benefits to almost every family in our great Nation—either presently or in the future.

Social Security and Benefits for the Aged

EXTENSION OF REMARKS
OF

HON. CHARLES A. WOLVERTON
OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 27, 1956

Mr. WOLVERTON. Mr. Speaker, I have been from the very beginning a strong believer in the aims and purposes of social security, and consequently I gave my support to the first social-security bill that was passed and to every amendment that has been adopted since that time.

The first bill was not much more than an adoption of the principle that underlies social security, namely, assistance to workers in their old age and to others handicapped and in need of help. The amount of benefits fixed by the bill was not large. But it was, at least, something. As time went on deficiencies in the legislation became more and more apparent. This brought demands for correction. Congress was sympathetic. It recognized the need. It sought to remedy the deficiencies. Thus, throughout the years and even up to and including this session of Congress changes have been made that have greatly improved the status of retired workers, elderly people, and the handicapped. Benefits have been increased, but there is more that should be done in this respect.

In addition to the many improvements made in the past, an admendment adopted during this session of Congress has reduced the age of eligibility of women from 65 years to 62 years. The amendment also has provided that persons totally disabled shall be eligible for benefits at age 50 instead of 65. Furthermore, the act has been expanded so that it now includes an additional 10 million persons to come under its coverage in different activities.

More than seven and one-half million are receiving monthly payments under old-age and survivors insurance. Over 1,300,000 are receiving unemployment insurance payments. Five million are receiving public-assistance payments through the Federal-State programs of old-age assistance, aid to dependent children, aid to the totally disabled, and aid to the blind. Additional millions are receiving services pursuant to the maternal and child health and welfare provisions of the Social Security Act. In all, 14,000,000 persons are receiving money payments today under our Social Security Act programs.

As I have already said, I am of the opinion there are many changes yet to be made to make the act all that it should be. These relate to increased benefits and further reduction of age limitations for eligibility for benefits. Furthermore, the act should be expanded until all persons are brought within its provisions. There should be no business or other activity excluded. It is a national law and should give coverage to all who desire to participate in its benefits.

It seems to me there is a distinct duty and obligation upon a nation such as ours to make provision for its elderly citizens. This applies not only to social-security benefits, but also with respect to housing, hospital and medical care, nursing homes, and in other fields of welfare activities. There is nothing more disturbing nor the cause of greater worry than to approach old age with no assurance as to how it will be possible to meet the conditions of that time of life with only meager savings or maybe none at all.

If there should be any disposition upon the part of those who do not feel or face the condition I have just described and doubt the existence of such, then I can assure them that a day's experience in any congressional office will be sufficient to convince them of the fact that such a condition does exist. The letters that come into a Congressman's office and the personal appeals that are made to him, either by the aged themselves or by those who, with incomes insufficient to care for their own families, must assume the obligation to care for aged relatives, show this condition of need to be all too general. It is a pathetic problem, and we must find a remedy for it.

Investigations of every kind and character are authorized by Congress, and millions of dollars are spent in carrying them forward. I know of no investigation that is more necessary or more justifiable than an inquiry that will show the dire need of many thousands of aged persons who are faced with distress as they reach old age, and to this I pledge my support.

Benefits for Women Under the 1956 Amendments to the Social Security Law

EXTENSION OF REMARKS
OF

HON. DANIEL A. REED
OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 27, 1956

Mr. REED of New York. Mr. Speaker, some rather important social security changes affecting women were recently enacted. I believe it is important that these changes be clearly understood.

Beginning with November 1956, a woman worker, who has done enough work to be insured under the social security law, may, if she wishes, become entitled to social security payments as soon as she reaches 62 years of age instead of having to wait until she reaches 65.

If she chooses to take the payments before she reaches 65, the amount of the monthly payments will be reduced. The amount of the reduction depends on the number of months before she reaches 65 that she starts getting benefits. If she has her benefits start as soon as she reaches age 62, the amount of each month's payment will be 80 percent of what she would get if she were 65. If she waits until her 63d birthday, the amount of the payments will be 86⅔ percent of what she would receive if she were 65, and if she waits until she reaches 64, the amount will be 93⅓ percent.

The table below gives some examples of the benefits that will be paid at different ages:

Women workers' benefits

Average monthly earnings [1]	Amount of monthly benefit			
	If claimed at 62d birthday	If claimed at 63d birthday	If claimed at 64th birthday	If claimed at 65th birthday or later
$45	$24.00	$26.00	$28.00	$30.00
$100	44.00	47.70	51.40	55.00
$150	54.80	59.40	64.00	68.50
$200	62.80	68.10	73.30	78.50
$250	70.80	76.70	92.60	88.50
$300	78.80	85.40	92.00	98.50
$350	86.80	94.10	101.30	108.50

[1] After 1950, and after drop-out of up to 5 years of lowest (or no) earnings.

If a woman chooses to take benefits in a reduced amount before she reaches 65, she will continue to get a reduced amount even after she becomes 65. However, if there are 3 or more months before she reaches 65 for which she does not receive benefits because she is working, her benefit will be automatically refigured when she reaches 65 to make allowance for the months in which she did not get a benefit.

PAYMENTS TO DEPENDENTS

Even if a woman chooses to take her benefits at a reduced rate, the payments to her dependents (her children or dependent husband or, in case of her death, her dependent children, widower, or dependent parents) will not be reduced. These dependents will receive their benefits at a rate based on the unreduced amount of her old-age insurance benefit.

AMOUNT OF WORK REQUIRED

The amount of work required to make payments possible on a woman's social-security account depends on the date she reaches age 62 or the date of her death. At least 1½ years of work are required but never more than 10 years. Two examples will give an idea of the requirements: For a workingwoman who died or reached 62 before July 1, 1954, no more than 1½ years of work is now needed; the woman who dies or reaches 62 in the first 6 months of 1958 will need no more than 3½ years.

Changing the retirement age from 65 to 62 makes payments possible for some women now over 65 who did not have enough work to qualify under the old law and for the survivors of some women who died after June 30, 1954, and were between 62 and 65 years of age at death.

THE WIFE OF A RETIRED WORKER

If a woman is the wife of a man who is entitled to old-age insurance benefits, she may become entitled to wife's insurance benefits at any time she chooses after she reaches 62 instead of having to wait until she is 65. If she takes the payments before she reaches 65, however, the amount of each monthly benefit will be reduced. The amount of the reduction depends on the number of months before she reaches 65 that she starts getting benefits.

If she chooses to start getting the payments as soon as she reaches 62, the amount of her payment each month will be only 75 percent as much as it will be if she waits until she is 65. If she waits until she reaches 63, she will get 83⅓ percent, and if she waits until she reaches 64, she will get 91⅔ percent of the amount she would get if she waits until she is 65.

The table below gives some examples of the benefits that will be paid at different ages:

Wife's benefits

Worker's benefit amount	Amount of monthly benefit			
	If claimed at 62d birthday	If claimed at 63d birthday	If claimed at 64th birthday	If claimed at 65th birthday or later
$30.00	$11.30	$12.50	$13.80	$15.00
$55.00	20.70	23.00	25.30	27.50
$68.50	25.80	28.60	31.50	34.30
$78.50	29.50	32.80	36.10	39.30
$88.50	33.30	37.00	40.70	44.30
$98.50	37.00	41.10	45.20	49.30
$108.50	40.80	45.30	49.80	54.30

If a woman chooses to take benefits in a reduced amount before she reaches 65, she will continue to get a reduced amount even after she is 65. However, if there are 3 or more months before she reaches 65 for which she does not receive benefits because she or her husband work—or in which she gets a mother's unreduced benefit because she has in her care a child entitled to child's benefits—her benefit will be automatically refigured when she reaches 65 to make allowance for those months.

If her husband should die at any time after she has begun to receive her reduced benefits, she may receive a lump-sum death payment and the widow's unreduced monthly benefits.

Example: Mary Jackson decides to claim benefits at the same time her husband claims his. He is 65; she is 62. Her husband's monthly benefit is $88.50. She will draw $33.30—her wife's benefit reduced from $44.30 because of her age. After a year, Mary's husband dies. Mary will then receive an unreduced lump-sum death payment of $255 and widow's unreduced monthly benefits of $66.40.

APPLYING FOR BENEFITS

If a woman is now 62 or over—or when she becomes 62—and if she is a workingwoman insured under social security, or the wife of a beneficiary, or the widow of an insured worker, or the dependent mother of an insured worker who died leaving no widow, widower, or child eligible for benefits, she may apply at her social-security office for the benefits described above. The first checks to women who qualify under the new provisions will be for the month of November 1956. If she is eligible for a benefit for November 1956, she can get it even if she does not apply until the end of November 1957.

Of course, monthly payments will be withheld under certain circumstances if she continues to work or returns to work.

IF A WOMAN HAS A CHILD IN HER CARE

If a woman has a child in her care and the child is entitled to child's insurance benefits based on her husband's earnings, she may be entitled to unreduced monthly payments regardless of her age. Under the old law, only a child under 18 could be entitled to benefits. Under the amendments a child 18 or over may also receive benefits beginning with January 1957 if he has been disabled since before he reached 18. This makes it possible for the mother of the disabled child 18 or over also to get payments beginning with January 1957 regardless of her age.

Mr. Speaker, the following question is one which many women are asking about the new law:

Suppose I claim my benefit now, rather than waiting until I am 65. How long will I be ahead in total benefits paid?

The answer is that as a workingwoman, if you choose the reduced benefit at any age between 62 and 65, you will be ahead for the first 15 years. However, if you receive a retired worker's benefits at the reduced rate for more than 15 years, the total amount you receive will not be as large as if you had waited until age 65 for the higher benefit. As the wife of a retired beneficiary, if you choose the reduced benefit at any age between 62 and 65, you will be ahead for the first 12 years. However, if you receive wife's benefits at the reduced rate for more than 12 years, the total amount you receive will not be as large as if you had waited until age 65 for the higher benefit.

Of course, certain events can cause a change in the total amount you will receive. A workingwoman may lose some checks because of return to work. A wife's reduced benefit would be changed to a widow's unreduced benefit if her husband should die.

A woman must make her own decision on whether it is worth more to her to have the benefits now, at reduced rate, or to wait awhile and get a higher rate. The people in the social-security office will be glad to furnish information, but they cannot tell her what her decision should be.

TO SPEED HANDLING OF WOMEN'S CLAIMS

A woman's payments may be started sooner if she can bring the proofs indicated below to the social-security district office at the time her claim is made. What proofs are needed depends on what type of benefit is claimed.

WIDOWS

The marriage certificate, the worker's death certificate, and proof of the widow's age are needed. Proof of age may be a birth or baptismal certificate, insurance policy, record of age on marriage license, or other old documents which clearly show date of birth or age.

DEPENDENT MOTHERS OF DECEASED WORKERS

Proof of the mother's age, the worker's death certificate, and any documents which may establish the extent to which the wage earner was contributing to the support of the dependent mother are needed.

WIVES

Proof of the wife's age is needed. It will help to have her husband accompany her to the district office, since a form signed by him will also be required.

SOCIAL SECURITY ACT AMENDMENTS OF 1956—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, the conference report on the social security bill is at the desk. I ask our beloved and cherished friend the distinguished senior Senator from Georgia [Mr. GEORGE], to submit it.

Mr. GEORGE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7225) to amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age 50, to reduce to age 62 the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age 18, to extend coverage, and for other purposes. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 26, 1956, pp. 14815–14828, CONGRESSIONAL RECORD.)

The VICE PRESIDENT. Is there objection to the present consideration of the reports?

There being no objection, the Senate proceeded to consider the report.

Mr. GEORGE. Mr. President, this bill was very thoroughly debated in the Senate. I think all Members of the Senate are familiar with its main provisions, all of which are retained in the conference report. Some of the other amendments—while meritorious, of course—are not retained in the report, because the House would not agree to them.

I therefore move the adoption of the conference report.

The VICE PRESIDENT. The question is on agreeing to the report.

The report was agreed to.

Mr. GEORGE. Mr. President, I have prepared a written address on the social security bill. While perhaps I covered the high points of this address in my speech before the Senate the other day, I ask unanimous consent that the address be printed in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I feel strongly that we have arrived at the time when we should improve our social security program by providing for the payment of insurance benefits to the men and women of our country who are unfortunate enough to become permanently and totally disabled.

INSURANCE VERSUS ASSISTANCE APPROACH

The hearings which the Finance Committee conducted in 1950, 1954, and this year have amply demonstrated that it is imperative to liberalize the social security program to help disabled persons. The burden of disability is a crushing load on many families. Not only does the disabled person have the worry, the discouragement, and the frustration due to the loss of his health, but he has the heavy weight of increased medical and hospital bills, nursing services and drugs, the loss of his regular income, and the continued financial responsibility for the support of his wife and the education and care of his children.

Every Senator knows individual cases where prolonged sickness and disability has reduced a proud and self-supporting person to a helpless, dependent individual who must look to his wife, or to his children or relatives, or to private or public charity to support him. The children may have to drop out of school to help maintain the family. The wife may have to work long hours at low-paying odd jobs to earn enough to keep the family together.

In my judgment, this is not a sound or wise policy. Every time we cut short the education of a promising young boy or girl we are not only making it difficult for that person to have a successful career but we are losing for our Nation productive or inventive skills which may have been developed through proper schooling. Every time we force a mother into the labor market against her will we are disrupting family life and sowing the seeds of further hardship, delinquency, and despair.

Today, there are over 400,000 permanently and totally disabled persons receiving public relief in the United States. Just think of that. I ask Senators to stop and reflect for a moment what it would mean if someone you knew, someone you held dear to you, some friend of yours, had to apply for public relief because he or she was permanently and totally disabled.

I wonder how many of us realize that the number of disabled on public relief is increasing every month. I recognize that we cannot organize our society so that we can prevent all disability or insure everyone against it. We must have a system of public assistance for those disabled who are in need. I am proud to have been a member of the conference committee in 1950 which authorized Federal grants to the States for aid to the needy disabled. This was a forward step at the time and has yielded us much in experience. It was a wise step, and many of the fears about the administration of such a proposal have proved to be groundless.

But, in my opinion, we cannot be content with the assistance program as one of our major approaches to meeting the economic needs of our disabled group.

I find it singularly distressing and very strange in the year 1956 to hear the arguments of those who say we can rely upon public assistance to meet the needs of our disabled. We have not followed this principle with respect to our aged, our widowed mothers and dependent children, or the unemployed. As a progressive and enlightened Nation we have adopted the policy that assistance is a second line of defense and that we want to rely on the tried and tested method of contributory social insurance to meet the major economic hazards of our industrial society. I believe we should, we can, and we must now apply the contributory social insurance principle to the risk of permanent total disability.

MAJOR PROVISIONS OF DISABILTY PROPOSAL

Before discussing in more detail my reasons for wholeheartedly supporting the disability proposal, I want to outline the major provisions of the proposal. The disability-insurance provisions have been carefully drawn. They are the result of many years of consideration by those who have studied the problem. The provisions safeguard the financial soundness of the program and they assure that it can be administered economically, efficiently, and wisely.

To be eligible for disability benefits an individual must comply with all of the eight following requirements:

1. He must have worked and contributed to the social security program for a substantial period of time. In order for an individual to be insured for disability benefits he must meet not merely one test of attachment to the labor market, not merely two tests, but three separate, distinct requirements. An individual must have had 6 quarters of coverage, that is 1½ years, in the 13 quarter period ending with the quarter of his disablement and 20 quarters of coverage, that is 5 years, in the 40-quarter period ending with the quarter of his disablement. He must also be fully insured, which means that an individual who becomes disabled in the future may need as much as 10 years of coverage and contributions under the Social Security System. These eligibility conditions are adequate assurance that casual and intermittent workers will not be eligible for benefits. Only persons who have demonstrated that they can hold a job for a substantial period of time can gain insurance rights for disability. There is adequate protection in this way to the System. As I said, there are three separate eligibility tests—all of which must be met. This is a carefully designed program. I ask Senators to remember this because these provisions have been intentionally drawn with the idea in mind of preserving the sound insurance basis of the present program.

2. A second requirement which the individual must meet is that he must be so disabled that he is "unable to engage in any substantial gainful activity." I ask you Senators to note this requirement very carefully. It means that if the disabled individual can engage in any substantial gainful activities he is not eligible for disability insurance benefits. This is a very conservative requirement. It is the requirement recommended by the experts who were members of the Advisory Council on Social Security to the Finance Committee in 1948.

3. A third requirement is that the disability must be "a medically determinable physical or mental impairment which can be expected to result in death or be of long-continued and indefinite duration." Under this requirement the applicant for benefits must present sound and convincing medical evidence that he has a medically determinable impairment. The evidence must include medical reports giving the history of his condition, the diagnosis, and the clinical findings which must indicate not only the nature of the impairment but also its severity. Pertinent nonmedical information must be secured from the applicant and from other sources such as the employer in connection with the employment record of the individual. The guides for evaluating disability were developed in consultation with State agencies and with the advice and assistance of an outstanding medical advisory committee. The doctors on this committee were all members of the American Medical Association. I think I can fairly state that these standards are reasonable, practical, and represent the best medical thinking in the United States on the subject. Disability determinations are being made every day under this definition and these standards for the disability "freeze" provisions enacted by the Congress in 1954 as part of the social security amendments.

4. A fourth requirement which every disabled person must meet is that each disabled person must have been disabled for a 6 months waiting period. Throughout this 6-month period the individual must have been been disabled. During this period no benefits are paid under the provision. The requirement of a waiting period clears up the great preponderance of temporary ailments. It reduces the cost of the program and gives the administrative agency ample time to process the claim carefully and make all the necessary medical determinations.

5. The fifth requirement is that an individual must be age 50 or over in order to receive benefits. Over one-third of all disabled persons are under the age of 50 and would not immediately be benefited by the proposal. Personally, I am of the opinion that the age 50 requirement is arbitrary and unrealistic. I believe that there is just as much justification for the payment of benefits to the disabled person at age 48 or 49 as to the disabled person at age 50 or 51. As a matter of fact the younger person may have heavier financial and family responsibilities, less savings and resources, than a man of 50 or 60 who becomes disabled. From a social point of view I believe it would be more desirable to strike the age 50 requirement from the proposal. I introduced such an amendment and still believe it is the sounder policy. But I am willing to go along with the more conservative, the more restricted policy embodied in the House-passed bill because our colleagues in the Ways and Means Committee in the House have felt we should be careful and conservative in starting this program.

6. A sixth requirement in the proposal is that an individual is not to be considered disabled unless he furnishes such proof of the existence of the disability as the administrative agency may require. In other words, the disabled individual must prove his case. The social-insurance program is also protected by the fact that the bill specifies that if the Secretary of Health, Education, and Welfare believes, on the basis of information obtained by or submitted to

him, that an individual ceased to be disabled, the Secretary may suspend the payment of benefits until it is determined. These provisions give the Secretary ample power to administer the program on a careful and economical basis.

7. A seventh requirement in the proposal is that disabled individuals are referred to the State agency administering vocational rehabilitation. Moreover, an individual must accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act unless he has good cause for refusal. In addition, the bill specifically states that after entering upon a program of rehabilitation, for a period of 1 year a disabled person shall not be regarded as being able to engage in substantial gainful employment solely on the basis of services rendered in connection with an approved rehabilitation program. These requirements in the bill encourage rehabilitation. They indicate that every reasonable effort is to be made to rehabilitate the disabled individual. Only when rehabilitation is not feasible, or is not available, or where the age of disablement of the individual does not respond to rehabilitation will the individual continue to draw his benefits.

8. An eighth requirement is that benefits are reduced under the plan by any amount an individual receives as a disability benefit from any other Federal law or any State workmen's compensation law. There is ample protection, therefore, against duplicate public payments.

SEPARATE DISABILITY FUND

Another feature of our proposal is that the funds for disability payments are earmarked in a wholly separate fund. These moneys will not be commingled in any way with the funds for old age insurance or for widows and orphans. The contribution income and the disbursements for disability payments will be kept completely distinct and separate. In this way the cost of disability benefits always will be definitely known and the costs always will be shown separately.

The disability program is limited to a total of one-quarter of 1 percent of payroll from employers, one-quarter of 1 percent from employees' and three-eighths of 1 percent from the self-employed and disbursements cannot exceed the amount available for this purpose. Thus, the argument that has been made against the original proposal as considered by the Finance Committee, namely, that the cost of the proposal cannot be determined, is met by our amendment. Moreover, another argument that was made against the original proposal that the program eventually may cost more than originally estimated and may thus divert some of the funds from old-age or survivors insurance is also met by our proposal. Senators who have had any doubts about the financial aspects of the proposal can vote for the amendment with complete assurance as to its financial soundness.

ADMINISTRATIVE FEASIBILITY

Mr. President, I have enumerated eight specific requirements that are necessary in order to qualify for the permanent-total-disability benefits in the bill. I have also pointed out that under our proposal the financing of the proposal would be separately earmarked. I have given these provisions careful study. I say to you now—in all earnestness—that these requirements safeguard the program. It is my considered judgment that Senators may confidently vote for this proposal with assurance that it will be soundly administered.

One of the arguments which sometimes is made against the disability insurance proposal is that it is administratively difficult to determine disability in certain types of cases. I am willing to admit the validity of the point that it is more difficult to determine disability in some cases than to determine age or the fact of death. But we do determine unemployment under the unemployment insurance program of the Social Security Act and I venture to state that it is also difficult to determine unemployment in some individual cases.

But, with the administrative skills we have in this country we have not shied away from determining unemployment or disability just because there are some difficult cases. If every time someone indicated that there were some problems in the administration of any program, we would give up that program, then we would not have any programs for anything. Wherever there are human beings there are problems. It is our duty to face these human problems and try to solve them to the best of our ability.

As a matter of fact we are now determining disability in the social-security program and have been doing so for many months. Under the amendments enacted in 1954, each individual who is determined to be disabled has his insurance rights frozen to protect his old-age and survivors insurance benefits.

Under the proposal I am making, the same definition of disability would be used, the same medical information would be obtained, the same procedures and medical standards would be utilized, and the existing administrative machinery would serve both for the disability freeze and the payment of disability benefits.

The administration of the disability freeze is proceeding satisfactorily. The hearings before the Finance Committee have a full report on this matter at pages 39 to 48. Relationships with doctors, hospitals, and other medical groups are satisfactory. The House and Senate Appropriations Committees have reviewed the operation of the disability freeze in connection with this year's appropriations. No criticisms have been advanced by anyone during the hearings regarding the administration of disability under the existing definition or procedures.

Since we are going to use the same definition and procedures for the payment of disability benefits, I believe we have a good solid administrative basis on which to operate the disability insurance program. The Social Security Administration has operated the existing social-security laws economically, efficiently, and carefully. I have complete confidence in their ability to administer disability insurance benefits. The officials of the Social Security Administration worked out the technical details in the disability provisions as passed by the House and I am sure, therefore, that the provisions are workable in every respect.

In addition to the fact that disability determinations are being made every day in the social-security program, Congress has also authorized the determination of disability as well as the payment of disability benefits under a number of other Federal laws. The railroad retirement system is most comparable with the social-security system in that it is a contributory social-insurance plan for industrial and commercial employees. Disability determinations and payments are being made under that program to the complete satisfaction of the Railroad Retirement Board, railroad management, railroad labor, and the medical profession.

In the nine different retirement systems for Federal civilian employees, disability determinations and payments are being made. Disability beneficiaries under the civil service retirement system in 1953 represented only 3.1 percent of the number of covered employees. Members of Congress and legislative employees have the same disability protection as do employees of the executive branch. In my opinion, similar disability insurance protection should be available to all industrial, farm, commercial, business, and professional groups.

The Tennessee Valley Authority also includes disability in its retirement plan as does the Board of Governors of the Federal Reserve System.

Disability insurance provisions were included in United States Government life insurance sold to men in military service in both World War I and II.

Moreover, State and local retirement plans for public employees, teachers, and policemen and firemen all include disability provisions.

The various States are determining disability under the disability assistance provisions of the Social Security Act (title XIV) as well as under their workmen's compensation programs.

All of these programs I have mentioned have been enacted by the Congress. They are sound and desirable. They have been proven to be administratively feasible and necessary. All we are asking today is that Congress now accept and extend the same principle to the rest of our working population covered by the social-security system. We ask only that the persons covered under the social-security system and their employers be allowed to contribute toward this protection. Not a single cent of the cost is to be borne out of general revenues.

We are not asking for authorization for appropriating funds from general revenues. We are asking that self-supporting Americans be allowed to contribute toward their own security so they will not need to rely on aid from general revenues.

Mr. President, I have studied this proposal from every angle. We have had the proposal before the Finance Committee since 1950. We have had it studied by several independent advisory groups. It is sound and practical. It is humanitarian and at the same time realistic and workable.

All of the experience in the administration of disability programs has been studied and evaluated by the Government agencies and by the Advisory Council of 1948 which reported on this subject. I would like to quote the conclusion of this Advisory Council on this matter of administration. They said: "We believe that there is enough administrative ability in our Government organization to provide effective machinery for meeting this pressing social need."

Some of the doctors who appeared before the Finance Committee pointed out some of the medical problems involved in determining disability as a basis for their opposition to the disability proposal. I have more faith and confidence in the doctors than they seem to have in themselves. I have confidence in their professional skill and abilities and in their integrity. They are making medical reports at the present time on disabled persons in all these other Federal and State retirement programs. I see no reason why they cannot do so for social security. The fact of the matter is they are making disability reports right now under the disability freeze and they are doing this job cooperatively and satisfactorily.

I have consulted with the two previous commissioners of social security and they tell me that they are convinced the disability insurance proposal is sound in its basic conception and administratively feasible. Arthur J. Altmeyer, who was in charge of the social-security program from its inception until 1953, has stated that this disability proposal can be administered satisfactorily. John W. Tramburg, who was the first commissioner of social security appointed in 1953 by the present administration, has wholeheartedly endorsed the proposal. Mr. Tramburg was responsible for initiating the administration of the disability freeze program in 1954 and he is convinced that the Social Security Administration can efficiency handle this matter based upon their successful handling of the disability freeze. The testimony

of State public welfare administrators indicated that they believed the disability insurance program was sound and feasible.

The disability insurance proposal has been studied for many years. Every aspect has been carefully investigated. We know more about the disability problem and how to administer the program than we did about old-age insurance in 1935 when we enacted the original program. Extensive public hearings have been held on the disability proposal. Expert groups have studied it very carefully.

I should like to point out that in 1938 the American Medical Association endorsed disability insurance. In 1944 the United States Chamber of Commerce endorsed disability insurance benefits beginning at age 55. Marion B. Folsom was the chairman of the chamber's committee. He supported the principle of disability insurance at that time. This recommendation was endorsed by 67 percent of the chamber's membership. In 1945 the various private insurance companies endorsed the chamber's proposal.

In 1948, the advisory council on social security to the Senate Finance Committee appointed by the distinguished senior Senator from Colorado, voted 15 to 2 in favor of disability insurance benefits without any age restriction. In 1950 and 1954 the Congress adopted every major recommendation of this council. Only the disability insurance recommendation remains to complete their splendid work which began nearly 10 years ago.

In addition to the views of these outstanding experts, I have just received a letter from eight outstanding citizens advocating disability insurance. They are:

Dr. Sarah Gibson Blanding, president of Vassar College;

Joseph W. Fichter, past master of the Ohio Grange;

Miss Elizabeth Magee, general secretary of the National Consumers League;

Mrs. Agnes Meyer, of the Washington Post;

Dr. Ellen Potter, M. D., of New Jersey;

Miss Ollie A. Randall, vice chairman of the national committee on aging, National Social Welfare Assembly;

Dr. Edward S. Rogers, M. D., at School of Public Health, University of California; and

Mrs. Theodore O. Wedel, president, United Church Women.

In addition, both the AFL-CIO and numerous State public welfare administrators endorsed disability insurance in the hearings. So did the American Nurses Association, the American Association of University Women, and the American Public Welfare Association.

There is thus widespread support from the general public and from experts for disability insurance. The addition of disability insurance protection to the tens of millions of men and women now participating in the social-security program would give the same kind of protection against the catastrophes of crippling injury and disease as has long been provided for Government employees, and employees of certain large private organizations. The time for this addition to the basic individual protection program of the Nation is now—not 2 years from now, or 4 years from now, or at some distant time when the cost estimates may have been refined to the sixth decimal point and tons of papers, and analyses, and studies stacked. For no amount of figuring or estimating or assessing will detract a whit from the elemental fact that a cash disability payment is an essential and inevitable part of the old-age and survivors insurance program. Let us do the constructive thing, the sensible and needed and practical thing, and put it there without further delay.

REHABILITATION

Of course, we all recognize that the ideal help for the disabled is their complete rehabilitation into nondisabled status. But of what present use is that abstract principle, sounds as it is, to the multiplied thousands of unfortunate men and women in America who are incapacitated beyond real hope of recovery or of return to any kind of gainful activity? What of the unskilled worker who, after having worked and paid social security taxes for nearly 20 years, is blinded or crippled, and so must undergo a long period of convalescence, adjustment, and training before he can even hope to earn a living again?

For one, I would be humiliated to say to these disabled people that, because rehabilitation is the ideal answer to their problems, money to buy food, shelter and medicine would be less than ideal, and therefore we chose not to provide disability payments under the old-age and survivors insurance program. To add that those who lack means to purchase the necessities of life might apply to the public welfare offices for aid would be merely to beg another question. Why should one having contributed regularly for years to a Government program designed to make him independent of public welfare in retirement, be compelled to turn to public welfare when he is forced into retirement prematurely by disability? As many Senators present could verify from constituents' letters, the question has been a difficult one to answer. When we say to the disabled man of 50 or 60 that he has benefit rights but that he cannot collect upon them until he is 65, his reply is frequently that his condition is such that he cannot expect to live to 65. He may well point out with bitterness that in his state of disability retirement, his need for retirement benefits is much greater than it would have been in retirement in good health at age 65. He has had fewer years to accumulate savings and must bear the medical expenses that go with his condition. I must commend these facts to the earnest consideration of every Member of the Senate.

Mr. President, the disability benefits would certainly do no injury to the rehabilitation program with respect to a great number of people who are, for all practical purposes, beyond the reach of rehabilitation techniques we have today. As to those people who are capable of being rehabilitated, I find it difficult indeed to believe that, in any general sense, they would reject the hope and chance of resuming an active life simply because they can get a small monthly check by remaining disabled. The very highest benefit payable to a disabled person under the House bill would be $108.50 a month, and the average would be much lower, in the neighborhood of $70 to $80 a month.

The amount is simply not enough to put a premium on prolonged disability. Instead, is it not more reasonable that the regular monthly payments would enhance the prospects for rehabilitation? It seems clear to me that the better state of mind, the degree of relief from strain, that would often be provided by the checks would act to improve the disabled person's outlook and attitude, and thus make him a more likely subject for eventual rehabilitation. I cannot believe that any great proportion of the American people would be seduced into a life of unnecessary idleness and malingering by the disability benefit payable under this program.

COSTS AND FINANCING

At this point I want to comment on two important aspects of the proposal: The cost and the methods of financing the cost.

Detailed actuarial cost estimates will be found in the Finance Committee hearings at pages 57, 58, 59, and 60. The Chief Actuary of the Social Security Administration has stated that the intermediate cost of the disability proposal is equivalent to about four-tenths of 1 percent of the payroll. That means that the cost can be completely financed by the employees paying two-tenths of 1 percent of payroll and the employer paying the remaining two-tenths of 1 percent. However, in the interest of sound financing in our amendment we have placed the contribution rate at one-quarter of 1 percent on employees and a similar rate on employers. Moreover, the estimates given by the actuary are the long-run costs assuming there is no further improvement in employment or earnings in the United States. Moreover, it assumes no improvement in the rehabilitation of the disabled. These are very pessimistic assumptions which I do not share. It is my opinion, therefore, that these estimates overstate the cost.

Nevertheless, I am willing to accept the estimates of the actuary for our present discussion because whatever the proposal costs I believe the people and the economy of the United States are willing and able to pay for the care of their disabled men and women. I do not think one-quarter of 1 percent of payroll is a tremendous burden on the employees of this country; nor is this amount a crushing burden for business to set aside each year for the care of the disabled.

According to the estimates of the actuary the proposal would cost substantially less than four-tenths of 1 percent of payroll for many, many years to ocme. In the first year, it would cost only about eleven-hundredths of 1 percent of payroll and by the fourth year would only be about one-quarter of 1 percent of payroll. This cost is so small that by itself it would not justify an increase in the payroll tax at this time.

The next increase in social-security taxes is scheduled for 1960. In the pending bill we have included provisions for the establishment of an Advisory Council to study the financing of the program and to report back to Congress prior to 1960 with any recommendations. The bill provides for the established of such an Advisory Council at the time of each scheduled increase. Thus, there is adequate protection in the bill to assure that the financing of the program will be retained on a sound basis.

One further word on costs and financing of disability: The people of the United States do not intend to allow their fellow citizens, their neighbors, their relatives and friends, to become disabled without some aid and protection. Already 400,000 disabled persons are receiving public assistance through State public welfare departments. This aid is financed, in part, from Federal funds. It is clear, therefore, that we are caring for the disabled and we will continue to care for the disabled. This cost is already being borne by the general taxpayer out of general revenues. By covering the risk of permanent total disability under the social-security program, we can reduce these costs to the general taxpayer and at the same time have a more dignified method of dealing with this human problem.

In addition to reducing the cost for the general taxpayer, there is another important effect of paying a disabled person under the social-security system rather than through public relief. Many of the States with per capita incomes lower than the national average, which includes many States in the South and the Midwest, cannot afford to pay as much as the States with per capita incomes over the national average. While the national average being paid to persons on permanent total disability assistance was $56.53 per month in March 1956, this average varied from $116.70 in Connecticut, to $24.54 in Mississippi. In my State of Georgia the average was $42.21. In Virginia the average was $39.91. In Oklahoma, $58.28 and Colorado, $57.80. No matter how hard you try these wide variations cannot be justified on grounds of differences of cost of living.

But if disability payments are made under the insurance provisions of the social-security program, they will be based on the

previous earnings of the disabled man. Consequently, the payment to disabled individuals will be in some reasonable relation to their previous standard of living and earnings. They will be somewhat more adequate in the South than present public assistance payments and will thus help to maintain income and purchasing power and raise the standards of living.

CONCLUSION

Mr. President, the social security legislation to be enacted by this Congress is the last which I shall have the opportunity to influence as a Member of this body. For that and many other reasons, I have had an especially keen interest, and I think an understandable one, in the direction and development of the legislation before us. I have had the great honor and privilege to be a Member of the Senate throughout the life of this very important program. I sat here when it was first enacted into being over 20 years ago, and when controversy surrounded its very principle. It was new and different then, and we approached it with much more caution than confidence. But it worked, and it grew in favor, because it was soundly conceived and administered with understanding and skill.

Successive Congresses, realizing these things, increased its size and scope, until today the old-age and survivors insurance system pays monthly benefits to more than 8 million people, provides basic protection against want in old age or in orphanhood, or widowhood to 9 out of 10 American families and pays out more than 5 billion dollars a year. The Congress has not been loath to adapt and extend this program of protection as time and experience have pointed the way. There has developed through the years a feeling both in and out of Congress that the contributory social insurance principle fits our times—that it serves a vital need that cannot be as well served otherwise. It comports better than any substitute we have discovered with the American concept that free men want to earn their security and not ask for doles—that what is due as a matter of earned right is far better than a gratuity. And so the social security system—now tried and proved by nearly a generation of experience—is once more surveyed by the Congress. What we decide, how we dispose of the legislation before us, will not only affect the rights of participants generally, but will be of immediate and urgent interest to many thousands of our older citizens and disabled citizens in every State and every community in the Nation.

Mr. President, I regret to differ with the recommendation of my great friend, the distinguished senior Senator from Virginia, but I must in candor assert that the bill now before us has been shorn of its most valuable and needed provision. The removal from the bill of the provision for cash disability benefits is a backward step. I am convinced that the provision is timely, practicable, and workable, and that it ought to be restored by the Senate.

Many persons who become permanently disabled, whether from cancer, a heart attack, polio, blindness or other causes, use up all their savings and sooner or later become dependent on private charity or public relief. Under my proposal they will be able to remain self-supporting with the aid of a regular monthly social-security payment toward which they will have contributed during their working lifetime.

Social security is not a handout; it is not charity; it is not relief. It is an earned right based upon the contributions and earnings of the individual. As an earned right, the individual is eligible to receive his benefit in dignity and self-respect.

Mr. President, the proposal to include disability benefits in the social security program is part of the age-old struggle to improve conditions for our fellow men. It is part of the movement to prevent suffering and human misery.

We have come a long way in the past 20 years in the social security measures we have adopted to relieve human suffering and misery. We have not reached the goal of perfection. But we have made steady progress.

I am proud to have been intimately connected with every step in the evolution of the social security program since it was established in 1935. As a member of the Finance Committee, I believe we have over the years built slowly and surely on a solid foundation.

Now we come to what is a vital decision. Are we going to continue to ask our disabled to rely on relief or are we going to improve the insurance system to help meet this risk?

I am willing to stake my reputation on one prediction: the movement for the improvement of the disabled will not stop if disability insurance is defeated this year. It will only become more intensified. You cannot hold back a sound tested movement whose objective is to help the crippled, the blind, the disabled.

We have passed legislation to help build public roads and public housing, to improve our rivers, our agriculture, our crops and soil. We have passed legislation to provide foreign aid and technical assistance. Is the welfare of our disabled any less important?

We have adopted legislation providing insurance payments under the Social Security Act to the aged, to widows and orphans, and the unemployed. Are the disabled any less deserving?

Mr. President, my proposal to pay disability benefits would help everyone in the community. It would help the disabled person and his family. It would help the disabled person's children to continue their education. It would help the disabled man or woman to pay his rent, his grocery and doctor's bill, and his life insurance premiums.

These are practical reasons for supporting the proposal. They are good reasons. They are important reasons.

But I should also like to appeal to Members of the Senate for support of the proposal on the grounds of humanitarianism, on the grounds of Christian charity, on the grounds of building a better life for the men and women who have worked to make our country great and strong.

As I look back over my many years in the Senate, I recall many great issues and debates, many controversies and crucial votes. The vote on this issue may not seem as important to other Senators as it seems to me. I respect the convictions of other Senators and I know the sincerity and conscientious devotion they have to their responsibilities. I hope that other Senators will find it reasonable and timely to join with me in making another advance in humanitarian progress.

Mr. President, it is not pleasant to differ so markedly and so strongly with the majority of the able committee of which I have for so long been a member, but it is with a sense of rightness and conviction that I recommend the adoption of the amendment I have discussed. It represents an addition to social security protection that will be valued and appreciated not only by the thousands upon thousands of older women and disabled people who would derive early payments because of the amendment, but also by millions of other Americans to whom the amendments would bring an added sense of security. This Nation, blessed by an abundance beyond the dreams of others, cannot afford to be penurious, timid, and mean in the search for ways to make the life of its aged and infirm a better and easier and happier one. The provision I recommend to you would contribute materially to that high purpose. It has been carefully drawn and studied. While the amendment is somewhat long and complex, this is largely due to the necessity of repeating many provisions in existing law. The amendment has been carefully prepared by the Senate legislative counsel. As I have pointed out, the purpose of the amendment is very simple. I urge your support of the amendment that we may set it into operation to provide a measure of hope, and relief, and freedom from anxiety for American citizens in every State and section of this land.

ACTUARIAL COST ESTIMATES

FOR

THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY AMENDMENTS TO THE SOCIAL SECURITY ACT IN 1956

JULY 23, 1956

Prepared for the use of the Committee on Ways and Means
by Robert J. Myers, Actuary to the Committee

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[1] Died September 19, 1955.
[2] Appointed January 12, 1956.

ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY AMENDMENTS TO THE SOCIAL SECURITY ACT IN 1956

A. INTRODUCTION

This actuarial study presents long-range cost estimates for the old-age, survivors, and disability insurance provisions of H. R. 7225 (Social Security Amendments of 1956) according to agreement of the committee of conference on July 20, 1956. This bill was passed by the House of Representatives on July 18, 1955, and an amended version was passed by the Senate on July 17, 1956. Also included in these cost estimates is the effect on the system of H. R. 7089 (Servicemen's and Veterans' Survivor Benefits Act), on which there was conference agreement on July 16, 1956, and subsequent adoption of the conference report by both the House of Representatives and the Senate. This latter legislation covers members in the uniformed services under the old-age, survivors, and disability insurance program on a regular contributory basis.

From an actuarial cost standpoint, the main features of these two bills, as agreed to by the conference committees, are as follows:

(1) Monthly benefits at or after age 50 to insured workers who are totally and permanently disabled.

(2) Reduction of the minimum eligibility age for women from 65 to 62 (applicable to women workers, to wives of insured workers, and to widows and dependent mothers of deceased insured workers), but with reduced benefits for women workers and wives claiming benefits before age 65, such reductions closely approximating "actuarial" reductions (so that only slight increased cost to the system is involved; also some slight increased cost is involved because benefits for women workers may be computed at age 62 rather than at age 65 so that an additional dropout of 3 years of low earnings is possible).

(3) Child's benefits (either as a dependent of a retired worker or as a survivor of a deceased worker) payable regardless of age if totally and permanently disabled (and have been so disabled since before age 18), and in such cases benefits also payable to the mother.

(4) Extension of coverage to all self-employed professional groups excluded under existing law except for doctors (namely, extension to lawyers, dentists, etc.), and to members of the uniformed services (on a regular contributory basis with equal contributions from the serviceman and from the Government as employer).

(5) Increase in the contribution schedule by one-half of 1 percent in the combined employer-employee contribution rate (and by three-eighths of 1 percent for the self-employed) so that such rate would be 4½ percent until 1960, then rising gradually until the ultimate rate of 8½ percent is reached in 1975 (this additional one-half of 1 percent contribution is to be allocated to the disability insurance trust fund).

(6) Reimbursement of old-age and survivors insurance trust fund for the additional benefits paid in the past as a result of the gratuitous $160 military service wage credits in effect from September 1940 through December 1956 (reimbursement over a 10-year period in the future), and also such reimbursement for future costs of such wage credits as these costs arise.

(7) Revised interest basis for trust fund investments so that obligations issued directly to the trust fund carry an interest rate based on the long-term marketable public debt (rather than on the entire public debt) and, further, so that any rounding of such rate shall be to the nearest one-eighth of 1 percent rather than to the next lower one-eighth of 1 percent.

The above changes have various effective dates. The disability benefits are first payable for July 1957. The benefits payable to women as a result of the reduction in the minimum eligibility age are first payable for November 1956. The disabled child's benefits are first payable for January 1957. The extension of coverage to the self-employed professional groups is first effective, in general, for the calendar year 1956. The extension of coverage to the uniformed services is effective in January 1957. The increase in the contribution rates becomes effective in January 1957.

B. FINANCING POLICY

Cost aspects have been carefully considered by the Congress in determining the benefit provisions of the old-age and survivors insurance system at the time of the various amendments to the program. In regard to the 1950 amendments, the Congress was of the belief that the program should be completely self-supporting from contributions of covered individuals and employers and accordingly repealed the provision permitting appropriations to the system from general revenues of the Treasury. In the subsequent amendments of 1952 and 1954, this policy was continued. The Congress has always very strongly believed that the system should be actuarially sound. The Congress continues to believe that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen, or in other words, actuarially sound.

The concept of actuarial soundness as it applies to the old-age and survivors insurance system differs considerably from this concept as applicable to private insurance although there are certain points of similarity—especially in regard to private pension plans.

The most important difference is due to the fact that a social insurance system can be assumed to be perpetual in nature, with a continuous flow of new entrants (as a result of its compulsory nature). Accordingly, it may be said that the old-age and survivors insurance program is actuarially sound if it is in actuarial balance by reason of the fact that future income from contributions and interest earnings on the accumulated trust fund will, over the long run, support the disbursements for benefits and administrative expenses. Quite obviously, future experience may be expected to vary from the actuarial cost estimates made now, but the intent that the system be self-supporting (or actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to an intermediate cost estimate, results in the system being in balance, or quite close thereto.

The system's actuarial balance under the 1952 act was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted; this was the case because of the rise in earnings levels in the 3 years preceding the enactment of the 1952 act being taken into consideration in those estimates. New cost estimates made after the enactment of the 1952 act indicated that the level-premium cost (i. e., the average long-range cost, based on discounting at interest, relative to payroll) of the benefit disbursements and administrative expenses were somewhat more than one-half of 1 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

The 1954 amendments as passed by the House of Representatives contained an adjusted contribution schedule which met not only the increased cost of the benefit changes in the bill, but also reduced the aforementioned lack of actuarial balance to the point where, for all practical purposes, it was sufficiently provided for. The bill as it passed the Senate, however, contained several additional liberalized benefit provisions without any offsetting increase in contribution income. Accordingly, although the increased cost of the new benefit provisions was met, the "actuarial insufficiency" of the 1952 act was left substantially unchanged. The benefit costs for the 1954 amendments as finally enacted fell between those of the House- and Senate-approved bills. Accordingly, it may be said that under the 1954 act the increase in the contribution schedule met all of the additional cost of the benefit changes proposed and at the same time reduced substantially the "actuarial insufficiency" which the estimates had indicated in regard to the financing of the 1952 act.

Recent operating experience of the program has indicated that earnings levels have risen by about 15 percent over those used in the previous actuarial estimates (based on 1951–52 levels). Taking this factor into account reduces the "actuarial insufficiency" under the 1954 act to the point where for all practical purposes it may be said to be nonexistent. Accordingly, the system is in approximate actuarial balance. It is recognized that future cost estimates, particularly if earnings continue to rise, may indicate that a lower schedule of contribution rates will provide for a self-supporting system. Despite this, however, the House Ways and Means Committee stated in its report, referred to previously, that the policy should be one of utmost prudence in this area to assure the continuing actuarial soundness of the system.

C. BASIC ASSUMPTIONS FOR COST ESTIMATES

Estimates of the future cost of the old-age, survivors, and disability insurance program are affected by many factors that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable. Benefit payments may be expected to increase continuously for at least the next 50 to 70 years because of factors such as the aging of the population of the country and the inherent slow but steady growth of the benefit roll in any retirement program, public or private, that has been in operation for only a relatively short period.

The cost estimates are presented here first on a range basis so as to indicate the plausible variation in future costs depending upon the

actual trend developing for the various cost factors. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the level prevailing in 1955. Following the presentation of the cost estimates on a range basis, intermediate estimates developed directly from the low- and high-cost estimates (by averaging them) are shown so as to indicate the basis for the financing provisions.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo but also, and to a greater extent, the income of the system. The result is that the cost relative to payroll will decrease.

The low- and high-cost assumptions relate to the cost as a percentage of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, and so forth.

In general, the cost estimates have been prepared on the basis of the same assumptions (other than as to earnings) and techniques as those contained in the Social Security Administration's actuarial study No. 39 (relating to the 1954 act).

As to the bases of the estimates for the monthly disability benefits, the following assumptions—used for the estimates for similar benefits in the House version of H. R. 6000 in 1949 (H. Rept. No. 1300, 81st Cong.), which subsequently became law as the Social Security Act Amendments of 1950 (but without the monthly disability benefits)—were in essence, used here:

(*a*) *Low cost.*—Disability incidence rates for men are about 45 percent of class 3 rates (experience of life-insurance companies under disability-income policies for the early 1920's, modified for a 6-month waiting period). Incidence rates for women are 50 percent higher. Termination rates are German social-insurance experience for 1924–27, which is the best available experience as to relatively low disability termination rates.

(*b*) *High cost.*—Disability incidence rates for men are 90 percent of the so-called 165 percent modification of class 3 rates (which includes increasingly higher percentages for ages above 45); this modification corresponds roughly to insurance-company experience during the early 1930's. Incidence rates for women are 100 percent higher. Termination rates are class 3 rates.

The incidence rates used for both estimates are reduced 10 percent because, unlike the general definition in insurance-company policies, disability is not presumed to be total and of expected long-continued duration after 6 months' duration but rather must be so proven then.

It will be noted that the low-cost estimate includes low incidence rates (which taken by themselves produce low costs) and also low termination rates (which taken by themselves produce higher costs, but which are felt to be necessary since, with low incidence rates—meaning only severely disabled beneficiaries—there would tend to be low termination rates because there would be few recoveries). On the other hand, the high-cost estimate contains high incidence rates that are somewhat offset by high termination rates.

It is believed that these cost estimates for the monthly disability benefits are as good an indication of such costs as are now possible.

Nonetheless, it is recognized that in a new field such as this more valid estimates are possible only after operating experience has developed from the provisions being in effect for several years. As indicated above, disability incidence and termination rates can vary widely—much more so than mortality rates, which are basic insofar as retirement and survivor benefit costs are concerned.

The cost estimate for old-age and survivors insurance benefits are extended beyond the year 2000 since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with subsequent experience and, as a result, there will be a dip in the relative proportion of the aged from 1995 to about 2010, which, in itself, would tend to yield low benefit costs for that period. Accordingly, the year 2000 is by no means a typical ultimate year. The progress of the separate disability insurance trust fund is, however, shown only as far as 1975 since by that time the cost as a percentage of payroll has reached its estimated ultimate level.

An important measure of long-range cost is the level-premium contribution rate required to support the system into perpetuity, based on discounting at interest. It is assumed that benefit payments and taxable payrolls remain level after the year 2050 (actually the relationship between benefits and payroll is virtually constant after about 2020). If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred load.

The estimates are based on level-earnings assumptions. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they rise steadily as the population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits for those on the roll are at some time adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present act, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits nevertheless would not be changed, the cost relative to payroll would, of course, be lower. If benefits are adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. In such case, however, this would not be true as to the level-premium cost—which would be higher, since under such circumstances, the relative importance of the interest receipts of the trust fund would gradually diminish with the passage of time. If earnings do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust fund will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

Financial interchange provisions with the railroad retirement system are, under present law, in effect so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position as if railroad employment had always been covered under the old-age, survivors, and disability insurance program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small net gain to the old-age, survivors, and disability insurance system, since the reimbursements from the railroad retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the trust funds on the basis, as provided in the law, that all railroad employment will be (and beginning with 1937, has been) covered employment. The balance in the funds thus corresponds exactly to the actual situation arising. But the contribution income and benefit disbursement figures shown are slightly higher (by about 5 percent) than the payments which will actually be made directly to the trust funds from contributors and the payments which will actually be made from the trust funds to the individual beneficiaries. This is the case because the figures here include both the additional contributions which would have been collected if railroad employment had always been covered and the additional benefits that would have been paid under such circumstances. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions.

D. RESULTS OF COST ESTIMATE ON RANGE BASES

Table 1 presents costs as a percentage of payroll for each of the various types of benefits. The level-premium cost of the benefits provided as a result of the 1956 amendments, on the basis of 2.6 percent interest, ranges from approximately 7.0 to 9.1 percent of payroll (including disability benefits as well as old-age and survivors insurance benefits).

Table 2a shows the estimated operations of the old-age and survivors insurance trust fund, while table 2b relates to the disability insurance trust fund. Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is growing at a rate of about $7 billion a year and is then about $190 billion. Likewise, the disability insurance trust fund grows steadily, reaching about $12 billion in 1975, at which time its annual rate of growth is about $700 million. For both trust funds, benefit disbursements do not exceed contribution income in any year shown.

On the other hand, under the high-cost estimate the old-age and survivors insurance trust fund builds up to a maximum of $45 billion in about 25 years (although it is virtually level at about $25 billion during the 1960's), but decreases thereafter until it is exhausted shortly after the year 2000. Benefit disbursements from the old-age and survivors insurance trust fund are smaller than contribution income during most of the years before 1980 (the exceptions being those years shortly before the several scheduled rises in the contribution rate—even then, interest receipts are usually sufficient to offset such deficits). As to the disability insurance trust fund, in the early years of operation, contribution income materially exceeds benefit

outgo. This is especially true in 1957 because contributions are collected during most of the year, and benefits are payable only for the latter half of the year (actually only 5 months' disbursements would come out of the trust fund because benefits are payable after the end of the month to which they apply). The disability insurance trust fund, as shown by this estimate, would be about $500 million at the end of 1957 and would then slowly increase, reaching a maximum of about $1.3 billion between 1960 and 1965; the fund would then slowly decrease until exhaustion in 1975. Quite obviously, if actual operating experience were less favorable than under the high-cost estimate, the fund would rise to a lower peak and would be exhausted earlier.

These results are consistent and reasonable, since the system on an intermediate-cost estimate basis is intended to be approximately self-supporting, as will be indicated hereafter. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950, 1952, and 1954 acts, as set forth in the committee reports therefor and as continued in the 1956 amendments, the tax schedule would be adjusted in future years so that neither of the developments of the trust funds shown in tables 2a or 2b would ever eventuate. Thus, if experience followed the low-cost estimate, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that under the tax schedule adopted, there would be ample funds to meet benefit disbursements for several decades even under relatively high-cost experience.

E. RESULTS OF INTERMEDIATE-COST ESTIMATES

The intermediate-cost estimates are developed from the low-cost and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate, since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950, 1952, and 1954 acts, was of the belief that the old-age and survivors insurance program should be on a completely self-supporting basis or, in other words, actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact self-support cannot be obtained from a specific set of integral or rounded fractional tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

The contribution schedules contained in the 1954 act and in the 1956 amendments are as follows:

[Percent]

Calendar year	Employee rate (same for employer)		Self-employed rate	
	1954 act	1956 amendments	1954 act	1956 amendments
1957–59	2	2¼	3	3⅜
1960–64	2½	2¾	3¾	4⅛
1965–69	3	3¼	4½	4⅞
1970–74	3½	3¾	5¼	5⅝
1975 and after	4	4¼	6	6⅜

Table 3 gives an estimate of the level-premium cost of the 1954 amendments, tracing through the increase in cost over the 1954 act according to the major changes proposed. These level-premium costs are based on benefit payments from 1956 on.

It should be emphasized that in 1950 the Congress did not recommend that the system be financed by a high, level tax rate from 1951 on, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than the level-premium rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under a level-premium tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and United States Government life-insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

As will be seen from table 3, the level-premium cost of the benefits of the 1954 act—based on 2.4 percent interest—is about 7.5 percent of payroll, while the corresponding figure for the 1956 amendments—based on 2.6 percent interest is 7.9 percent.

The level-premium contribution rates equivalent to the graded schedules in the 1954 act and in the 1956 amendments may be computed in the same manner as level-premium benefit costs. These are shown in the table below for income and disbursements after 1955 (on the basis of the intermediate-cost estimate, at 2.4 percent interest for the 1954 act and 2.6 percent interest for the 1956 amendments):

[Percent]

Level-premium equivalent	1954 act		1956 amendments	
	Original estimate	Revised estimate	Old-age and survivor benefits	Disability benefits
Benefit costs [1]	7.77	7.45	7.43	0.42
Contributions	7.29	7.29	7.23	.49
Net difference [2]	.48	.16	.20	−.07

[1] Including adjustments (*a*) to reflect lower contribution rate for self-employed as compared with employer-employee rate, (*b*) for existing trust fund, and (*c*) for administrative expenses.

[2] A positive figure indicates the extent of lack of actuarial balance. A negative figure indicates more than sufficient financing (according to the estimate).

The revised contribution schedule in the 1956 amendments results in a one-half of 1 percent increase over the 1954 act schedule in the combined employer-employee rate beginning with 1957. In the old-age and survivors insurance portion of the system, the lack of actuarial balance is 0.20 percent of payroll, or somewhat greater than under the latest estimate for the 1954 act, although well below the corresponding figure for the present law when it was enacted in 1954. At the same time, the disability insurance trust fund shows a slight actuarial surplus according to this intermediate-cost estimate. This occurs because the one-half of 1 percent tax rate (which has a level-premium equivalent based on the period after 1955 of slightly less than 0.50 percent since it is collected from 1957 on, and thus was not in effect in 1956) is in excess of the level-premium equivalent of the benefit disbursements and administrative expenses combined. Considering the old-age, survivor, and disability benefits combined, the system shows a lack of actuarial balance of only 0.13 percent of payroll, or slightly less than under the 1954 act.

Table 4 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate for the 1954 act and the 1956 amendments. These figures are based on a future level-earnings assumption and do not reflect business cycles (which over a long period of years tend to average out). The benefit disbursements for 1957, the first full year of operation, are estimated at about $6.9 billion for the intermediate-cost estimate (as contrasted with contribution income of about $8.0 billion).

Table 5 presents the cost of the benefits under the 1956 amendments as a percent of payroll for each of the various types of benefits and is comparable with table 1 of the previous section.

Table 6 gives the estimated operation of the trust fund under the 1954 act, according to the intermediate-cost estimate using the revised earnings assumptions (based on 1955 levels) and with a 2.4 percent interest rate. Contribution income exceeds benefit and administrative expense disbursements in virtually all of the next 30 years. Accordingly, it is estimated that the balance in the fund would increase steadily until reaching a maximum of about $140 billion about 60 years from now, with a decrease thereafter.

Table 7 gives the estimated operation of the old-age and survivors insurance trust fund under the 1956 amendments (using a 2.6 percent interest rate), as well as the estimated operation of the disability insurance trust fund. The old-age and survivors insurance trust fund would have contribution income exceeding benefit disbursements during most of the next 30 years; in a few years (just before the scheduled contribution increases) this is not the case, but then the interest receipts cover the difference. As a result this fund is estimated to grow steadily until reaching a maximum of about $120 billion in about 60 years and then decrease. This slight decline in the very distant future indicates that the proposed tax schedule is not quite self-supporting but is, for all practical purposes, sufficiently close so that the system may be said to be actuarially sound. This general situation was also true for the 1950, 1952, and 1954 acts according to estimates made when they were being considered.

On the other hand, the disability insurance trust fund grows steadily, with the excess of contribution income over outgo for benefits and administrative expenses gradually narrowing, until by 1975 the differ-

ential is only about 10 percent relatively. This trust fund builds up slowly but steadily, reaching a figure of $6 billion at the end of 1975. This situation is to be expected since the estimated level-premium cost of the disability benefits, according to the intermediate-cost estimate, is about 0.4 percent of payroll, whereas the level-premium income is about 0.5 percent.

F. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age, survivors, and disability insurance system as modified by the 1956 amendments has a benefit cost (on the basis of the continuation of 1955 earnings levels) that is very closely in balance with contribution income. This also was the case for the 1950, 1952, and 1954 acts at the time that they were enacted. In fact, the system is even more nearly in actuarial balance, according to the intermediate-cost estimates, than the previous acts when they were considered by the Congress. Although in all these instances the system is shown to be not quite self-supporting under the intermediate-cost estimate, there is very close to an exact balance, especially considering that a range of error is necessarily present in long-range actuarial cost estimates and that rounded tax rates are used in actual practice. Accordingly, the old-age, survivors, and disability insurance program as amended by the 1956 amendments is actuarially sound, and in fact its actuarial status is improved since the cost of the liberalized benefits is more than met by the increased contributions scheduled (with such rise going fully into effect almost immediately upon the inauguration of the new benefit provisions).

The separate disability insurance trust fund established under the 1956 amendments shows a small favorable actuarial balance because the contribution rate allocated to this fund is slightly in excess of the cost for the disability benefits, based on the intermediate-cost estimate; considering the variability of cost estimates for disability benefits, this small actuarial excess is certainly no more than a moderate safety factor.

TABLE 1.—*Estimated benefit payments as percent of taxable payroll [1] for 1956 amendments, by type of benefit, high-employment assumptions*

[Percent]

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Disability monthly benefits	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's				
	Low-cost estimate									
1960	2.43	0.36	0.62	0.01	0.14	0.39	0.09	0.04	0.20	4.28
1970	3.37	.38	1.10	.01	.16	.43	.11	.06	.27	5.89
1980	4.30	.42	1.38	.01	.16	.42	.12	.07	.29	7.17
1990	4.96	.41	1.48	.01	.15	.41	.13	.08	.26	7.89
2000	4.81	.39	1.35	.01	.15	.40	.13	.07	.27	7.58
2020	5.45	.43	1.34	.01	.15	.40	.14	.08	.28	8.28
Level premium [3]	4.36	.40	1.22	.01	.15	.40	.12	.07	.27	7.00
	High-cost estimate									
1960	2.85	0.40	0.65	0.01	0.18	0.41	0.09	0.04	0.43	5.06
1970	3.99	.43	1.17	.01	.19	.43	.11	.06	.54	6.93
1980	5.20	.47	1.49	.02	.18	.40	.13	.08	.57	8.54
1990	6.37	.47	1.61	.02	.17	.38	.14	.09	.53	9.78
2000	6.68	.48	1.52	.02	.15	.34	.14	.09	.60	10.02
2020	8.87	.62	1.70	.02	.15	.33	.17	.12	.60	12.58
Level premium [3]	5.88	.50	1.38	.02	.16	.37	.13	.08	.57	9.09

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.
[2] Includes husband's and widower's benefits, respectively.
[3] At 2.6 percent interest. Level premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 2a.—*Estimated progress of old-age and survivors insurance trust fund under 1956 amendments, 2.6 percent interest, high-employment assumptions*

[In millions

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Low-cost estimate				
1960	$9,055	$7,639	$140	$676	$27,333
1970	14,389	11,867	157	1,227	49,594
1980	18,614	15,987	186	2,368	94,667
1990	20,278	19,322	215	3,508	138,818
2000	22,519	20,550	232	4,850	192,242
2020	26,455	26,394	287	9,372	369,722
	High-cost estimate				
1960	$8,976	$8,589	$177	$619	$24,524
1970	14,241	13,418	206	728	29,030
1980	18,138	18,017	248	1,109	43,692
1990	19,027	21,978	285	952	35,942
2000	20,299	23,906	308	134	3,346
2020	21,013	31,489	371	(1)	(1)

[1] Fund exhausted in 2001.

TABLE 2b.—*Estimated progress of disability insurance trust fund under 1956 amendments 2.6 percent, interest, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Low-cost estimate				
1957	$724	$73	$14	$8	$645
1958	902	239	18	25	1,315
1959	910	306	21	42	1,940
1960	918	375	25	57	2,515
1965	972	483	19	133	5,468
1970	1,036	572	23	213	8,633
1975	1,094	644	25	302	12,119
	High-cost estimate				
1957	$718	$160	$30	$7	$535
1958	894	520	40	18	887
1959	901	657	45	26	1,112
1960	908	796	52	30	1,202
1965	959	989	39	33	1,278
1970	1,023	1,136	46	22	804
1975	1,078	1,255	50	(1)	(1)

[1] Fund exhausted in 1975.

TABLE 3.—*Changes in estimated level-premium cost [1] of benefit payments as percent of payroll, by type of change, intermediate-cost estimate, high-employment assumptions, 1956 amendments*

[Percent]

	Level-premium cost [1]
Cost of 1954 act:	
1954 estimate (based on 1951–52 earnings level)	7.77
Current estimate (based on 1955 earnings level)	7.45
Effect of changes:	
Reducing minimum eligibility age for widows and dependent mothers to 62	+.19
Reducing minimum eligibility age for women workers and wives to 62	+.03
Monthly disability benefits after age 50 [2]	+.42
Disabled child's benefits	+.01
Extension of coverage	−.11
Revised interest basis for trust-fund investments	−.14
Total	+.40
Cost of system as amended by bill	7.85

[1] Level-premium contribution rate for benefit payments after 1955 and in perpetuity, taking into account (*a*) lower-contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses.

[2] Including administrative expenses.

TABLE 4.—*Estimated cost of benefit payments under 1954 act and under 1956 amendments, intermediate-cost, high-employment assumptions*

Calendar year	Amount (in millions)		In percent of payroll [1]		Calendar year	Amount (in millions)		In percent of payroll [1]	
	1954 act	1956 amendments [2]	1954 act	1956 amendments [2]		1954 act	1956 amendments [2]	1954 act	1956 amendments [2]
1957	$6,344	$6,945	3.61	3.83	1980	$16,236	$17,988	7.28	7.83
1958	6,714	7,648	3.79	4.18	1990	19,789	21,609	8.28	8.80
1959	7,084	8,182	3.97	4.43	2000	21,370	23,369	8.19	8.73
1960	7,454	8,679	4.14	4.67	2020	27,833	30,192	9.60	10.18
1970	12,057	13,496	5.92	6.42	Level-premium [3]			7.45	7.85

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.
[2] Including monthly disability benefits.
[3] Level-premium contribution rate for benefit payments after 1955 and into perpetuity, taking into account (*a*) lower contribution rate for self-employed as compared with employer-employee rate, (*b*) existing trust fund, and (*c*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050. Based on 2.4 percent interest rate for 1954 act and on 2.6 percent interest rate for 1956 amendments.

TABLE 5.—*Estimated benefit payments as percent of taxable payroll [1] for 1956 amendments, by type of benefit, intermediate-cost estimate, high-employment assumptions (in percent)*

Calendar year	Monthly benefits						Lump-sum death payments	Disability freeze	Disability monthly benefits	Total benefits
	Old-age	Wife's [2]	Widow's [2]	Parent's	Mother's	Child's				
	Actual data [3]									
1951	0.97	0.15	0.13	0.01	0.07	0.23	0.05			1.61
1952	1.06	.16	.15	.01	.07	.25	.05			1.76
1953	1.43	.21	.19	.01	.09	.29	.07			2.28
1954	1.75	.25	.23	.01	.10	.34	.07			2.74
1955	2.07	.30	.25	.01	.10	.36	.07			3.16
	Under 1956 amendments									
1960	2.64	0.38	0.64	0.01	0.16	0.40	0.09	0.04	0.31	4.67
1970	3.68	.40	1.13	.01	.18	.43	.11	.06	.41	6.42
1980	4.75	.44	1.43	.01	.17	.41	.12	.07	.43	7.83
1990	5.64	.44	1.54	.01	.16	.39	.13	.08	.39	8.80
2000	5.70	.43	1.43	.02	.15	.37	.14	.08	.43	8.73
2020	6.96	.51	1.50	.01	.15	.37	.15	.10	.42	10.18
Level premium [4]	5.06	.45	1.29	.01	.16	.39	.13	.07	.40	7.96

[1] Taking into account lower contribution rate for self-employed as compared with employer-employee rate.
[2] Includes husband's and widower's benefits, respectively.
[3] Excludes effect of railroad coverage under financial interchange provisions.
[4] At 2.6 percent interest. Level-premium rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund, and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

TABLE 6.—*Estimated progress of trust fund under 1954 act, intermediate-cost estimate, high-employment assumptions, 2.4 percent interest*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Actual data excluding effect of railroad financial interchange				
1951	$3,367	$1,885	$81	$417	$15,540
1952	3,819	2,194	88	365	17,442
1953	3,945	3,006	88	414	18,707
1954	5,163	3,670	92	468	20,576
1955	5,713	4,968	119	461	21,663
	Actual data including effect of railroad financial interchange				
1951	$3,520	$2,069	$85	$432	$16,034
1952	3,974	2,395	92	379	17,900
1953	4,099	3,245	91	421	19,034
1954 [1]	5,336	3,940	96	476	20,860
1955 [1]	5,913	5,290	123	466	21,826
	Estimated future experience				
1956	$6,747	$6,034	$132	$533	$22,940
1957	7,022	6,344	134	557	24,041
1958	7,030	6,714	136	580	24,851
1959	7,138	7,034	138	595	25,362
1960	8,652	7,454	140	621	27,041
1965	11,079	9,541	158	775	33,603
1970	13,872	12,057	178	979	42,605
1975	16,804	14,103	196	1,296	56,538
1980	17,848	16,236	212	1,727	74,392
2000	20,870	21,370	264	2,586	109,973
2020	23,186	27,833	322	3,235	135,551

[1] Preliminary estimate.

TABLE 7.—*Estimated progress of trust funds under 1956 amendments, 2.6 percent interest, intermediate-cost estimate, high-employment assumptions*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund
	Old-age and survivors insurance trust fund				
1956	$6,747	$6,068	$132	$533	$22,906
1957	7,259	6,829	149	599	23,786
1958	7,336	7,269	154	617	24,316
1959	7,450	7,700	156	627	24,537
1960	9,016	8,113	159	648	25,929
1965	11,503	10,465	170	780	31,216
1970	14,315	12,642	182	977	39,317
1975	17,317	14,787	200	1,297	52,346
1980	18,376	17,002	217	1,739	69,184
2000	21,409	22,228	270	2,492	97,802
2010	22,741	23,648	287	2,954	115,962
2020	23,734	28,940	330	2,868	110,410
	Disability insurance trust fund				
1957	$721	$116	$21	$8	$592
1958	898	379	29	22	1,104
1959	905	482	33	34	1,528
1960	913	586	38	43	1,860
1965	966	735	29	83	3,380
1970	1,030	854	34	118	4,729
1975	1,086	949	39	151	5,995

○

Public Law 880 - 84th Congress
Chapter 836 - 2d Session
H. R. 7225

AN ACT

All 70 Stat. 807.

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1956". Social Security Amendments of 1956.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

49 Stat. 622.
42 USC 401-422.

CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act is amended to read as follows: 42 USC 402.

"(1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child— 42 USC 416.

"(A) has filed application for child's insurance benefits,

"(B) at the time such application was filed was unmarried and either (i) had not attained the age of eighteen, or (ii) was under a disability (as defined in section 223 (c) which began before he attained the age of eighteen, and Post, p. 815.

"(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of eighteen and is not under a disability (as defined in section 223 (c)) which began before he attained such age, or ceases to be under a disability (as so defined) on or after the day on which he attains age eighteen." Post, p. 815.

(b) (1) Paragraphs (3), (4), and (5) of section 202 (d) of such Act are each amended by striking out "A child" wherever it appears and inserting in lieu thereof "A child who has not attained the age of eighteen".

(2) Section 202 (d) of such Act is further amended by adding at the end thereof the following new paragraph:

"(6) A child who has attained the age of eighteen and who is under a disability (as defined in section 223 (c)) which began before he attained the age of eighteen shall be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or his stepmother at the time specified in paragraph (1) (C) if the child— Post, p. 815.

"(A) was or would, upon filing an application therefor, have been entitled to a child's insurance benefit on the basis of the wages and self-employment income of such father, mother, stepfather, or stepmother for any month before the month in which he attained the age of eighteen, or

"(B) was, at the time specified in paragraph (1) (C), receiving at least one-half of his support from such father, mother, stepfather, or stepmother."

42 USC 402. (c) Section 202 (h) (1) of such Act (relating to parent's benefits) is amended by striking out "or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5)" and inserting in lieu thereof "an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), or an unmarried child who has attained the age of eighteen and is under a disability (as defined in Post, p. 815. section 223 (c)) which began before he attained such age and who is deemed dependent on such individual under subsection (d) (6)".

42 USC 403. (d) The first sentence of section 203 (a) of such Act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under Post, pp. 817, 816. section 222 (b), and after any reduction under section 224,".

Post, p. 814. (e) Section 203 (b) of such Act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following:

"For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance benefit for any month Post. p. 817. in which an event specified in section 222 (b) occurs with respect to such child. No deduction shall be made under this subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of eighteen or any subsequent month."

(f) Section 203 (d) of such Act (relating to occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)".

(g) Section 203 (h) of such Act (relating to circumstances under which deductions not required) is amended to read as follows:

"Circumstances Under Which Deductions and Reductions Not Required

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), Post, p. 817. (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

Post, p. 816. "(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

(h) (1) The amendments made by this section, other than subsection (c), shall apply with respect to monthly benefits under section 202 42 USC 402. of the Social Security Act for months after December 1956, but only, except as provided in paragraph (2), on the basis of an application filed after September 1956. For purposes of title II of the Social Security Act, as amended by this Act, an application for wife's, child's, or mother's insurance benefits under such title II filed, by reason of this paragraph, by an individual who was entitled to benefits prior to, but not for, December 1956 and whose entitlement terminated as a result of a child's attainment of age eighteen shall be treated as the Post, pp. 813, 814; ante, p. 807. application referred to in subsection (b), (d), and (g), respectively, of section 202 of such Act.

(2) In the case of an individual who was entitled, without the application of subsection (j) (1) of such section 202, to a child's insurance benefit under subsection (d) of such section for December 1956, such amendments shall apply with respect to benefits under such section 202 for months after December 1956. Ante, p. 807.

(3) The amendment made by subsection (c) shall apply in the case of benefits under section 202 (h) of the Social Security Act based on the wages and self-employment income of an individual who dies after August 1956. Applicability. Ante, p. 808.

RETIREMENT AGE FOR WOMEN

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows: 42 USC 416.

"Retirement Age

"(a) The term 'retirement age' means—

"(1) in the case of a man, age sixty-five, or

"(2) in the case of a woman, age sixty-two."

(b) (1) The amendment made by subsection (a) shall apply in the case of benefits under subsection (e) of section 202 of the Social Security Act for months after October 1956, but only, except in the case of an individual who was entitled to wife's or mother's insurance benefits under such section 202 for October 1956, or any month thereafter, on the basis of applications filed after the date of enactment of this Act. The amendment made by subsection (a) shall apply in the case of benefits under subsection (h) of such section 202 for months after October 1956 on the basis of applications filed after the date of enactment of this Act. Post, p. 831. Ante, p. 808.

(2) Except as provided in paragraphs (1) and (4), the amendment made by subsection (a) shall apply in the case of lump-sum death payments under section 202 (i) of the Social Security Act with respect to deaths after October 1956, and in the case of monthly benefits under title II of such Act for months after October 1956 on the basis of applications filed after the date of enactment of this Act. Post, p. 871.

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraphs (1) and (2) of this subsection)— 42 USC 415.

(A) a woman who attains the age of sixty-two prior to November 1956 and who was not eligible for old-age insurance benefits under section 202 of such Act (as in effect prior to the enactment of this Act) for any month prior to November 1956 shall be deemed to have attained the age of sixty-two in 1956 or, if earlier, the year in which she died;

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before November 1956 or the month in which she died, whichever month is the earlier; and

(C) the amendment made by subsection (a) shall not be applicable in the case of any woman who was eligible for old-age insurance benefits under such section 202 for any month prior to November 1956.

A woman shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of the Social Security Act for any month if she was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after October 1956. 42 USC 409.

(c) Section 202 of the Social Security Act is amended by adding after subsection (p) (added by section 114 of this Act) the following new subsections:

Post, p. 832.

"Adjustment of Old-Age and Wife's Insurance Benefit Amounts in Accordance With Age of Female Beneficiary

"(q) (1) The old-age insurance benefit of any woman for any month prior to the month in which she attains the age of sixty-five shall be reduced by—

"(A) 5/9 of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five.

"(2) The wife's insurance benefit of any wife for any month after the month preceding the month in which she attains the age of sixty-two and prior to the month in which she attains the age of sixty-five shall be reduced by—

"(A) 25/36 of 1 per centum, multiplied by

"(B) the number equal to the number of months in the period beginning with the first day of the first month for which she is entitled to such wife's insurance benefit and ending with the last day of the month before the month in which she would attain the age of sixty-five, except that in no event shall such period start earlier than the first day of the month in which she attains the age of sixty-two.

Nonapplicability.

The preceding provisions of this paragraph shall not apply to the benefit for any month in which such wife has in her care (individually or jointly with the individual on whose wages and self-employment income such wife's insurance benefit is based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income. With respect to any month in the period specified in clause (B) of the first sentence, if such wife does not have in such month such a child in her care (individually or jointly with such individual), she shall be deemed to have such a child in her care in such month for the purposes of the preceding sentence unless there is in effect for such month a certificate filed by her with the Secretary, in accordance with regulations prescribed by him, in which she elects to receive wife's insurance benefits reduced as provided in this subsection. Any certificate filed pursuant to the preceding sentence shall be effective for purposes of such sentence—

(i) for the month in which it is filed, and for any month thereafter, if in such month she does not have such a child in her care (individually or jointly with such individual), and

(ii) for the period of one or more consecutive months (not exceeding twelve) immediately preceding the month in which such certificate is filed which is designated by her (not including as part of such period any month in which she had such a child in her care (individually or jointly with such individual)).

If such a certificate is filed, the period referred to in clause (B) of the first sentence of this paragraph shall commence with the first day of the first month (i) for which she is entitled to a wife's insurance benefit, (ii) which occurs after the month preceding the month in which she attained the age of sixty-two, and (iii) for which such certificate is effective.

"(3) In the case of any woman who is entitled to an old-age insurance benefit to which paragraph (1) is applicable and who, for the

first month for which she is so entitled (but not for any prior month) or for any later month occurring before the month in which she attains the age of sixty-five, is entitled to a wife's insurance benefit to which paragraph (2) is applicable, the amount of such wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (2), be reduced by the sum of—

"(A) an amount equal to the amount by which such old-age insurance benefit for such month is reduced under paragraph (1), plus

"(B) an amount equal to—

"(i) the number equal to the number of months specified in clause (B) of paragraph (2), multiplied by

"(ii) 25/36 of 1 per centum, and further multiplied by

"(iii) the excess of such wife's insurance benefit prior to reduction under this subsection over the old-age insurance benefit prior to reduction under this subsection.

"(4) In the case of any woman who is or was entitled to a wife's insurance benefit to which paragraph (2) is applicable and who, for any month after the first month for which she is or was so entitled (but not for such first month or any earlier month) occurring before the month in which she attains the age of sixty-five, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five shall, in lieu of the reduction provided in paragraph (1), be reduced by the sum of—

"(A) an amount equal to the amount by which such wife's insurance benefit is reduced under paragraph (2) for such month (or, if she is not entitled to a wife's insurance benefit for such month, by an amount equal to the amount by which such benefit was reduced for the last month for which she was entitled thereto), plus

"(B) if the old-age insurance benefit for such month prior to reduction under this subsection exceeds such wife's insurance benefit prior to reduction under this subsection, an amount equal to—

"(i) the number equal to the number of months specified in clause (B) of paragraph (1), multiplied by

"(ii) ⅝ of 1 per centum, and further multiplied by

"(iii) the excess of such old-age insurance benefit over such wife's insurance benefit.

"(5) In the case of any woman who is entitled to an old-age insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (1) or (4), be reduced as provided in such paragraph, except that there shall be subtracted, from the number specified in clause (B) of such paragraph—

"(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of section 203 (b), 42 USC 403.

and except that, in the case of any such benefit reduced under paragraph (4), there also shall be subtracted from the number specified in clause (B) of paragraph (2), for the purpose of computing the amount referred to in clause (A) of paragraph (4)—

"(B) the number equal to the number of months for which the wife's insurance benefit was reduced under such paragraph (2), but for which such benefit was subject to deductions under
42 USC 403. paragraph (1) or (2) of section 203 (b) or under section 203 (c), and

"(C) the number equal to the number of months occurring after the first month for which such wife's insurance benefit was reduced under such paragraph (2) in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits.

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), and (C) of the preceding sentence is not less than three. For purposes of clauses (B) and (C) of this paragraph, a wife's insurance benefit shall not be considered terminated for any reason prior to the month in which she attains the age of sixty-five.

"(6) In the case of any woman who is entitled to a wife's insurance benefit for the month in which she attains the age of sixty-five or any month thereafter, such benefit for such month shall, if she was also entitled to such benefit for any one or more months prior to the month in which she attained the age of sixty-five and such benefit for any such prior month was reduced under paragraph (2) or (3), be reduced as provided in such paragraph, except that there shall be be subtracted from the number specified in clause (B) of such paragraph—

"(A) the number equal to the number of months for which such benefit was reduced under such paragraph, but for which such benefit was subject to deductions under paragraph (1) or (2) of
42 USC 403. section 203 (b) or under section 203 (c), and

"(B) the number equal to the number of months, occurring after the first month for which such benefit was reduced under such paragraph, in which she had in her care (individually or jointly with the individual on whose wages and self-employment income such benefit is based) a child of such individual entitled to child's insurance benefits,

and except that, in the case of any such benefit reduced under paragraph (3), there also shall be subtracted from the number specified in clause)B) of paragraph (1), for the purpose of computing the amount referred to in clause (A) of paragraph (3)—

"(C) the number equal to the number of months for which the old-age insurance benefit was reduced under such paragraph (1) but for which such benefit was subject to deductions under
42 USC 403. paragraph (1) or (2) of section 203 (b).

Such subtraction shall be made only if the total of such months specified in clauses (A), (B), and (C) of the preceding sentence is not less than three.

"(7) In the case of a woman who is entitled to an old-age insurance benefit to which paragraph (5) is applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to a wife's insurance benefit, the amount of such wife's insurance benefit for any month shall be reduced by an amount equal to the amount by which the old-age insurance benefit is reduced under paragraph (5) for such month.

"(8) In the case of a woman who is or was entitled to a wife's insurance benefit to which paragraph (2) was applicable and who, for the month in which she attains the age of sixty-five (but not for any prior month) or for any later month, is entitled to an old-age insurance benefit, the amount of such old-age insurance benefit for any month shall be reduced by an amount equal to the amount by which the wife's insurance benefit is reduced under paragraph (6) for such month (or,

if she is not entitled to a wife's insurance benefit for such month, by (i) an amount equal to the amount by which such benefit for the last month for which she was entitled thereto was reduced, or (ii) if smaller, an amount equal to the amount by which such benefit would have been reduced under paragraph (6) for the month in which she attained the age of sixty-five if entitlement to such benefit had not terminated before such month).

"(9) The preceding paragraphs shall be applied to old-age insurance benefits and wife's insurance benefits after reduction under section 203 (a) and application of section 215 (g). If the amount of any reduction computed under paragraph (1), under paragraph (2), under clause (A) or clause (B) of paragraph (3), or under clause (A) or clause (B) of paragraph (4) is not a multiple of $0.10, it shall be reduced to the next lower multiple of $0.10.

Ante, p. 808; post, p. 818.

"Presumed Filing of Application by Woman Eligible for Old-Age and Wife's Insurance Benefits

"(r) Any woman who becomes entitled to an old-age insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for a wife's insurance benefit for the same month shall be deemed to have filed an application in such month for wife's insurance benefits. Any woman who becomes entitled to a wife's insurance benefit for any month prior to the month in which she attains the age of sixty-five and who is eligible for an old-age insurance benefit for the same month shall be deemed, unless she has in such month a child in her care (individually or jointly with the individual on whose wages and self-employment income her wife's insurance benefits are based) a child entitled to child's insurance benefits on the basis of such wages and self-employment income, to have filed an application in such month for old-age insurance benefits. For purposes of this subsection an individual shall be deemed eligible for a benefit for a month if, upon filing application therefor in such month, she would have been entitled to such benefit for such month.

"Female Disability Insurance Beneficiary

"(s) (1) If any woman becomes entitled to a widow's insurance benefit or parent's insurance benefit for a month before the month in which she attains the age of sixty-five, or becomes entitled to an old-age insurance benefit or wife's insurance benefit for a month before the month in which she attains the age of sixty-five which is reduced under the provisions of subsection (q), such individual may not thereafter become entitled to disability insurance benefits under this title.

Ante, p. 810.

"(2) If a woman would, but for the provisions of subsection (k) (2) (B), be entitled for any month to a disability insurance benefit and to a wife's insurance benefit, subsection (q) shall be applicable to such wife's insurance benefit for such month only to the extent it exceeds such disability insurance benefit for such month.

Post, p. 818.

"(3) The entitlement of any woman to disability insurance benefits shall terminate with the month before the month in which she becomes entitled to old-age insurance benefits."

(d) (1) The last sentence of subsection (a) of section 202 of such Act is amended by striking out "Such" and inserting in lieu thereof "Except as provided in subsection (q), such".

42 USC 402.

(2) Clause (D) of subsection (b) (1) of such section is amended to read as follows:

"(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits based on a primary insurance amount

which is less than one-half of an old-age insurance benefit of her husband,".

(3) So much of such subsection as follows clause (D) is amended by striking out "or she becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of her husband" and inserting in lieu thereof "or she becomes entitled to an old-age insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of an old-age insurance benefit of her husband".

(4) Subsection (b) (2) of such section is amended by striking out "Such" and inserting in lieu thereof "Except as provided in subsection (q), such".

(5) Paragraph (1) (E) of subsection (c) of section 202 of such Act is amended by striking out "an old-age insurance benefit of his wife" and inserting in lieu thereof "the primary insurance amount of his wife".

(6) So much of paragraph (1) of such subsection as follows clause (E) is amended by striking out "an old-age insurance benefit of his wife" and inserting in lieu thereof "the primary insurance amount of his wife".

(7) Paragraph (2) of such subsection and the first sentence of subsection (d) (2) of such section are each amended by striking out "old-age insurance benefit" and inserting in lieu thereof "primary insurance amount".

(8) Subsection (j) of such section is amended by adding at the end thereof the following new paragraph:

Waiver. "(3) Notwithstanding the provisions of paragraph (1), a woman may, at her option, waive entitlement to old-age insurance benefits or wife's insurance benefits for any one or more consecutive months which occur—

"(A) after the month before the month in which she attains the age of sixty-two,

"(B) prior to the month in which she attains the age of sixty-five, and

"(C) prior to the month in which she files application for such benefits;

and, in such case, she shall not be considered as entitled to such benefits for any such month or months before she filed such application. A woman shall be deemed to have waived such entitlement for any such month for which such benefit would, under the second sentence of paragraph (1), be reduced to zero."

(9) Subsection (k) (3) of such section is amended to read as follows:

"(3) If an individual is entitled to an old-age insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month, after any reduction under 42 USC 403. subsection (q) and any reduction under section 203 (a), shall be reduced, but not below zero, by an amount equal to such old-age insurance benefit (after reduction under such subsection (q))."

(10) Subsection (m) of such section is amended by inserting "and subsection (q)" after "subsection (k) (3)" each time it appears therein.

42 USC 403. (11) Section 203 (b) (3) of such Act is amended to read as follows:

"(3) in which such individual, if a wife under age 65 entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit and such wife's insurance benefit for such Ante, p. 810. month was not reduced under the provisions of section 202 (q); or".

(12) The second and fourth sentences of section 216 (i) (2) of such Act are each amended by striking out "retirement age" and inserting in lieu thereof "the age of sixty-five". 42 USC 416.

DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections: Post, p. 817.

"DISABILITY INSURANCE BENEFIT PAYMENTS

"Disability Insurance Benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

"(B) has attained the age of fifty and has not attained the age of sixty-five,

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsection (c) (2)) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains the age of sixty-five.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period. Post, pp. 818, 830, 832, 833.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and Post, p. 830. 42 USC 402.

"(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage. 42 USC 416.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. "Disability"

An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"Waiting period".

"(3) The term 'waiting period' means, in the case of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before January 1, 1957; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined by any agency of the United States under any other law of the United States or under a system established by such agency that a periodic benefit is payable by such agency for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of the United States or of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall also be reduced (but not below zero) by the amount of such excess, but only if such individual (i) did not attain retirement age in such month or in any prior month, and (ii) would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

Ante, pp. 813, 814.

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made at such time or times and in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Federal

Disability Insurance Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States. "Agency of the United States".

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual whose disability is subject to determination under an agreement with a State under section 221 (b), the Secretary shall promptly notify the appropriate State of his action under this section and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)." Ante, p. 815. Ante, p. 807. 42 USC 421.

(b) Section 222 of such Act is amended to read as follows: 42 USC 422.

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity. 68 Stat. 652. 29 USC 31 note.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act. Any individual who is a member or adherent of any recognized church or religious sect which teaches its members or adherents to rely solely, in the treatment and cure of any physical or mental impairment, upon prayer or spiritual means through the 42 USC 402. Ante, p. 815. 68 Stat. 652. 29 USC 31 note.

application and use of the tenets or teachings of such church or sect, and who, solely because of his adherence to the teachings or tenets of such church, or sect, refuses to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act, shall, for the purposes of the first sentence of this subsection, be deemed to have done so with good cause.

"Service Performed Under Rehabilitation Program

42 USC 416. Ante, p.815. "(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered."

68 Stat.652. 29 USC 31 note.

42 USC 402. (c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained the age of 65,".

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

Ante, p.815.

(3) Section 202 (n) (1) (A) of such Act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

Ante, p.815.

42 USC 415. (4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he becomes entitled to old-age insurance benefits or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to rounding of benefits) is amended (A) by striking out "section 202" and inserting in lieu thereof "section 202 or 223" and (B) by striking out "section 203 (a)" and inserting in lieu thereof "sections 203 (a) and 224".

Ante, pp.815, 816.

42 USC 416. (6) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

Ante, pp.815, 817.

42 USC 421. (7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

Ante, p. 815.

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

Ante, p.815.

Applicability. (d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after June 1957.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after June 1957 and before December 1957, an application for disability insurance benefits filed by any individual after July 1957 and before January 1958 shall be deemed to have been filed during the first month after June 1957 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.

(e) Section 201 of such Act is amended to read as follows: 42 USC 401.

"FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND FEDERAL DISABILITY INSURANCE TRUST FUND

"SEC. 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Old-Age and Survivors Insurance Trust Fund'. The Federal Old-Age and Survivors Insurance Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old-Age Reserve Account and the amount standing to the credit of the Old-Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, and, in addition, such amounts as may be appropriated to, or deposited in, the Federal Old-Age and Survivors Insurance Trust Fund as hereinafter provided. There is hereby appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of— Appropriation.

"(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code of 1939 (and covered into the Treasury) which are deposited into the Treasury by collectors of internal revenue before January 1, 1951; and 26 USC app. 1400 et seq.

"(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such Code which are deposited into the Treasury by collectors of internal revenue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

"(3) the taxes imposed by subchapter A of chapter 9 of such Code with respect to wages (as defined in section 1426 of such Code), and by chapter 21 of the Internal Revenue Code of 1954 with respect to wages (as defined in section 3121 of such Code) reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of the Internal Revenue Code of 1939 after December 31, 1950, or to the Secretary of the Treasury or his delegates pursuant to subtitle F of the Internal Revenue Code of 1954 after December 31, 1954, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter or chapter 21 to such wages, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages established and maintained by such Secretary in accordance with such reports, less the amounts specified in clause (1) of subsection (b) of this section; and 68A Stat. 415. 26 USC 3101-3125. Post, pp. 824, 839-841, 843, 845. 68A Stat. 731. 26 USC 6001-7852.

"(4) the taxes imposed by subchapter E of chapter 1 of the Internal Revenue Code of 1939, with respect to self-employment income (as defined in section 481 of such Code), and by chapter 2 of the Internal Revenue Code of 1954 with respect to self- 68A Stat. 936. 26 USC 1401-1403. Post, p. 845.

employment income (as defined in section 1402 of such Code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter or to the Secretary of the Treasury or his delegate on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such subchapter or chapter to such self-employment income, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns, less the amounts specified in clause (2) of subsection (b) of this section.

26 USC 6001-7852.

The amounts appropriated by clauses (3) and (4) shall be transferred from time to time from the general fund in the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, and the amounts appropriated by clauses (1) and (2) of subsection (b) shall be transferred from time to time from the general fund in the Treasury to the Federal Disability Insurance Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in clauses (3) and (4) of this subsection, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such clauses (3) and (4) of this subsection.

Federal Disability Insurance Trust Fund.

"(b) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Disability Insurance Trust Fund'. The Federal Disability Insurance Trust Fund shall consist of such amounts as may be appropriated to, or deposited in, such fund as provided in this section.

Appropriation.

There is hereby appropriated to the Federal Disability Insurance Trust Fund for the fiscal year ending June 30, 1957, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

"(1) ½ of 1 per centum of the wages (as defined in section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1956, and reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages established and maintained by such Secretary in accordance with such reports; and

26 USC 3121.
Post, pp.824, 839-841, 843.
26 USC 6001-7852.

"(2) ⅜ of 1 per centum of the amount of self-employment income (as defined in section 1402 of the Internal Revenue Code of 1954) reported to the Secretary of the Treasury or his delegate on tax returns under subtitle F of the Internal Revenue Code of 1954 for any taxable year beginning after December 31, 1956, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.

Post, pp. 840-842.
26 USC 6001-7852.

Board of Trustees of the Trust Funds.

"(c) With respect to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund (hereinafter in this title called the 'Trust Funds') there is hereby created a body to be known as the Board of Trustees of the Trust Funds (hereinafter in this title called the 'Board of Trustees') which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Man-

Managing trustee.

aging Trustee of the Board of Trustees (hereinafter in this title called the 'Managing Trustee'). The Commissioner of Social Security shall serve as Secretary of the Board of Trustees. It shall be the duty of the Board of Trustees to—

"(1) Hold the Trust Funds;

"(2) Report to the Congress not later than the first day of March of each year on the operation and status of the Trust Funds during the preceding fiscal year and on their expected operation and status during the next ensuing five fiscal years; Reports to Congress.

"(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that during the ensuing five fiscal years either of the Trust Funds will exceed three times the highest annual expenditures from such Trust Fund anticipated during that five-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of either of the Trust Funds is unduly small; and

"(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation program.

The report provided for in paragraph (2) above shall include a statement of the assets of, and the disbursements made from, the Trust Funds during the preceding fiscal year, an estimate of the expected future income to, and disbursements to be made from, the Trust Funds during each of the next ensuing five fiscal years, and a statement of the actuarial status of the Trust Funds. Such report shall be printed as a House document of the session of the Congress to which the report is made. Statement of assets and disbursements.

"(d) It shall be the duty of the Managing Trustee to invest such portion of the Trust Funds as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Funds. Such obligations issued for purchase by the Trust Funds shall have maturities fixed with due regard for the needs of the Trust Funds, and bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt that are not due or callable until after the expiration of five years from the date of original issue; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such average rate. Such obligations shall be issued for purchase by the Trust Funds only if the Managing Trustee determines that the purchase in the market of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest. Investment. 40 Stat. 288. 31 USC 774.

"(e) Any obligations acquired by the Trust Funds (except special obligations issued exclusively to the Trust Funds) may be sold by the Managing Trustee at the market price, and such special obligations may be redeemed at par plus accrued interest. Sale of obligations.

Credit of interest and proceeds.

"(f) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall be credited to and form a part of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, respectively.

"(g) (1) The Managing Trustee is directed to pay from the Trust Funds into the Treasury the amounts estimated by him and the Secretary of Health, Education, and Welfare which will be expended, out of moneys appropriated from the general funds in the Treasury, during a three-month period by the Department of Health, Education, and Welfare and the Treasury Department for the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. There are hereby authorized to be made available for expenditure, out of either or both of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of administration of this title. After the close of each fiscal year, the Secretary of Health, Education, and Welfare shall analyze the costs of administration of this title incurred during such fiscal year in order to determine the portion of such costs which should have been borne by each of the Trust Funds and shall certify to the Managing Trustee the amount, if any, which should be transferred from one to the other of such Trust Funds in order to insure that each of the Trust Funds has borne its proper share of the costs of administration of this title incurred during such fiscal year. The Managing Trustee is authorized and directed to transfer any such amount from one to the other of such Trust Funds in accordance with any certification so made.

42 USC 401-422, 1001 note. 26 USC app. 1400 et seq. 26 USC 1401-1403, 3101-3125. Post, pp.824, 839-841, 843, 845.

Tax refunds.

"(2) The Managing Trustee is directed to pay from time to time from the Trust Funds into the Treasury the amount estimated by him as taxes which are subject to refund under section 6413 (c) of the Internal Revenue Code of 1954 with respect to wages (as defined in section 1426 of the Internal Revenue Code of 1939 and section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1950. Such taxes shall be determined on the basis of the records of wages established and maintained by the Secretary of Health, Education, and Welfare in accordance with the wages reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of the Internal Revenue Code of 1939 and to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, and the Secretary shall furnish the Managing Trustee such information as may be required by the Trustee for such purpose. The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections. Payments pursuant to the first sentence of this paragraph shall be made from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in the ratio in which amounts were appropriated to such Trust Funds under clause (3) of subsection (a) of this section and clause (1) of subsection (b) of this section.

26 USC 6413. 26 USC app. 1426. 26 USC 3121. Post, pp.824, 839-841,843. 26 USC app. 1420. 26 USC 6001-7852.

"(3) Repayments made under paragraph (1) or (2) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears that the estimates under

either such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

"(h) Benefit payments required to be made under section 223 shall be made only from the Federal Disability Insurance Trust Fund. All other benefit payments required to be made under this title shall be made only from the Federal Old-Age and Survivors Insurance Trust Fund." Ante, p. 815.

(f) Subsection (h) (1) of section 218 of such Act is amended to read as follows: 42 USC 418.

"(h) (1) All amounts received by the Secretary of the Treasury under an agreement made pursuant to this section shall be deposited in the Trust Funds in the ratio in which amounts are appropriated to such Funds pursuant to subsections (a) (3) and (b) (1) of section 201."

(g) Subsection (j) of section 218 of such Act is amended to read as follows:

"Failure To Make Payments

"(j) In case any State does not make, at the time or times due, the payments provided for under an agreement pursuant to this section, there shall be added, as part of the amounts due, interest at the rate of 6 per centum per annum from the date due until paid, and the Secretary of Health, Education, and Welfare may, in his discretion, deduct such amounts plus interest from any amounts certified by him to the Secretary of the Treasury for payment to such State under any other provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Funds in the ratio in which amounts are deposited in such Funds pursuant to subsection (h) (1)."

(h) Subsections (e) and (f) of section 221 of such Act are amended to read as follows: 42 USC 421.

"(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Funds, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Funds at the time or times fixed by the Secretary, in accordance with such certification. Appropriate adjustments between the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund with respect to the payments made under this subsection shall be made in accordance with paragraph (1) of subsection (g) of section 201 (but taking into account any refunds under subsection (f) of this section) to insure that the Federal Disability Trust Fund is charged with all expenses incurred which are attributable to the administration of section 223 and the Federal Old-Age and Survivors Insurance Trust Fund is charged with all other expenses. State costs. Ante, p. 815.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Funds."

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(i) The heading of title II of the Social Security Act is amended to read as follows:

"TITLE II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS"

26 USC 3121. (j) Section 3121 (l) (6) of the Internal Revenue Code of 1954 is amended—

(1) by striking "TRUST FUND", in the heading, and inserting in lieu thereof "TRUST FUNDS"; and

(2) by inserting after "Federal Old-Age and Survivors Insurance Trust Fund" the following: "and the Federal Disability Insurance Trust Fund".

EXTENSION OF COVERAGE

Foreign Agricultural Workers

42 USC 410. SEC. 104. (a) Section 210 (a) (1) (B) of the Social Security Act is amended to read as follows:

"(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;".

65 Stat. 119. 7 USC 1461 et seq.

Employees of Federal Home Loan Banks and of the Tennessee Valley Authority

(b) (1) Section 210 (a) (6) (B) (ii) of such Act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 210 (a) (6) (C) (vi) of such Act is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

Share-Farming Arrangements

(c) (1) Section 210 (a) of such Act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon, and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced; or".

(2) Section 211 (a) (1) of such Act is amended by adding at the end thereof the following: "except that the preceding provisions of

this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production or the management of the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 211 (c) (2) of such Act is amended to read as follows: 42 USC 411.

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);". 42 USC 410.

Professional Self-Employed

(d) Paragraph (5) of section 211 (c) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a doctor of medicine or Christian Science practitioner; or the performance of such service by a partnership."

Certain State and Local Employees

(e) Section 218 (d) (6) of such Act is amended by adding at the end thereof the following new sentences: "For the purposes of this subsection, any retirement system established by the State of Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, or the Territory of Hawaii, or any political subdivision of any such State or Territory, which, on, before, or after the date of enactment of this sentence is divided into two divisions or parts, one of which is composed of positions of members of such system who desire coverage under an agreement under this section and the other of which is composed of positions of members of such system who do not desire such coverage, shall, if the State or Territory so desires and if it is provided that there shall be included in such division or part composed of members desiring such coverage the positions of individuals who become members of such system after such coverage is extended, be deemed to be a separate retirement system with respect to each such division or part. The position of any individual which is covered by any retirement system to which the preceding sentence is applicable shall, if such individual is ineligible to become a member of such system on the date of enactment of such sentence or, if later, the day he first occupies such position, be deemed to be covered by the separate retirement system consisting of the positions of members of the division or part who do not desire coverage under the insurance system established under this title. For the purposes of this subsection, in the case of any retirement system of the State of Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, or the Territory of Hawaii which covers positions of employees of such State or Territory who are compensated in whole or in part from grants made to such State or Territory under title III, there shall be deemed to be, if such State or Territory so desires, a separate retirement system with respect to any of the following: (A) the positions of such employees; (B) the positions of all employees of such State or Territory covered by such retirement system who are employed in the department of such State or Territory in which 42 USC 418.

the employees referred to in clause (A) are employed; or (C) employees of such State or Territory covered by such retirement system who are employed in such department of such State or Territory in positions other than those referred to in clause (A)."

Certain Nonprofessional School District Employees

(f) Notwithstanding the provisions of subsection (d) of section 218 of the Social Security Act, any agreement under such section entered into prior to the date of enactment of this Act by the State of Florida, Nevada, New Mexico, Minnesota, Oklahoma, Pennsylvania, Texas, Washington, or the Territory of Hawaii shall if the State or Territory concerned so requests, be modified prior to July 1, 1957, so as to apply to services performed by employees of the respective public school districts of such State or Territory who, on the date such agreement is made applicable to such services, are not in positions the incumbents of which are required by State or Territorial law or regulation to have valid State or Territorial teachers' or administrators' certificates in order to receive pay for their services. The provisions of this subsection shall not apply to services of any such employees to which any such agreement applies without regard to this subsection.

42 USC 418.

Policemen and Firemen in the States of Florida, North Carolina, Oregon, South Carolina, and South Dakota

(g) Section 218 of such Act is amended by adding at the end thereof the following new subsection:

42 USC 418.

Policemen and Firemen in Certain States

"(p) Any agreement with the State of Florida, North Carolina, Oregon, South Carolina, or South Dakota entered into pursuant to this section prior to the date of enactment of this subsection may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), be modified pursuant to subsection (c) (4) to apply to service performed by employees of such State or any political subdivision thereof in any policeman's or fireman's position covered by a retirement system in effect on or after the date of the enactment of this subsection, but only upon compliance with the requirements of subsection (d) (3). For the purposes of the preceding sentence, a retirement system which covers positions of policemen or firemen, or both, and other positions shall, if the State concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be."

Ministers

42 USC 411.

(h) Paragraph (7) (B) of section 211 (a) of the Social Security Act is amended to read as follows:

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States,".

42 USC 410.

Effective Dates

(i) (1) The amendment made by subsection (a) shall apply with respect to service performed after 1956. The amendments made by

paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendment made by paragraph (2) of subsection (c) shall apply with respect to taxable years ending after 1955. The amendment made by paragraph (3) of subsection (c) shall apply with respect to taxable years ending after 1954. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to the same taxable years with respect to which the amendment made by section 201 (g) of this Act applies. Ante, p. 822.

(2) (A) Except as provided in subparagraphs (B) and (C), the amendments made by subsection (b) shall apply only with respect to service performed after June 30, 1957, and only if—

(i) in the case of the amendment made by paragraph (1) of such subsection, the conditions prescribed in subparagraph (B) are met; and

(ii) in the case of the amendment made by paragraph (2) of such subsection, the conditions prescribed in subparagraph (C) are met.

(B) The amendment made by paragraph (1) of subsection (b) shall be effective only if—

(i) the Federal Home Loan Bank Board submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan, with respect to employees of Federal Home Loan Banks, for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to such employees with the benefits provided by title II of the Social Security Act; and

(ii) such plan specifies, as the effective date of the plan, July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956.

If the plan specifies as the effective date of the plan a day before July 1, 1957, the amendment made by paragraph (1) of subsection (b) shall apply with respect to service performed on or after such effective date; except that, if such effective date is prior to the day on which the Secretary approves the plan, such amendment shall not apply with respect to service performed, prior to the day on which the Secretary approves the plan, by an individual who is not an employee of a Federal Home Loan Bank on such day.

(C) The amendment made by paragraph (2) of subsection (b) shall be effective only if—

(i) the Board of Directors of the Tennessee Valley Authority submits to the Secretary of Health, Education, and Welfare, and the Secretary approves, before July 1, 1957, a plan, with respect to employees of the Tennessee Valley Authority, for the coordination, on an equitable basis, of the benefits provided by the retirement system applicable to such employees with the benefits provided by title II of the Social Security Act; and

(ii) such plan specifies, as the effective date of the plan, July 1, 1957, or the first day of a prior calendar quarter beginning not earlier than January 1, 1956.

If the plan specifies as the effective date of the plan a day before July 1, 1957, the amendment made by paragraph (2) of subsection (b) shall apply with respect to service performed on or after such effective date; except that, if such effective date is prior to the day on which the Secretary approves the plan, such amendment shall not apply with respect to service performed, prior to the day on which the Secretary approves the plan, by an individual who is not an employee of the Tennessee Valley Authority on such day.

(D) The Secretary of Health, Education, and Welfare shall, on or before July 31, 1957, submit a report to the Congress setting forth Report to Congress.

the details of any plan approved by him under subparagraph (B) or (C).

AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR

42 USC 409. SEC. 105. (a) Paragraph (2) of subsection (h) of section 209 of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (A) the cash remuneration paid in such year by the employer to the employee for such labor is $150 or more, or (B) the employee performs agricultural labor for the employer on twenty days or more during such year for cash remuneration computed on a time basis;"

42 USC 410. (b) Section 210 of such Act is amended by adding at the end thereof the following new subsection:

"Crew Leader

"(o) The term 'crew leader' means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. A crew leader shall, with respect to services performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person."

42 USC 413. (c) Section 213 (a) (2) (B) (iv) of such Act (relating to quarters of coverage) is amended by striking out "if such wages are less than $200" and inserting in lieu thereof "if such wages equal or exceed $100 but are less than $200".

(d) The amendment made by subsection (a) of this section shall apply with respect to remuneration paid after 1956, and the amendment made by subsection (b) of this section shall apply with respect to service performed after 1956.

COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

42 USC 411. SEC. 106. (a) Subsection (a) of section 211 of the Social Security Act is amended by striking out the last two sentences and inserting in lieu thereof the following: "In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as

42 USC 410. defined in section 210 (f)—

"(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,800, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be 66⅔ percent of such gross income; or

"(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,800 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-

employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is not more than $1,800, his distributive share of income described in section 702 (a) (9) of such Code derived from such trade or business may, at his option, be deemed to be an amount equal to 66⅔ percent of his distributive share of such gross income (after such gross income has been so reduced); or 26 USC 707, 702.

"(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707 (c) of the Internal Revenue Code of 1954 applies) is more than $1,800 and his distributive share (whether or not distributed) of income described in section 702 (a) (9) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in such section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (6) of this subsection; and

"(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (6) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business."

(b) The amendment made by subsection (a) shall be effective with respect to taxable years ending on or after December 31, 1956. Effectivity.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. 107. (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such Act for months in any taxable year (of the individual entitled to such benefits) beginning after 1954. 42 USC 403.

(b) Section 205 (c) (1) (B) of such Act (relating to period of limitation for correcting records) is amended by striking out "two" and inserting in lieu thereof "three". 42 USC 405.

ALTERNATIVE INSURED STATUS

42 USC 414. SEC. 108. Section 214 (a) (3) of the Social Security Act is amended to read as follows:

"Fully insured individual". "(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all but four of the quarters elapsing after 1954 and prior to (i) July 1, 1957, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if not fewer than six of such quarters so elapsing are quarters of coverage."

DROP-OUT OF FIVE YEARS OF LOW EARNINGS

42 USC 415. SEC. 109. (a) Section 215 (b) (4) of the Social Security Act is amended by striking out the last sentence and by striking out "four" in the first sentence and inserting in lieu thereof "five".

42 USC 402. (b) The amendment made by subsection (a) shall apply in the case of monthly benefits under section 202 of the Social Security Act, and the lump-sum death payment under such section, based on the wages and self-employment income of an individual—

(1) who becomes entitled to benefits under subsection (a) of such section on the basis of an application filed on or after the date of enactment of this Act; or

(2) who is (but for the provisions of subsection (f) (6) of section 215 of the Social Security Act) entitled to a recomputation of his primary insurance amount under subsection (f) (2) (A) of such section 215 based on an application filed on or after the date of enactment of this Act; or

(3) who dies without becoming entitled to benefits under subsection (a) of such section 202 and no individual was entitled to survivor's benefits and no lump-sum death payment was payable under such section 202 on the basis of an application filed prior to such date of enactment; or

(4) who dies on or after such date of enactment and whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215; or

(5) who dies prior to such date of enactment and (A) whose survivors are (but for the provisions of subsection (f) (6) of such section 215) entitled to a recomputation of his primary insurance amount under subsection (f) (4) (A) of such section 215, and (B) on the basis of whose wages and self-employment income no individual was entitled to survivor's benefits under such section 202, and no lump-sum death payment was payable under such section, on the basis of an application filed prior to such date of enactment and no individual was entitled to such a benefit, without the filing of an application for the month in which this Act is enacted or any month prior thereto.

SPECIAL STARTING AND CLOSING DATES FOR CERTAIN INDIVIDUALS

42 USC 402. SEC. 110. In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1957 and with respect to whom not less than six of the quarters elapsing after 1955 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under

section 215 (a) (1) (A) of such Act, with a starting date of December 31, 1955, and a closing date of July 1, 1957, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1957, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1957, closing date, the total of his wages and self-employment income after December 31, 1956, shall, if it is in excess of $2,100, be reduced to such amount. 42 USC 415.

TIME LIMITATION ON FILING REQUESTS FOR HEARING

SEC. 111. (a) Section 205 (b) of the Social Security Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Upon request by any such individual or upon request by a wife, widow, former wife divorced, husband, widower, child, or parent who makes a showing in writing that his or her rights may be prejudiced by any decision the Secretary has rendered, he shall give such applicant and such other individual reasonable notice and opportunity for a hearing with respect to such decision, and, if a hearing is held, shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and such decision. Any such request with respect to such a decision must be filed within such period after such decision as may be prescribed in regulations of the Secretary, except that the period so prescribed may not be less than six months after notice of such decision is mailed to the individual making such request." 42 USC 405.

(b) The amendment made by subsection (a) shall be effective upon enactment; except that the period of time prescribed by the Secretary pursuant to the third sentence of section 205 (b) of the Social Security Act, as amended by subsection (a) of this section, with respect to decisions notice of which has been mailed by him to any individual prior to the enactment of this Act may not terminate for such individual less than six months after the date of enactment of this Act.

EARNINGS TEST FOR BENEFICIARIES IN ACTIVE MILITARY OR NAVAL SERVICE OVERSEAS

SEC. 112. (a) Section 203 (e) (4) (C) of the Social Security Act is amended by inserting "or performed outside the United States in the active military or naval service of the United States" after "performed within the United States by the individual as an employee". 42 USC 403.

(b) The first sentence of section 203 (k) of such Act is amended by inserting "and are not performed in the active military or naval service of the United States" after "if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210".

(c) The amendments made by subsections (a) and (b) shall be applicable with respect to taxable years ending after 1955.

EFFECT OF REMARRIAGE IN CASE OF CERTAIN WIDOWS

SEC. 113. Section 202 (e) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph: 42 USC 402.

"(3) In the case of any widow of an individual—

"(A) who marries another individual, and

"(B) whose marriage to the individual referred to in subparagraph (A) is terminated by his death but she is not his widow (as defined in section 216 (c)),

42 USC 416.

the marriage to the individual referred to in clause (A) shall, for purposes of paragraph (1), be deemed not to have occurred. No benefits shall be payable under this subsection by reason of the preceding sentence for any month prior to whichever of the following is the latest: (i) the month in which the death referred to in subparagraph (B) of the preceding sentence occurs, (ii) the twelfth month before the month in which such widow files application for purposes of this paragraph, or (iii) November 1956."

EXTENSION OF PERIOD FOR FILING PROOF OF SUPPORT AND APPLICATIONS FOR LUMP-SUM DEATH PAYMENT

42 USC 402.

SEC. 114. (a) Section 202 of the Social Security Act is amended by inserting after subsection (o) the following new subsection:

"Extension of Period for Filing Proof of Support and Applications for Lump-Sum Death Payment

"(p) In any case in which there is a failure—

"(1) to file proof of support under subparagraph (D) of subsection (c) (1), clause (i) or (ii) of subparagraph (E) of subsection (f) (1), or subparagraph (B) of subsection (h) (1), or under clause (B) of subsection (f) (1) of this section as in effect prior to the Social Security Act Amendments of 1950 within the period prescribed by such subparagraph or clause, or

64 Stat. 477.
42 USC 301 note.

"(2) to file, in the case of a death after 1946, application for a lump-sum death payment under subsection (i), or under subsection (g) of this section as in effect prior to the Social Security Act Amendments of 1950, within the period prescribed by such subsection,

and it is shown to the satisfaction of the Secretary that there was good cause for failure to file such proof or application, as the case may be, within such period, such proof or application shall be deemed to have been filed within such period if it is filed within two years following such period or within two years following August 1956, whichever is later. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

(b) The amendment made by subsection (a) shall apply in the case of lump-sum death payments under title II of the Social Security Act, and monthly benefits under such title for months after August 1956, based on applications filed after August 1956.

COMPUTATION OF AVERAGE MONTHLY WAGE

42 USC 415.

SEC. 115. (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen."

(b) Section 215 (d) (5) of such Act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." and inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount." 42 USC 415.

(c) Section 215 (e) (4) of such Act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability. 42 USC 412.

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a) of such Act after the date of enactment of this Act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages and self-employment income an application for benefits or a lump-sum death payment under section 202 of such Act is filed after the date of enactment of this Act, or (3) who becomes entitled to benefits under section 223 of such Act, or (4) who files, after the date of enactment of this Act, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act. 42 USC 402. Ante, p. 815. 42 USC 416.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. 116. (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund and of the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the old-age, survivors, and disability insurance program.

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public. Appointment.

Technical assistance.

(c) (1) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

Compensation.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

Report.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

Post, p. 845.

(e) Not earlier than three years and not later than two years prior to January 1 of the first year for which each ensuing scheduled increase (after 1960) in the tax rates is effective under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such scheduled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

Post, p.845.

CORRECTION OF RECORDS OF SELF-EMPLOYMENT INCOME

42 USC 405.

SEC. 117. Section 205 (c) (5) of the Social Security Act is amended by striking out "in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individual in such taxable year" in subparagraph (F), striking out "or" at the end of subparagraph (H), striking out the period at the end of subparagraph (I) and inserting in lieu thereof "; or", and adding after subparagraph (I) the following new subparagraph:

"(J) to include self-employment income for any taxable year, up to, but not in excess of, the amount of wages deleted by the Secretary as payments erroneously included in such records as wages paid to such individual, if such income (or net earnings from self-employment), not already included in such records as self-employment income, is included in a return or statement (referred to in subparagraph (F)) filed before the expiration of the time limitation following the taxable year in which such deletion of wages is made."

SUSPENSION OF BENEFITS OF ALIENS WHO ARE OUTSIDE THE UNITED STATES

SEC. 118. (a) Section 202 of the Social Security Act is amended by adding after subsection (s) (added by section 102 of this Act) the following new subsection: 42 USC 402. Ante, p. 813.

"Suspension of Benefits of Aliens Who Are Outside the United States

"(t) (1) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223 to any individual who is not a citizen or national of the United States for any month which is— Ante, p. 815.

"(A) after the sixth consecutive calendar month during all of which the Secretary finds, on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention, that such individual is outside the United States, and

"(B) prior to the first month thereafter for all of which such individual has been in the United States.

"(2) Paragraph (1) shall not apply to any individual who is a citizen of a foreign country which the Secretary finds has in effect a social insurance or pension system which is of general application in such country and under which—

"(A) periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement, or death, and

"(B) individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

"(3) Paragraph (1) shall not apply in any case where its application would be contrary to any treaty obligation of the United States in effect on the date of the enactment of this subsection.

"(4) Paragraph (1) shall not apply to any benefit for any month if—

"(A) not less than forty of the quarters elapsing before such month are quarters of coverage for the individual on whose wages and self-employment income such benefit is based, or

"(B) the individual on whose wages and self-employment income such benefit is based has, before such month, resided in the United States for a period or periods aggregating ten years or more, or

"(C) the individual entitled to such benefit is outside the United States while in the active military or naval service of the United States.

"(5) No person who is, or upon application would be, entitled to a monthly benefit under this section for December 1956 shall be deprived, by reason of paragraph (1), of such benefit or any other benefit based on the wages and self-employment income of the individual on whose wages and self-employment income such monthly benefit for December 1956 is based.

"(6) If an individual is outside the United States when he dies and no benefit may, by reason of paragraph (1), be paid to him for the month preceding the month in which he dies, no lump-sum death payment may be made on the basis of such individual's wages and self-employment income.

"(7) Subsections (b) and (c) of section 203 shall not apply with respect to any individual for any month for which no monthly benefit may be paid to him by reason of paragraph (1) of this subsection. Ante, p. 814.

"(8) The Attorney General shall certify to the Secretary such information regarding aliens who depart from the United States to any foreign country (other than a foreign country which is territorially contiguous to the continental United States) as may be necessary to enable the Secretary to carry out the purposes of this subsection and shall otherwise aid, assist, and cooperate with the Secretary in obtaining such other information as may be necessary to enable the Secretary to carry out the purposes of this subsection."

(b) The amendment made by subsection (a) shall apply in the case of monthly benefits under title II of the Social Security Act for months after December 1956 and in the case of lump-sum death payments under section 202 (i) of such Act with respect to deaths occurring after December 1956.

42 USC 402.

DEFINITION OF SECRETARY

SEC. 119. As used in this Act and in the provisions of the Social Security Act set forth in this Act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

Post, p.877.

SEC. 120. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof "1956".

45 USC 228e.

(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

(1) by striking out "age sixty-five" each place it appears and inserting in lieu thereof "retirement age (as defined in section 216 (a) of the Social Security Act)"; and

(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II".

(c) Section 5 (k) (2) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(2) (A) The Board and the Secretary of Health, Education, and Welfare shall determine, no later than January 1, 1954, the amount which would place the Federal Old-Age and Survivors Insurance Trust Fund in the same position in which it would have been at the close of the fiscal year ending June 30, 1952, if service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act.

42 USC 1305. 68A Stat.415. 26 USC 3101-3125.

"(B) On January 1, 1954, for the fiscal year ending June 30, 1953, and at the close of each fiscal year beginning with the fiscal year ending June 30, 1954, the Board and the Secretary of Health, Education, and Welfare shall determine, and the Board shall certify to the Secretary of the Treasury for transfer from the Railroad Retirement Account (hereafter termed 'Retirement Account') to the Federal Old-Age and Survivors Insurance Trust Fund, interest for such fiscal year at the rate specified in subparagraph (D) on the amount determined under subparagraph (A) less the sum of all offsets made under subparagraph (C) (i).

Ante, p. 824; post, pp. 839-841, 843, 845.

"(C) (i) At the close of the fiscal year ending June 30, 1953, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which if added to or subtracted from the Federal Old-Age and Survivors Insurance Trust Fund would place such Fund in the same position in which it would have been if service as an employee after December

31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. For the purposes of this subparagraph, the amount determined under subparagraph (A), less such offsets as have theretofore been made under this subdivision of this subparagraph, and the amount determined under subparagraph (B) for the fiscal year under consideration shall be deemed to be part of the Federal Old-Age and Survivors Insurance Trust Fund. Such determination shall be made no later than June 15, following the close of the fiscal year. If such amount is to be added to the Federal Old-Age and Survivors Insurance Trust Fund, the board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Old-Age and Survivors Insurance Trust Fund; if such amount is to be subtracted from the Federal Old-Age and Survivors Insurance Trust Fund, the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Old-Age and Survivors Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined in subparagraph (D) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification. In the event the Secretary of Health, Education, and Welfare is required under the provisions of this subdivision of this subparagraph to certify to the Secretary of the Treasury an amount to be transferred to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund, the Secretary of Health, Education, and Welfare, in lieu of such certification, may offset the amount determined under the first sentence of this subdivision of this subparagraph against the amount determined under subparagraph (A) as diminished by any prior offsets and the offsets shall be made to be effective as of the first day of the fiscal year following the fiscal year under consideration.

42 USC 1305. 26 USC 3101-3125. Ante, p. 824; post, pp. 839-841, 843, 845.

"(ii) At the close of the fiscal year ending June 30, 1958, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which, if added to or subtracted from the Federal Disability Insurance Trust Fund would place such Fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act and in the Federal Insurance Contributions Act. Such determination shall be made no later than June 15, following the close of the fiscal year. If such amount is to be added to the Federal Disability Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Disability Insurance Trust Fund; if such amount is to be subtracted from the Federal Disability Insurance Trust Fund the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Disability Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined in subparagraph (D) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification.

42 USC 1305. 26 USC 3101-3125. Ante, p. 824; post, pp 839-841, 843, 845.

"(D) For the purposes of subparagraphs (B) and (C), for any fiscal year, the rate of interest to be used shall be equal to the average rate of interest, computed as of May 31 preceding the close of such fiscal year, borne by all interest-bearing obligations of the United States then forming a part of the public debt; except that where such

average rate is not a multiple of one-eighth of 1 per centum, the rate of interest shall be the multiple of one-eighth of 1 per centum next lower than such average rate.

"(E) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund from the Retirement Account or to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraphs (B) and (C) of this subsection, and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the Retirement Account or from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund."

EFFECT ON BENEFITS OF CONVICTION OF ESPIONAGE, SABOTAGE, TREASON, SEDITION, OR SUBVERSIVE ACTIVITIES; EMPLOYMENT BY COMMUNIST ORGANIZATIONS

42 USC 402.
Ante, p. 835.

SEC. 121. (a) Section 202 of the Social Security Act is amended by adding after subsection (t) (added by section 118 of this Act) the following new subsection:

"Conviction of Subversive Activities, Etc.

"(u) (1) If any individual is convicted of any offense (committed after the date of the enactment of this subsection) under—

"(A) chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), or chapter 115 (relating to treason, sedition, and subversive activities) of title 18 of the United States Code, or

62 Stat. 736, 798, 807.

"(B) section 4, 112, or 113 of the Internal Security Act of 1950, as amended,

64 Stat. 991.
50 USC 783, 822, 823.

then the court may, in addition to all other penalties provided by law, impose a penalty that in determining whether any monthly insurance benefit under this section or section 223 is payable to such individual for the month in which he is convicted or for any month thereafter, and in determining the amount of any such benefit payable to such individual for any such month, there shall not be taken into account—

Ante, p. 815.

"(C) any wages paid to such individual or to any other individual in the calendar quarter in which such conviction occurs or in any prior calendar quarter, and

"(D) any net earnings from self-employment derived by such individual or by any other individual during a taxable year in which such conviction occurs or during any prior taxable year.

"(2) As soon as practicable after an additional penalty has, pursuant to paragraph (1), been imposed with respect to any individual, the Attorney General shall notify the Secretary of such imposition.

"(3) If any individual with respect to whom an additional penalty has been imposed pursuant to paragraph (1) is granted a pardon of the offense by the President of the United States, such additional penalty shall not apply for any month beginning after the date on which such pardon is granted."

(b) The amendment made by subsection (a) of this section shall not be construed to restrict or otherwise affect any of the provisions of the Act entitled "An Act to prohibit payments of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes", approved September 1, 1954 (Public Law 769, Eighty-third Congress).

68 Stat. 1142.
5 USC 740b-7401.

(c) Section 210 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph: 42 USC 410.

"(17) Service in the employ of any organization which is performed (A) in any quarter during any part of which such organization is registered, or there is in effect a final order of the Subversive Activities Control Board requiring such organization to register, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, and (B) after June 30, 1956." 50 USC 781 note.

(d) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph: 68A Stat. 417, 423. 26 USC 3121.

"(17) service in the employ of any organization which is performed (A) in any quarter during any part of which such organization is registered, or there is in effect a final order of the Subversive Activities Control Board requiring such organization to register, under the Internal Security Act of 1950, as amended, as a Communist-action organization, a Communist-front organization, or a Communist-infiltrated organization, and (B) after June 30, 1956." 50 USC 781 note.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

DISTRICT OF COLUMBIA CREDIT UNIONS

SEC. 201. (a) (1) Subchapter B of chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section: 68A Stat. 416. 26 USC 3111, 3112.

"SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

"Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26–516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111." Post, p. 845.

(2) The table of sections for such subchapter is amended by adding at the end thereof

"Sec. 3113. District of Columbia credit unions."

STAND-BY PAY

(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 3121.

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"(A) in the case of a man, he attains the age of 65, or

"(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or".

FOREIGN AGRICULTURAL WORKERS

26 USC 3121. (c) Section 3121 (b) (1) (B) of such Code is amended to read as follows:

"(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies, or from any foreign country or possession thereof, on a temporary basis to perform agricultural labor;".

EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY

26 USC 3121. (d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

Ante, p. 743.

SHARE-FARMING ARRANGEMENTS

(e) (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof a semicolon, and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced; or".

26 USC 1402. (2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production or the management of the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

Ante, p. 840.

PROFESSIONAL SELF-EMPLOYED

(f) Section 1402 (c) (5) of such Code is amended to read as follows: 26 USC 1402.

"(5) the performance of service by an individual in the exercise of his profession as a doctor of medicine, or Christian Science practitioner; or the performance of such service by a partnership."

MINISTERS

(g) Paragraph (8) (B) of section 1402 (a) of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 1402.

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h)) or as a minister in a foreign country who has a congregation which is composed predominantly of citizens of the United States,". 26 USC 3121.

AMENDMENTS WITH RESPECT TO AGRICULTURAL LABOR

(h) (1) Paragraph (8) (B) of section 3121 (a) of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 3121.

"(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor unless (i) the cash remuneration paid in such year by the employer to the employee for such labor is $150 or more, or (ii) the employee performs agricultural labor for the employer on 20 days or more during such year for cash remuneration computed on a time basis;".

(2) Section 3121 of such Code is amended by adding at the end thereof the following new subsection:

"(o) CREW LEADER.—For purposes of this chapter, the term 'crew leader' means an individual who furnishes individuals to perform agricultural labor for another person, if such individual pays (either on his own behalf or on behalf of such person) the individuals so furnished by him for the agricultural labor performed by them and if such individual has not entered into a written agreement with such person whereby such individual has been designated as an employee of such person; and such individuals furnished by the crew leader to perform agricultural labor for another person shall be deemed to be the employees of such crew leader. For purposes of this chapter and chapter 2, a crew leader shall, with respect to service performed in furnishing individuals to perform agricultural labor for another person and service performed as a member of the crew, be deemed not to be an employee of such other person." 26 USC 1401-1403.

Post, p. 845.

(3) Section 3102 (a) of such Code is amended by striking out "$100" in the last sentence thereof, and inserting in lieu thereof "$150 and the employee has not performed agricultural labor for the employer on 20 days or more in the calendar year for cash remuneration computed on a time basis". 26 USC 3102.

COMPUTATION OF SELF-EMPLOYMENT INCOME BY FARM OPERATORS

26 USC 1402. (i) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out the last two sentences thereof and inserting in lieu thereof the following: "In the case of any trade or business which is carried on by an individual or by a partnership and in which, if such trade or business were carried on exclusively by employees, the major portion of the services would constitute agricul-
26 USC 3121. tural labor as defined in section 3121 (g)—

"(i) in the case of an individual, if the gross income derived by him from such trade or business is not more than $1,800, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be 66⅔ percent of such gross income; or

"(ii) in the case of an individual, if the gross income derived by him from such trade or business is more than $1,800 and the net earnings from self-employment derived by him from such trade or business (computed under this subsection without regard to this sentence) are less than $1,200, the net earnings from self-employment derived by him from such trade or business may, at his option, be deemed to be $1,200; and

"(iii) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced
26 USC 707. by the sum of all payments to which section 707 (c) applies) is not more than $1,800, his distributive share of income described
26 USC 702. in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be an amount equal to 66⅔ percent of his distributive share of such gross income (after such gross income has been so reduced); or

"(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced
26 USC 707. by the sum of all payments to which section 707 (c) applies) is more than $1,800 and his distributive share (whether or not dis-
26 USC 702. tributed) of income described in section 702 (a) (9) derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,200, his distributive share of income described in section 702 (a) (9) derived from such trade or business may, at his option, be deemed to be $1,200.

For purposes of the preceding sentence, gross income means—

"(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (7) of this subsection; and

"(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (7) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from any such trade or business) shall be deemed to have been derived from one trade or business."

FOREIGN SUBSIDIARIES

(j) Subparagraph (A) of paragraph (8) of section 3121 (l) of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 3121.

"(A) a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation; or".

FILING OF SUPPLEMENTAL LISTS BY NONPROFIT ORGANIZATIONS

(k) The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, 1959, whichever is the later," after "the certificate is in effect,". 26 USC 3121.

EFFECTIVE DATE FOR WAIVER CERTIFICATES FILED BY NONPROFIT ORGANIZATIONS

(l) The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,". 26 USC 3121.

EFFECTIVE DATES

(m) (1) The amendments made by subsection (a) and paragraph (1) of subsection (h) shall apply with respect to remuneration paid after 1956. The amendment made by subsection (b) shall apply with respect to remuneration paid after October 1956. The amendments made by subsection (c) and paragraph (2) of subsection (h) shall apply with respect to service performed after 1956. The amendments made by paragraphs (1) and (2) of subsection (d) shall apply with respect to service with respect to which the amendments made by paragraphs (1) and (2) of subsection (b) of section 104 of this Act apply. The amendments made by paragraph (1) of subsection (e) shall apply with respect to service performed after 1954. The amendment made by paragraph (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by paragraph (2) of subsection (e) and by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (i) shall apply with respect to taxable years ending on or after December 31, 1956. The amendment made by subsection (l) shall apply with respect to certificates filed after 1956 under section 3121 (k) of the Internal Revenue Code of 1954. Ante, p. 824.

(2) (A) Except as provided in subparagraph (B), the amendment made by subsection (g) shall apply only with respect to taxable years ending after 1956.

(B) Any individual who, for a taxable year ending after 1954 and prior to 1957, had income which by reason of the amendment made by subsection (g) would have been included within the meaning of "net earnings from self-employment" (as such term is defined in section 1402 (a) of the Internal Revenue Code of 1954), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such Code, may elect to have the amendment made by subsection (g) apply to his taxable years ending after 1954 and prior to 1957. No election made by any individual under this subparagraph shall be valid unless such individual has filed a waiver certificate under section 1402 (e) of such 26 USC 1402.

Code prior to the making of such election or files a waiver certificate at the time he makes such election.

(C) Any individual described in subparagraph (B) who has filed a waiver certificate under section 1402 (e) of such Code prior to the date of enactment of this Act, or who files a waiver certificate under such section on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, must make such election on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957, or before April 16, 1957, whichever is the later.

26 USC 1402.

(D) Any individual described in subparagraph (B) who has not filed a waiver certificate under section 1402 (e) of such Code on or before the due date of his return (including any extension thereof) for his last taxable year ending prior to 1957 must make such election on or before the due date of his return (including any extension thereof) for his first taxable year ending after 1956. Any individual described in this subparagraph whose period for filing a waiver certificate under section 1402 (e) of such Code has expired at the time he makes such election may, notwithstanding the provisions of paragraph (2) of such section, file a waiver certificate at the time he makes such election.

26 USC 1402.

(E) An election under subparagraph (B) shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe by regulations. Notwithstanding the provisions of paragraph (3) of section 1402 (e) of such Code, the waiver certificate filed by an individual who makes an election under subparagraph (B) (regardless of when filed) shall be effective for such individual's first taxable year ending after 1954 in which he had income which by reason of the amendment made by subsection (g) would have been included within the meaning of "net earnings from self-employment" (as such term is defined in section 1402 (a) of such Code), if such income had been derived in a taxable year ending after 1956 by an individual who had filed a waiver certificate under section 1402 (e) of such Code, or for the taxable year prescribed by such paragraph (3) of section 1402 (e), if such taxable year is earlier, and for all succeeding taxable years.

(F) No interest or penalty shall be assessed or collected for failure to file a return within the time prescribed by law, if such failure arises solely by reason of an election made by an individual under subparagraph (B), or for any underpayment of the tax imposed by section 1401 of such Code arising solely by reason of such election, for the period ending with the date such individual makes an election under subparagraph (B).

Post, p. 845.

26 USC 1401-1403.

(3) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (f), or paragraph (2) of subsection (e), of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of subsection (f), or paragraph (2) of subsection (e), of this section for any period before the day after the date of enactment of this Act

Post, p. 845.

26 USC 3101-3125.

(4) Any tax due under chapter 21 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of subsection (d) and an effective date prescribed pursuant to paragraph (2) (B) or (2) (C) of section 104 (i), for any calendar quarter beginning prior to the day on which the Secretary of Health, Education, and Welfare approves the plan which prescribes such effective date shall be considered timely paid if payment is made in full on or before the last

Ante, pp. 824, 839-841, 843; post, p. 845.
Ante, p. 827.

day of the sixth calendar month following the month in which such plan is approved. In no event shall interest be imposed on the amount of any such tax due under such chapter for any period before the day on which the Secretary of Health, Education, and Welfare approves such plan.

CHANGES IN TAX SCHEDULES

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows: 26 USC 1401.

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1956, and before January 1, 1960, the tax shall be equal to 3⅜ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to 4⅛ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to 4⅞ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 5⅝ percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6⅜ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such code is amended to read as follows: 26 USC 3101.

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1957 to 1959, both inclusive, the rate shall be 2¼ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 2¾ percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3¼ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 3¾ percent; and

"(5) with respect to wages received after December 31, 1974, the rate shall be 4¼ percent."

(c) Section 3111 of such code is amended to read as follows: 26 USC 3111.

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))— 26 USC 3121. Ante, pp. 824, 839-841, 843.

"(1) with respect to wages paid during the calendar years 1957 to 1959, both inclusive, the rate shall be 2¼ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 2¾ percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3¼ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3¾ percent; and

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4¼ percent."

Applicability.

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1956. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1956.

TITLE III—PUBLIC ASSISTANCE AMENDMENTS

DECLARATION OF PURPOSE

SEC. 300. It is the purpose of this title (a) to promote the health of the Nation by assisting States to extend and broaden their provisions for meeting the costs of medical care for persons eligible for public assistance by providing for separate matching of assistance expenditures for medical care, (b) to promote the well-being of the Nation by encouraging the States to place greater emphasis on helping to strengthen family life and helping needy families and individuals attain the maximum economic and personal independence of which they are capable, (c) to assist in improving the administration of public assistance programs (1) through making grants and contracts, and entering into jointly financed cooperative arrangements, for research or demonstration projects and (2) through Federal-State programs of grants to institutions and traineeships and fellowships so as to provide training of public welfare personnel, thereby securing more adequately trained personnel, and (d) to improve aid to dependent children.

PART I—MATCHING OF ASSISTANCE EXPENDITURES FOR MEDICAL CARE

MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS

SEC. 301. (a) Clauses (1) and (2) of section 3 (a) of the Social Security Act are each amended by striking out "during such quarter as old-age assistance under the State plan" and inserting in lieu thereof "during such quarter as old-age assistance in the form of money payments under the State plan".

Post, p. 852.

(b) Section 3 (a) (1) (A) of such Act is amended by striking out "who received old-age assistance for such month" and inserting in lieu thereof "who received old-age assistance in the form of money payments for such month".

(c) Section 3 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: ", and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received old-age assistance under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO DEPENDENT CHILDREN

SEC. 302. (a) Clauses (1) and (2) of section 403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to dependent children under the State plan" and inserting in lieu thereof "during such quarter as aid to dependent children in the form of money payments under the State plan". 42 USC 603. Post, pp. 852, 854.

(b) Section 403 (a) (1) (A) of such Act is amended by striking out "with respect to whom aid to dependent children is paid for such month" and inserting in lieu thereof "with respect to whom aid to dependent children in the form of money payments is paid for such month".

(c) Section 403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds (A) the product of $3 multiplied by the total number of dependent children who received aid to dependent children under the State plan for such month plus (B) the product of $6 multiplied by the total number of other individuals who received aid to dependent children under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO THE BLIND

SEC. 303. (a) Clauses (1) and (2) of section 1003 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the blind under the State plan" and inserting in lieu thereof "during such quarter as aid to the blind in the form of money payments under the State plan". 42 USC 1203. Post, pp. 849, 853.

(b) Section 1003 (a) (1) (A) of such Act is amended by striking out "who received aid to the blind for such month" and inserting in lieu thereof "who received aid to the blind in the form of money payments for such month".

(c) Section 1003 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the blind under the State plan for such month".

MEDICAL CARE FOR RECIPIENTS OF AID TO PERMANENTLY AND TOTALLY DISABLED

SEC. 304. (a) Clauses (1) and (2) of section 1403 (a) of the Social Security Act are each amended by striking out "during such quarter as aid to the permanently and totally disabled under the State plan" and inserting in lieu thereof "during such quarter as aid to the permanently and totally disabled in the form of money payments under the State plan". 42 USC 1353. Post, pp. 850, 854.

(b) Section 1403 (a) (1) (A) of such Act is amended by striking out "who received aid to the permanently and totally disabled for such month" and inserting in lieu thereof "who received aid to the perma-

nently and totally disabled in the form of money payments for such month".

(c) Section 1403 (a) of such Act is further amended by inserting the following new clause immediately before the period at the end thereof: "; and (4) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan in the form of medical or any other type of remedial care (including expenditures for insurance premiums for such care or the cost thereof), not counting so much of such expenditure for any month as exceeds the product of $6 multiplied by the total number of individuals who received aid to the permanently and totally disabled under the State plan for such month".

EFFECTIVE DATE

SEC. 305. The amendments made by this part shall become effective July 1, 1957.

PART II—SERVICES IN PROGRAMS OF OLD-AGE ASSISTANCE, AID TO DEPENDENT CHILDREN, AID TO THE BLIND, AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

OLD-AGE ASSISTANCE

SEC. 311. (a) The first sentence of section 1 of the Social Security
42 USC 301. Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

42 USC 302. (b) Subsection (a) of section 2 of such Act is amended by striking out "and" before clause (10) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (11) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of old-age assistance to help them attain self-care."

42 USC 303. (c) (1) Clauses (1) and (2) of section 3 (a) of such Act are each
Post, p. 852. amended by striking out ", which shall be used exclusively as old-age assistance,".

(2) Clause (3) of such section 3 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care".

AID TO DEPENDENT CHILDREN

42 USC 601. SEC. 312. (a) The first sentence of section 401 of the Social Security Act is amended to read: "For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain the maximum self-support and personal independence consistent with the maintenance of continuing parental

care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title." 42 USC 602.

(b) Subsection (a) of section 402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services (if any) which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

(c) (1) Clauses (1) and (2) of section 403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to dependent children,". 42 USC 603. Post, pp. 852, 854.

(2) Clause (3) of such section 403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision), to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children".

AID TO THE BLIND

SEC. 313. (a) The first sentence of section 1001 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title." 42 USC 1201.

(b) Subsection (a) of section 1002 of such Act is amended by striking out "and" before clause (12) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (13) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the blind to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services." 42 USC 1202.

(c) (1) Clauses (1) and (2) of section 1003 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to the blind,". Ante, p. 847; post, p. 853.

(2) Clause (3) of such section 1003 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care".

AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 314. (a) The first sentence of section 1401 of the Social Security Act is amended to read: "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age and older 42 USC 1351.

who are permanently and totally disabled and of encouraging each State, as far as practicable under such conditions, to help such individuals attain self-support or self-care, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title."

42 USC 1352. (b) Subsection (a) of section 1402 of such Act is amended by striking out "and" before clause (11) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clause: "and (12) provide a description of the services (if any) which the State agency makes available to applicants for and recipients of aid to the permanently and totally disabled to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services."

Ante, p.847; post, p.854. (c) (1) Clauses (1) and (2) of section 1403 (a) of such Act are each amended by striking out ", which shall be used exclusively as aid to the permanently and totally disabled,".

(2) Clause (3) of such section 1403 (a) is amended by striking out "which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose" and inserting in lieu thereof "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care".

EFFECTIVE DATE

SEC. 314. The amendments made by sections 311 (b), 312 (b), 313 (b), and 314 (b) shall become effective July 1, 1957.

PART III—EXTENSION OF AID TO DEPENDENT CHILDREN

ADDITIONAL RELATIVES

42 USC 606. SEC. 321. Section 406 (a) of the Social Security Act is amended by striking out "or aunt" and inserting in lieu thereof "aunt, first cousin, nephew, or niece".

REQUIREMENT OF SCHOOL ATTENDANCE ELIMINATED

42 USC 606. SEC. 322. Such section 406 (a) is further amended by striking out "child under the age of sixteen, or under the age of eighteen if found by the State agency to be regularly attending school," and inserting in lieu thereof "child under the age of eighteen".

EFFECTIVE DATE

SEC. 323. The amendments made by this part shall become effective July 1, 1957.

PART IV—RESEARCH AND TRAINING

COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

42 USC 1301-1307, 1309. SEC. 331. Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

"SEC. 1110. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1957, $5,000,000 and for each fiscal year thereafter such sums as the Congress may determine for (1) making grants to States and public and other nonprofit organizations and agencies for paying part of the cost of research or demonstration projects such as those relating to the prevention and reduction of dependency, or which will aid in effecting coordination of planning between private and public welfare agencies or which will help improve the administration and effectiveness of programs carried on or assisted under the Social Security Act and programs related thereto, and (2) making contracts or jointly financed cooperative arrangements with States and public and other nonprofit organizations and agencies for the conduct of research or demonstration projects relating to such matters. Appropriation.

"(b) No contract or jointly financed cooperative arrangement shall be entered into, and no grant shall be made, under subsection (a), until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed projects as to soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research or demonstrations, and their relationship to other similar research or demonstrations already completed or in process.

"(c) Grants and payments under contracts or cooperative arrangements under subsection (a) may be made either in advance or by way of reimbursement, as may be determined by the Secretary; and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purposes of this section."

TRAINING GRANTS

SEC. 332. Titlo VII of the Social Security Act is amended by adding after section 704 the following new section: 42 USC 902-904.

"TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

"SEC. 705. (a) In order to assist in increasing the effectiveness and efficiency of administration of public assistance programs by increasing the number of adequately trained public welfare personnel available for work in public assistance programs, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1958, the sum of $5,000,000, and for each of the four succeeding fiscal years such sums as the Congress may determine.

"(b) From the sums appropriated pursuant to subsection (a), the Secretary shall make allotments to the States on the basis of (1) population, (2) relative need for trained public welfare personnel, particularly for personnel to provide self-support and self-care services, and (3) financial need.

"(c) From each State's allotment under subsection (b), the Secretary shall from time to time pay to such State 80 per centum of the total of its expenditures in carrying out the purposes of this section through (1) grants to public or other nonprofit institutions of higher learning for training personnel employed or preparing for employment in public assistance programs, (2) special courses of study or seminars of short duration conducted for such personnel by experts hired on a temporary basis for the purpose, and (3) establishing and maintaining, directly or through grants to such institutions, fellowships or traineeships for such personnel at such institutions, with such stipends and allowances as may be permitted under regulations of the Secretary.

"(d) Payments pursuant to subsection (c) shall be made in advance on the basis of estimates by the Secretary and adjustments may be made in future payments under this section to take account of overpayments or underpayments in amounts previously paid.

"(e) The amount of any allotment to a State under subsection (b) for any fiscal year which the State certifies to the Secretary will not be required for carrying out the purposes of this section in such State shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines have need in carrying out such purposes for sums in excess of those previously allotted to them under this section and will be able to use such excess amounts during such fiscal year; such reallotments to be made on the basis provided in subsection (b) for the initial allotments to the States. Any amount so reallotted to a State shall be deemed part of its allotment under such subsection."

42 USC 1301. SEC. 333. Section 1101 (a) (1) of the Social Security Act is amended by striking out "titles I, IV, V, X, and XIV" and inserting in lieu thereof "titles I, IV, V, VII, X, and XIV".

PART V—AMENDMENTS TO MATCHING FORMULAS

AMENDMENT TO MATCHING FORMULA FOR OLD-AGE ASSISTANCE

Ante, p. 848. SEC. 341. Section 3 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administation of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care."

AMENDMENT TO MATCHING FORMULA FOR AID TO DEPENDENT CHILDREN

Ante, p. 849; post, p. 854. SEC. 342. Section 403 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter

commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $32, or if there is more than one dependent child in the same home, as exceeds $32 with respect to one such dependent child and $23 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $32—

"(A) fourteen-seventeenths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $17 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to relatives with whom such children (applying for or receiving such aid) are living, in order to help such relatives attain self-support or self-care, or which are provided to maintain and strengthen family life for such children."

AMENDMENT TO MATCHING FORMULA FOR AID TO THE BLIND

SEC. 343. Section 1003 (a) of the Social Security Act is amended to read as follows: Ante, pp. 847, 849.

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quar-

ter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of aid to the blind to help them attain self-support or self-care."

AMENDMENT TO MATCHING FORMULA FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

Ante, pp. 847, 850.

SEC. 344. Section 1403 (a) of the Social Security Act is amended to read as follows:

"(a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1956, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan, including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of such aid to help them attain self-support or self-care."

EFFECTIVE DATE

SEC. 345. The amendments made by this part shall be effective for the period beginning October 1, 1956, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this part had not been enacted.

PART VI—MISCELLANEOUS ASSISTANCE AMENDMENTS

AID TO DEPENDENT CHILDREN IN PUERTO RICO AND THE VIRGIN ISLANDS

Ante, pp. 849, 852.

SEC. 351. (a) Clause (2) of subsection (a) of section 403 of the Social Security Act is amended by inserting immediately before the

semicolon the following: ", and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $18".

(b) Subsection (b) of section 406 of such Act is amended by striking out "(except when used in clause (2) of section 403 (a))". 42 USC 606.

(c) Section 1108 of such Act is amended by striking out "$4,250,000" and inserting in lieu thereof "$5,312,500", and by striking out "$160,000" and inserting in lieu thereof "$200,000". 42 USC 1308.

(d) The amendments made by this section shall be effective with respect to the fiscal year ending June 30, 1957, and all succeeding fiscal years. Effective years.

TITLE IV—MISCELLANEOUS PROVISIONS

SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 401. Section 403 of the Social Security Amendments of 1954 is amended to read as follows: 68 Stat. 1098. 26 USC app. 1426 note.

"SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THE SOCIAL SECURITY AMENDMENTS OF 1956

"SEC. 403. (a) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which is described in section 501 (c) (3) of the Internal Revenue Code of 1954 and which is exempt from income tax under section 501 (a) of such Code but which has failed to file prior to the enactment of the Social Security Amendments of 1956 a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954; 26 USC 501. Ante, p. 843.

"(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1957 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list; Ante, p. 824. Ante, pp. 839, 840.

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid with respect to any part of the remuneration paid to such individual by such organization for such service; Ante, p. 845.

"(4) part of such taxes have been paid prior to the enactment of the Social Security Amendments of 1956;

"(5) so much of such taxes as have been paid prior to the enactment of the Social Security Amendments of 1956 have been paid by such organization in good faith and upon the assumption that a valid waiver certificate had been filed by it under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954, as the case may be; and Ante, p. 843.

"(6) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be.

26 USC 3101-3125.

Ante, pp. 824, 839-841, 843, 845.

Ante, pp. 824, 828, 839.

Ante, pp. 839, 840.

"(b) In any case in which—

"(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of the Social Security Amendments of 1956, by an organization which has filed a valid waiver certificate under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954;

Ante, p. 843.

"(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, at the time such service was performed) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 or sections 3101 and 3111 of the Internal Revenue Code of 1954, as the case may be, have been paid prior to the enactment of the Social Security Amendments of 1956 with respect to any part of the remuneration paid to such individual by such organization for such service; and

Ante, p. 845.

"(4) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1959, and in such form and manner, and with such official, as may be prescribed by regulations made under chapter 21 of the Internal Revenue Code of 1954), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939 or section 3121 (b) of the Internal Revenue Code of 1954, as the case may be, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (l) (1) of the Internal Revenue Code of 1939 or section 3121 (k) (1) of the Internal Revenue Code of 1954."

AMENDMENT RELATING TO MATERNAL AND CHILD WELFARE SERVICES

SEC. 402. The first sentence of subsection (a) of section 521 of the Social Security Act is amended by striking out "for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $10,000,000" and inserting in lieu thereof "for each fiscal year, beginning with the fiscal year ending June 30, 1958, the sum of $12,000,000"

42 USC 721.

EFFECTIVE DATE

SEC. 403. The amendment made by section 402 shall be effective with respect to fiscal years beginning after June 30, 1957.

Approved August 1, 1956.

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have today signed H. R. 7225, the Social Security Amendments of 1956. The new law embraces a wide range of changes in old-age and survivors insurance, the public assistance programs, and child welfare services.

This Administration's strong support of the social security program was demonstrated by the broad expansion and improvements enacted in 1954 at my recommendation. The 1954 Amendments, which extended coverage of the program to millions of additional persons and included higher benefits for all who were then or who would become beneficiaries, have had a major impact in bringing greater security to our people.

The new law also contains certain major provisions which were recommended by the Administration. It extends social security coverage to about 600,000 additional farm owners or operators and about 225,000 self-employed lawyers, dentists, and others.

It provides for increased Federal funds to encourage better medical care for the needy aged, blind, disabled, and dependent children. This will help meet a critical problem for these groups.

Another Administration proposal placed increased emphasis, in public assistance programs, on services to help more needy people build toward independence. The law initiates new programs of grants to train more skilled social workers and to support research in ways of helping people overcome dependency. Another Administration proposal will increase funds for child welfare services.

The law also includes provisions about which the Administration had serious reservations in their initial form; these provisions were modified and improved before their final enactment and now meet, in part, some of the Administration's objections.

The original proposal to lower the retirement age for all women was changed to provide that employed women and wives may accept reduced benefits at an earlier age or obtain full benefits at age 65. I am hopeful that this provision will now have no adverse effect on employment opportunities for older women. The law allows full benefits at age 62 for widows because of their special needs.

Congress also modified somewhat the original proposal to provide disability benefits at age 50 or above. A separate trust fund was

more (over)

established for the disability program in an effort to minimize the effects of the special problems in this field on the other parts of the program -- retirement and survivors' protection. We will, of course, endeavor to administer the disability provisions efficiently and effectively, in cooperation with the States. I also pledge increasing emphasis on efforts to help rehabilitate the disabled so that they may return to useful employment.

The original proposal would have imposed a 25 percent increase in social security taxes on everyone covered by the system. I am pleased that the tax increase has now been cut in half. Our actuaries report that while they cannot estimate costs of the disability program with certainty, the tax increase should be adequate to finance the benefits, assuming effective administration.

Although there were differences of opinion over separate provisions, the final legislation was approved overwhelmingly by Congress. In signing this legislation, I am hopeful that this new law, on the whole, will advance the economic security of the American people.

# # #

STANDARD FORM NO. 64

SSA - OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A:K
DATE: August 1, 1956

TO : Administrative, Supervisory, and Technical Employees

FROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 241
The Social Security Amendments of 1956 (H.R. 7225)

The President today signed H.R. 7225, the Social Security Amendments of 1956.

Major old-age and survivors insurance changes made by the amendments include the addition of disability insurance benefits to the program, reduction in the retirement age for women, and extension of coverage.

Disability insurance benefits will be payable beginning at age 50 to persons who meet approximately the same disability and work tests as are now provided for the disability freeze. The disability benefit provision was passed by the House and Senate in almost the same form, the major exception being that the Senate amendments established a separate Federal Disability Insurance Trust Fund. The provision finally adopted follows the Senate version. The provision for benefits for "disabled adult children" also follows the Senate bill; it adds to the House bill--which would have continued child's benefits beyond age 18 if the child attained that age after 1953 and was totally disabled since before attaining that age--benefits for a dependent child totally disabled since before age 18 even though the insured parent died or retired after the child attained that age and therefore the child had never been eligible for ordinary child's benefits.

The lowered retirement age for women workers and wives was adopted in the form voted by the Senate; benefits for them at age 62 will be actuarially reduced. Full-rated benefits at age 62 will be payable to widows and female dependent parents of deceased insured individuals.

The new amendments extend coverage to about 900,000 additional persons, including additional farmers, self-employed professional persons, and several small groups of employees. The new optional method for computing farm self-employment income represents a compromise between the House bill, which left the present option unchanged, and the Senate bill, under which farmers could report 100 percent of gross farm income up to $1,200 as net earnings. The new farm-worker coverage test is also a compromise between the test in present law, which was not changed by the House bill, and the test provided in the Senate bill.

Administrative, Supervisory,
and Technical Employees--8/1/56

The measure signed by the President includes the Administration-sponsored change in the interest rate on public debt obligations issued exclusively to the trust fund. The rate will be increased to the level payable on long-term (5 years or longer) Government bonds. This amendment was not included in the House-passed bill.

Other amendments suspend benefits of certain aliens outside the United States, remove employment by communist organizations from coverage, and permit termination of benefit rights as part of the penalty for certain crimes. These amendments were not in the House bill.

The effective dates of the provisions vary considerably. For example, the payment of benefits at age 62 for women is effective for November 1956, while disability benefits are not payable until July 1957.

The Senate bill would have established a United States Commission on the Aged and Aging. This provision was deleted. Also deleted was a Senate bill provision for paying child's insurance benefits in cases where an insured person had stood in loco parentis to a child for 5 years before his death and was furnishing three-fourths of the child's support at the time of his death.

The 1956 amendments reflect the concern of Congress that the financial soundness of the social security system be maintained. The increased costs resulting from the disability benefits are to be met by additional taxes of 1/4 of 1 percent on employers and employees and 3/8 of 1 percent on the self-employed. With the reduction in level-premium cost resulting from coverage of the armed forces (under H.R. 7089) and from the higher interest rate on the investments of the OASI trust fund, the slight deficiency in actuarial balance existing under present law will be somewhat reduced by the new amendments. The establishment of Advisory Councils on Social Security Financing before each scheduled tax increase will provide a means for independent appraisals and recommendations, thus offering further assurance of the continuing financial soundness of the program.

I am enclosing a summary of the changes made by H.R. 7225 in title II of the Social Security Act. The bill also amends the public assistance and maternal and child welfare titles of the Act. Information regarding these amendments will be included in an article on social security legislative developments in 1956, which will appear in the Social Security Bulletin for September.

Victor Christgau

Victor Christgau
Director

Enclosure

Summary of Provisions of H.R. 7225

OASI COVERAGE

The net effect of the changes in the OASI coverage provisions is to add almost 900,000 persons to the number covered under OASI during the course of a year. The great majority of those newly covered are farmers; but coverage is also extended to all now excluded self-employed professional groups except doctors of medicine, and to several small groups of employees. While a number of changes are made in the farm-worker coverage provisions, approximately the same number of farm workers will be covered under the amendments as were covered after the 1954 amendments.

1. Self-employed Professional Groups

The amendments extend coverage to more than 200,000 people who in the course of a year are self-employed in the practice of certain professions. The groups included are lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists. Coverage is effective with taxable years ending after 1955 and is on the regular compulsory basis. Doctors of medicine remain excluded.

2. Agricultural Self-Employment

a. New Optional Computation of Farm Self-Employment Income.--The new provision permits farm operators whose gross farm income in a year is at least $600 and not more than $1,800 to deem their farm net earnings to be two thirds of their gross farm income; if gross income exceeds $1,800 and net earnings are less than $1,200, net earnings may be deemed to be $1,200. The use of the option is extended to members of farm partnerships and to farmers who report on an accrual basis. The provision is effective with respect to taxable years ending on or after December 31, 1956.

b. Status of Share Farmers.--The new provision confirms the interpretation being given to present law: a person who undertakes to produce agricultural or horticultural commodities on the land of another under an arrangement providing that the commodities so produced shall be divided between such person

and the owner or tenant of the land is self-employed if his share depends on the amount of commodities produced. The provision is effective with respect to taxable years ending after 1954.

c. Farm Land Owners and Tenants.--Certain income (cash or crop share) derived by an owner or tenant of farm land and previously excluded as rental income will be covered. The income covered is that derived under an arrangement whereby the land owner or tenant participates materially (with the share farmer or other individual who produces the commodities on the land) in the production of the agricultural or horticultural commodities. This provision, which extends coverage to about 400,000 farmers, is effective with respect to taxable years ending after 1955.

3. Agricultural Workers

a. New Coverage Test.--The amendments change the coverage test for farm workers so that cash remuneration paid a worker by an employer in a calendar year is covered if (1) the amount is $150 or more, or (2) the worker performs agricultural labor for the employer on 20 or more days during the year for cash wages computed on a time basis (that is, where the worker is paid, for example, by the hour, day, or week, rather than on a piece-rate basis). A change is made in the provisions for crediting quarters of coverage for agricultural wages so that wages of less than $100 (creditable under the 20-day coverage test) will not result in credit for a quarter of coverage. The new coverage test is effective with respect to remuneration paid after 1956.

b. Crew Leaders.--"Crew leaders" are deemed to be the employers of the crews they furnish to perform agricultural labor for other persons. For this purpose, a crew leader is one who pays (either on his own behalf or on behalf of the person for whom the work is done) the members of his crew, and who has not been designated by written agreement with the person for whom the work is done as an employee of that person. A person who is a crew leader under this provision is deemed to be self-employed with respect not only to his services in furnishing the crew members but also in respect to any work he performs as a member of the crew. The provision is effective with respect to service performed after 1956.

c. Foreign Agricultural Workers.--The present exclusion applying to the services of certain contract workers from Mexico and to workers temporarily admitted to this country from the British West Indies to perform agricultural labor is broadened to apply

to the services of workers temporarily admitted from any foreign country to perform agricultural labor. This provision is effective with respect to services performed after 1956.

The farm-worker coverage provisions of the present law as modified by the three farm-worker amendments just described are expected to cover roughly the same number of farm workers as are covered by present law.

d. Turpentine Workers.—Continue to be excluded as under present law.

4. State and Local Government Employees

The amendments make three exceptions, for specified States, to the general requirement that all members of a State or local retirement system be covered if any are covered. The Senate Finance Committee indicates in its report on the bill that in operation this requirement has imposed an undesirable limitation upon the ability of States to afford employees the combined protection of the basic Federal system and a State or local retirement system. The three exceptions are:

a. A State or local retirement system may be divided into two parts, one consisting of the positions of members of the system who desire OASI coverage and the other consisting of positions of members who do not desire coverage, and each of the divisions may then be treated as a separate retirement system. Thus, coverage may be extended to only those members of the retirement system who wish to be covered. All new members of the original undivided retirement system must be covered under OASI, however, regardless of whether the previous incumbents of their positions were covered. Employees who are personally ineligible for membership in the retirement system must be part of the division which does not desire OASI coverage. The provision is applicable only to Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii.

b. Members of a State retirement system who are paid in whole or in part from Federal funds under unemployment compensation provisions of the Social Security Act may, either as a separate group or in a group with other members of the department in which they are employed, be treated as having a separate retirement system. This provision enables the State to cover the employees with respect to whom Federal funds are available to pay the employer's OASI contributions without waiting for other State employees to be covered. It is applicable to Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii.

c. Nonprofessional school employees who are not required to hold a teacher's or school administrator's certificate but who are under a teacher's retirement system may be covered without a referendum and as a group separate from the professional employees who are in the system, provided the action is taken before July 1, 1957. This provision will facilitate OASI coverage for nonprofessional employees included under retirement systems which are designed for employees who make a career of educational work and are generally not well-suited to employees who move back and forth between school employment and other types of employment. Florida, Minnesota, Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii are the States to which the new provision is applicable.

Another amendment makes an exception to the specific exclusion of policemen and firemen who are under a State or local retirement system. It permits these employees to be covered under the referendum provisions in Florida, North Carolina, Oregon, South Carolina, and South Dakota. Where the policemen and firemen (or both) are in a retirement system with other classes of employees, the policemen or firemen (or both) may be treated as having a separate retirement system.

5. Employees of Tennessee Valley Authority and of Federal Home Loan Banks

The amendments extend coverage to employees covered by the Tennessee Valley Authority retirement system and to employees of Federal Home Loan Banks (all of whom are now covered by a staff retirement system) but make such coverage contingent in each instance upon the approval by the Secretary of Health, Education, and Welfare before July 1, 1957, of a plan for the coordination, on an equitable basis, of the benefits of the agency retirement system with social security benefits. At the option of the agency, such coverage may be effective with the beginning of any calendar quarter between January 1, 1956, and July 1, 1957, inclusive. About 13,000 employees of these agencies could be covered.

6. Ministers in Foreign Countries

The amendments provide coverage for certain ministers in foreign countries who may not receive credit for their earnings under the special provisions included in the 1954 amendments. The 1954 provisions enabled ministers who are United States citizens working abroad for American employers to pay self-employment contributions and receive OASI credit for their wages and salaries. Under the amendments, these provisions would also apply to American-citizen ministers who are employed abroad but not by an American employer, provided the minister is one who has a congregation that is composed predominantly of American citizens. (These ministers would ordinarily be employed

in churches established and maintained for the convenience of American citizens residing abroad.) Such ministers may elect to be covered for taxable years ending after 1954. Ministers who have already filed election certificates will have up to April 16, 1957, to decide whether they want to receive credit for their service as ministers outside the United States during 1955 and 1956; those who have not filed certificates will have up to April 16, 1958, in which to file.

7. American Citizens Employed by Foreign Subsidiaries

The amendments make coverage available to American citizens who are employees of a foreign company in which an American corporation holds 20 percent or more of the voting stock (rather than "more than 50 percent" as heretofore provided). If such a foreign company holds more than 50 percent of the voting stock of another foreign company, the American citizens employed by the latter company may also be covered. As at present, the coverage must be effected by agreement between the American corporation and the United States Government, and if any of the American citizens employed by the foreign company are covered, all must be covered.

8. Employees of Nonprofit Organizations

The amendments make three changes in the provisions applicable to employees of nonprofit organizations.

a. The option to elect coverage is reopened temporarily for employees of a nonprofit organization who were in the organization's employ when coverage of the organization began and who failed to elect coverage within the time allowed for filing supplemental lists of participating employees. Under the amendments, supplemental lists may be filed at any time within 27 months after coverage of the organization began or before January 1, 1959, whichever is later. As in present law, coverage of employees included in supplemental lists will be effective with the quarter following the quarter of election. This provision helps to rectify the accidental failure to provide for cases in which the employing organization had already been covered for more than 27 months when the period for election was extended to 27 months in 1954.

b. Waiver certificates filed by nonprofit organizations after 1956 may be made effective with the quarter of filing if the organization desires, or with the following quarter (the only effective date permitted under present law). Under present law, an employee who transfers from covered employment to the employ of a newly established nonprofit organization or an organization that has never covered its employees cannot avoid losing a quarter of coverage even though the organization acts promptly to cover him.

c. The amendments extend from September 1, 1954 (the date of enactment of the 1954 amendments), to the date of enactment of the 1956 amendments, the special provisions enacted in 1954 which allow OASI credits for (1) employees of certain nonprofit organizations which had reported and paid taxes in the mistaken belief that they had filed valid waivers, and (2) employees of nonprofit organizations who did not sign the employer's waiver but were reported by the employer in the belief that they had signed. The extension provisions will allow individual employees to secure credit, upon application to the Director of Internal Revenue, for earnings after 1950 and up to the date of enactment of the 1956 amendments.

9. Employment by Communist Organizations

The amendments exclude from coverage service in the employ of any organization registered under the Internal Security Act of 1950 as a Communist-action, Communist-front, or Communist-infiltrated organization. The exclusion is applicable to service beginning in any quarter after June 30, 1956, during any part of which the organization is registered, or in which there is in effect a final order of the Subversive Activities Control Board requiring such registration.

DISABILITY INSURANCE BENEFITS

The amendments establish a system of disability insurance benefits, payable to insured workers between the ages of 50 and 65. It is estimated that about 400,000 persons will be eligible to receive benefits in the first year of operation and about 900,000 persons by 1970.

The major provisions relating to disability insurance benefits are as follows:

a. Benefits are provided for qualified disabled workers between the ages of 50 and 65.

b. The definition of disability is the same as for the disability freeze, except that there is to be no presumed disability for the blind.

c. **The determination of disability is to be made by State agencies under the same arrangements as are used for freeze determinations. However, the Conference Report includes a statement by the Managers on the part of the House that the Secretary of Health, Education, and Welfare is expected to utilize fully his authority to review and revise determinations of State agencies in order to assure uniform administration of the disability benefits and to protect the disability trust fund from unwarranted costs.**

d. A 6-months' waiting period is required after onset of the disability before benefits are payable.

e. To be insured for disability benefits the disabled worker must:

(1) Be fully and currently insured and

(2) Have 20 quarters of coverage out of the 40-quarter period ending with the first quarter of his period of disability.

f. The amount of the benefit will be the same as the primary insurance amount would be if the worker were entitled to old-age insurance benefits.

g. Benefits are not provided for dependents of a disabled worker.

h. The earnings test of the OASI program does not apply, since earnings in the amount permitted by the work clause would be inconsistent with the definition of disability.

i. Where an individual also receives a workmen's compensation benefit or another Federal benefit based on disability, the OASI disability benefit is to be reduced by the amount of such benefit.

j. Applicants will be referred for vocational rehabilitation as under present law. Deductions are to be made from monthly benefits if the individual refuses rehabilitation without good cause. Refusal by a member or adherent of any recognized church or religious sect which relies on spiritual healing will be deemed to be refusal with good cause.

k. In order to promote rehabilitation, a worker entitled to disability insurance benefits and engaging in substantial gainful activity under an approved State plan will continue to be considered disabled (not able to engage in any substantial gainful activity) for a year after he first engages in such activity.

l. The first month for which disability benefits are payable is July 1957; applications can be accepted in October 1956.

BENEFITS FOR WOMEN AT 62

The amendments provide for reduction to 62 in the age at which women may qualify for benefits. Women eligible for benefits as widows or dependent parents and women qualifying for benefits as wives with child beneficiaries in their care, will receive full-rated benefits at 62. Retired working women and wives may elect to receive actuarially reduced benefits between ages 62 and 65. The reduction will be at the rate of 5/9 of 1 percent for each month prior to 65 that a woman is entitled to an old-age insurance benefit, and at the rate of 25/36 of 1 percent for each month that a woman is

entitled to a wife's benefit. Thus, a woman who elects to receive an old-age insurance benefit starting with the month in which she attains 62 will have her benefit amount reduced by 20 percent and a woman who elects to receive a wife's benefit at age 62 will have her benefit amount reduced by 25 percent. A dependent husband, widower, parent, or child of a woman worker will receive full-rated benefits even though she elected to receive an actuarially reduced benefit.

Benefits for women under this provision first become payable for November 1956. Application may be filed immediately. With actuarially reduced benefits being paid to working women and wives, the cost of the program is not increased sufficiently to require a tax-rate increase, as would have been necessary if provision had been made for paying full-rated benefits to all women at age 62.

CHILD'S INSURANCE BENEFITS FOR DISABLED ADULT CHILDREN

Child's insurance benefits are provided for children aged 18 and over who were totally disabled before age 18. If the disabled child was entitled to benefits before age 18, his benefits will be continued so long as he is totally disabled. Otherwise, his benefits begin when the parent on whom he is dependent becomes entitled to old-age insurance benefits or dies, regardless of the child's age at that time. It is estimated that about 20,000 children will be added to the benefit rolls in the first year; annually, about 2,500 disabled children will be either currently attaining age 18 and continued on the benefit rolls or added to the rolls at age 18 or over when the insured parent dies or becomes entitled to old-age insurance benefits.

The major provisions relating to disabled child's benefits are:

a. The child must meet the same definition of disability as disabled workers; determinations of disability are to be made by State agencies as for the disability freeze and for disability insurance benefits.

b. The child's disability must have become total before he reached age 18 and must have continued uninterruptedly.

c. The child must have been entitled to child's benefits before he reached age 18 or it must be proved that the child had been receiving at least half his support from the worker when the child applied for benefits or when the worker died.

d. Mother's benefits are provided for the mother who has a disabled child in her care.

e. Benefits are payable for months after December 1956; applications can be accepted beginning with October 1956.

f. Benefits will be adjusted for the full amount of any Federal benefit or workmen's compensation benefit payable for a period of disability. If the amount of the Federal benefit or workmen's compensation benefit exceeds the child's benefit, the excess will be applied against any wife's or mother's insurance benefit payable solely on account of such disabled child, except that no such adjustment will be made in a wife's benefit if the wife has attained age 62.

g. Benefits will be suspended for refusal to accept rehabilitation services without good cause. Refusal by a member or adherent of any recognized church or religious sect which relies on spiritual healing will be deemed to be refusal with good cause.

h. Work for 1 year by a disabled adult child under a State vocational plan will not be regarded as substantial gainful activity and thus will not require suspension or termination of benefits.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

The amendments provide for the establishment of an Advisory Council on Social Security Financing before each scheduled tax increase to review the status of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the old-age, survivors, and disability insurance program. The Commissioner of Social Security will serve as chairman of each Council. Twelve other members, appointed by the Secretary of Health, Education, and Welfare, will represent, to the extent possible, employees and employers in equal numbers and self-employed persons and the public. The first Council is to be appointed after February 1957 and before January 1958. It will report its findings and recommendations to the Secretary of the Board of Trustees of the Trust Fund not later than January 1, 1959, for inclusion in the Trustees' Report to Congress by March 1, 1959. A new Council, similarly constituted and with the same functions and duties, will be appointed not later than 2 years before each ensuing scheduled increase in the tax rate. Each such Council will report its findings and recommendations not later than January 1 of the year before the year in which the scheduled increase is to occur. In each instance, the recommendations will be published in the next ensuing Trustees' Report.

SUSPENSION OF BENEFITS FOR CERTAIN ALIENS

The amendments suspend benefit payments to certain aliens who are outside the United States for more than 6 consecutive months. Benefit payments will be suspended unless the alien is a citizen of a country that has a social insurance or pension system which is of general application in the country and which provides for the payment of periodic benefits or their actuarial equivalent to otherwise eligible American citizens who leave that country. However, benefit payments will not be suspended if the individual upon whose earnings record the alien is receiving benefits has at least 40 quarters of coverage or has lived in the United States for at least 10 years,

or if suspension would violate an existing treaty between the United States and another country. Time spent outside the country in the active military or naval service of the United States will not cause suspension of an alien's benefit. If an alien whose benefit is suspended dies while still outside the United States, no lump-sum death payment will be made. The amendment does not apply to aliens who are (or who upon application would be) entitled to receive benefits for December 1956.

EFFECT ON BENEFIT RIGHTS OF INDIVIDUALS CONVICTED OF CERTAIN CRIMES

The amendments provide that courts may, at their discretion, as an additional penalty, terminate an individual's benefit rights based on his earnings prior to his conviction of certain crimes, such as espionage, sabotage, treason, sedition, and other subversive activities. Any wages and self-employment earnings reported for the individual after his conviction will be treated as a new earnings record, on which, if he meets all conditions of eligibility, he can establish new benefit rights. Benefit rights of other members of the individual's family who are otherwise eligible will not be affected by his conviction and will be based on his total earnings record. The provision applies only to convictions after August 1, 1956.

INTEREST RATE ON TRUST FUND INVESTMENTS

The interest rate on trust fund investments will be changed to reflect the essentially long-term character of the investments. The interest rate will be equal to the average rate of interest borne by all marketable interest-bearing obligations of the United States not due or callable until after the expiration of 5 years from the date of original issue. Under the previous law, the rate of interest for trust fund investments is equal to the average rate borne by all interest-bearing obligations of the United States without regard to maturities or marketability. To make it clear that bonds purchased by the trust fund are as much a part of the public debt as any other obligations of the Federal Government, they are designated as "public debt obligations for purchase by the Trust Fund" in place of the designation under the old law, "special obligations issued exclusively to the Trust Fund."

MINOR AMENDMENTS

1. Duration of Marriage Requirement for Remarried Widow

The amendments provide that a widow who remarries and whose second husband dies before the couple have been married for a year will receive benefits based on the earnings record of her previous husband if he was insured under the program before his death and their marriage had lasted for at least 1 year. Benefits for remarried widows who become entitled under this amendment will not be payable for any month before (a) the month in which the second husband dies, (b) the 12th month before the month in which she files application for widow's benefits under the amendment, or (c) November 1956, whichever is latest.

2. Earnings Test for Members of Armed Forces Serving Abroad

The amendments place the earnings test on an annual basis for members of the Armed Forces serving outside the United States, effective with respect to taxable years ending after 1955. This change is operative for 1956 only. After 1956, service in the Armed Forces is covered employment and the annual earnings test will automatically apply.

3. Extension of Deadline for Filing Proof of Support or Application for Lump-Sum Death Payment

The amendments extend for an additional 2 years the period for filing proof of support in claims for dependent husband's, widower's, and parent's benefits, and for filing application for lump-sum death payment based on deaths after 1946, if the claimant can show "good cause" for his failure to file within 2 years after entitlement or death of the insured individual.

If proof of support or application for the lump-sum payment is not filed within 2 years after the entitlement or death of the insured individual, it will be deemed to have been filed in time if it is filed within an additional 2 years after the original 2-year period has expired, or within 2 years after August 1956, whichever is later. The amendment applies in the case of lump-sum payments and monthly benefits for months after August 1956, based on applications filed after August 1956.

4. Alternative Insured Status

The amendments contain an alternative insured status provision. An individual who has quarters of coverage in all but 4 quarters after 1954 and before July 1, 1957, or, if later, the quarter in which he attains retirement age or dies, whichever occurs first, will be fully insured. At least 6 quarters of coverage will be required. This change will permit individuals first covered in 1956 to become insured for benefits on the same basis as the previous law provides for persons first covered in 1955. The amendment applies to individuals who die or attain retirement age before October 1960. Thereafter, the normal requirements for an insured status will coincide with the alternative requirements.

5. "Dropout" of 5 years of Low or No Earnings

The amendments permit 5 years to be "dropped out" in computing the average monthly wage of an insured individual, regardless of the number of quarters of coverage he has earned. Thus, persons newly covered in 1956 may "drop out" all the years of noncoverage after 1950 and before 1956. This provision applies in any case in which a person becomes entitled to an old-age insurance benefit or work recomputation on the basis of an application filed on or after August 1, 1956. Benefits for survivors can also

be recomputed to drop the 5th year under certain conditions.

6. Special Starting and Closing Dates

The amendments provide special starting and closing dates for individuals who become entitled in 1957 and who have at least 6 quarters of coverage after 1955 and prior to the quarter following the quarter of death or entitlement, whichever occurs first. A starting date of December 31, 1955, and closing date of July 1, 1957, may be used if a higher primary insurance amount will result.

Total wages and self-employment income after December 31, 1956, used in any computation under the July 1, 1957, closing date must not exceed $2,100. Provision is made under specified circumstances for recomputation of benefits using the July 1, 1957, closing date if a higher primary insurance amount will result.

7. Time Limitation on Filing Request for Hearings

The amendments clarify the intent of law that the Secretary may impose a limitation on the time within which an individual may request a hearing after a decision has been made in his case by the Secretary. The Secretary is authorized by regulation, to limit the period for requesting hearings, but the prescribed period cannot be less than 6 months after notice of a decision is mailed to the individual. Any individual who has not previously had a hearing can request a hearing within 6 months after enactment of the 1956 amendments, on a notice of decision mailed prior to the date of enactment. (The language of Section 205(b) of the act prior to the 1956 amendments provides that the Secretary must grant a hearing "whenever requested" by such individual or by specified dependents or survivors. In a recent decision involving another issue, the Court of Appeals for the Tenth Circuit indicated that this language might require that no case in which an individual has once been given an adverse decision could ever be considered closed until such time as the individual has requested and received a hearing, regardless of the lapse of time.)

8. Time for Filing Annual Reports of Earnings

The amendments extend the deadline for filing annual reports of beneficiary earnings to conform with the change to an April 15 deadline for income-tax reporting contained in the Internal Revenue Code of 1954. The amendment permits annual reports of beneficiary earnings to be filed up to the 15th day of the 4th month following the close of the individual's taxable year, rather than the 15th day of the 3rd month as under previous law. The amendment applies in the case of monthly benefits for months in taxable years beginning after 1954.

9. Time for Correcting Records of Earnings

The amendments conform the OASI statute of limitations governing the period within which the earnings record is open to correction to the time limit on filing claim for credit or refund of taxes under the 1954 Internal Revenue Code. The amendments provide that the OASI statute of limitations will operate after 3 years, 3 months, and 15 days following the close of the taxable year in question rather than after 3 years, 2 months, and 15 days as under previous law.

10. Computation of Average Monthly Earnings in Disability Cases

The amendments place computation of benefits in disability cases on an annual basis by eliminating from the computation of the average monthly earnings, months and earnings in a year any part of which is included in a period of disability. There is one exception--the months and earnings in a year in which the disability began will be included in the computation if their use results in a higher benefit amount.

11. Correction of Records of Self-Employment Income

The amendments provide that an individual's earnings record can be corrected, even in periods normally barred to correction because of the statute of limitations, to include self-employment income not previously included for a year for which wages were deleted from the records as having been erroneously reported. Such self-employment income may be included only if the amount was included in a tax return or statement filed before the end of the time limitation running from the taxable year in which the wage deletion was made.

12. Relationship Between OASI and Railroad Retirement Programs

The amendments preserve the relationship between the old-age and survivors insurance and railroad retirement programs established by the amendments made in 1951 to the Railroad Retirement Act by P.L. 234, 82d Congress. The amendments provide that reference in the Railroad Retirement Act to the "Social Security Act" and to the "Social Security Act, as amended," are references to the Social Security Act as amended in 1956 (that is, as amended by all acts amending the Social Security Act during and preceding 1956). The Railroad Retirement Act guarantees the payment of total benefits under the railroad retirement and old-age and survivors insurance programs at least equal to the worker's contributions to the railroad program, plus an allowance for interest. In defining the terms of this guaranty, the Railroad Retirement Act refers to survivor benefits payable under the Social Security Act "upon attaining age 65." The amendments provide for insertion of the phrase "(age 62 in the case of a widow)" after "age 65" each place it appears in the appropriate section of the Railroad Retirement Act, thus taking into account the reduction in the retirement age requirement for widows from age 65 to 62 in the amendments.

FINANCING

As a result of the amendments in 1956, separate arrangements have been established for the financing of old-age and survivors insurance benefits and of cash disability insurance benefits.

Old-Age and Survivors Insurance Benefits

Since enactment of the Social Security Amendments of 1954, three important changes have taken place which will result in higher income to the system than was expected according to the long-range actuarial cost estimates on which the 1954 contribution schedule was based. First, the present cost estimates are based on earnings levels in 1955, which are about 15 percent higher than the 1951-52 earnings levels on which the earlier estimates were based. As earnings levels rise, relatively more is collected in contributions than is paid out in higher benefits. This is due to the weighted nature of the benefit formula. Second, the change in the method of determining the interest rate on securities purchased for investment by the trust funds will result in higher interest earnings. Accordingly, the present cost estimates are based on a yield of 2.6 percent interest as compared with the 2.4 percent rate on which the earlier estimates were based. Third, the extension of coverage, including the coverage of the Armed Forces under H.R. 7089 (the Hardy Bill), will result in relatively more being collected in contributions than is paid out in benefits, because of the weighted nature of the benefit formula.

Expressed as a level premium percent of payroll, this additional income will be slightly more than is needed to meet the larger outlays for old-age and survivors insurance benefits resulting from the amendments. Accordingly, the schedule of contributions that was established in 1954 has been retained without change.

The level premium cost of these benefits is 7.43 percent of payroll. Contribution income is equivalent to 7.23 percent of payroll on a level basis. This leaves an actuarial insufficiency of .20 percent of payroll (there was an actuarial insufficiency of .38 percent of payroll when the 1954 amendments were adopted). For practical purposes, OASI trust fund income and outgo can be considered to be in actuarial balance.

Disability Insurance Benefits

The amendments will establish a new Federal Disability Insurance Trust Fund from which disability benefits and administrative costs will be paid. Contributions to the disability insurance trust fund will be $\frac{1}{4}$ of 1 percent each on employees and employers and 3/8 of 1 percent on the self-employed. These rates are not scheduled for increase. They will be effective January 1, 1957, and are in addition to the 2 percent OASI contribution from employees and employers and 3 percent from the self-employed which will be paid next year. They will be paid at the same time and in the same manner as the OASI contributions are paid.

These contribution rates will provide income which is estimated to be slightly in excess of the cost of the disability benefits.

[COMMITTEE PRINT]

COMMITTEE ON FINANCE
UNITED STATES SENATE

Harry Flood Byrd, *Chairman*

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE AND PUBLIC ASSISTANCE

SHOWING CHANGES MADE BY THE SOCIAL SECURITY AMENDMENTS OF 1956

(PUBLIC LAW 880—84TH CONGRESS)

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PUBLIC ASSISTANCE

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

[Effective date of the amendments is Aug. 1, 1956, unless otherwise noted]

I. COVERAGE

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Self-employed	*Covers* all self-employed if they have net earnings from self-employment of $400 a year except that certain types of income including dividends, interest, sale of capital assets, and rentals from real estate (including rentals paid in crop shares) are not covered unless received by dealers in real estate and securities in the course of business dealings.	No change other than to make an exception so as to include rentals as self-employment income in certain situations. See A 3, Farm operators and share farmers.
1. Professional groups	*Excludes* specific professional groups: physicians, lawyers, dentists, osteopaths, veterinarians, naturopaths, chiropractors, and optometrists.	Covers all professional groups now excluded except physicians. Effective date: Taxable years ending after 1955.
2. Ministers	*Covers* ministers (including Christian Science practitioners) and members of religious orders, other than those who have taken a vow of poverty, and those serving outside the United States who are citizens and working for United States employers on a voluntary self-employed basis regardless of whether they are employees or self-employed. Allows a period of 2 taxable years after coverage became available (Jan. 1, 1955), or after becoming a minister or a member of a religious order in which to elect coverage. An election of coverage once made is irrevocable.	Also covers ministers outside the United States if they serve a congregation predominantly made up of United States citizens even though their employer may not be a United States employer. Effective date: Applicable generally to taxable years ending after 1956 but may apply, upon election, to 1955 and 1956. No change.
3. Farm operators and share farmers.	*Covers* farm operators on the same basis as other self-employed persons except for a special provision for farmers who report on a cash basis. Such farmers whose annual gross earnings are $1,800 or less may report either their actual net earnings or 50 percent of their gross earnings. Farmers who report on a cash basis and whose annual gross earnings are over $1,800 may report either their actual net earnings or, if these net earnings are less than $900, may report $900.	Permits farm operators whose annual gross earnings are $1,800 or less to report either their actual net earnings or 66⅔ percent of their gross earnings. Farmers whose annual gross earnings are over $1,800 may report either their actual net earnings or, if these net earnings are less than $1,200 may report $1,200. Makes optional reporting method applicable to members of farm partnerships and farmers reporting on an accrual basis. Effective date: Applicable to taxable years ending on or after Dec. 31, 1956 (which includes calendar year 1956).
	Rentals cannot be included as self-employment income.	Rentals will be credited as self-employment income in the situation in which the owner or tenant of the land participates materially with the individual working the land in the production or the management of the production of the agricultural or horticultural commodity. Effective date: Taxable years ending after 1955.

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Self-employed—Continued		
3. Farm operators and share farmers—Continued	*Covers* share farmers as self-employed under current interpretation.	The language of the bill confirms the present interpretation of the law on this point by defining the services of a share farmer as self-employment rather than employment. Effective date: Applicable to service performed in 1955 and subseqnent years.
4. Public officials	*Excludes* individuals performing functions of public officials.	No change.
Newspaper vendors	*Covers* individuals over 18 who buy newspapers and magazines at one price and sell them at another regardless of whether they are guaranteed minimum compensation or may return unsold papers and magazines.	No change.
B. Employees	*Covers* employees including certain agent or commission drivers, life-insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common-law definition of employee.	No change.
1. Agricultural workers	*Covers* agricultural workers who are paid $100 or more in cash wages by 1 employer in a calendar year.	Covers agricultural workers who either (1) are paid $150 or more in cash wages in a calendar year by an employer or (2) perform agricultural labor for an employer on 20 days or more during the calendar year for cash wages computed on a time basis. Farm workers who are recruited and paid by a crew leader shall be deemed to be employees of the crew leader if such crew leader is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor; under such circumstances the crew leader shall be deemed to be self-employed. Effective date: 1957 and subsequent years.
	And excludes:	
	a. Mexican contract workers	a. No change.
	b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other British West Indies on a temporary basis to perform agricultural labor.	b. Provision broadened to exclude from coverage temporary agricultural workers from any other foreign country. Effective date: 1957 and subsequent years.
	c. Persons producing or harvesting gum resin products (turpentine and gum naval stores).	c. No change.
2. Domestic workers	*Covers* persons performing domestic service in private nonfarm homes if they receive $50 or more during a calendar quarter from 1 employer. Noncash remuneration is excluded. Also specifically.	No change.
	Excludes students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at a school, college, or university.	No change.
3. Casual labor	*Covers* cash remuneration for service not in the course of the employer's trade or business if the remuneration is $50 or more from 1 employer during a calendar quarter.	No change.

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Employees—Continued 4. State and local government employees.	*Covers* employees of State and local governments *provided* the individual State enters into an agreement with the Federal Government to provide such coverage, with the following special provisions: a. Employees who are in positions covered under an existing State or local retirement system (except policemen and firemen) may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. All members of a retirement system (with minor exceptions) must be covered if any members are covered. Employees of any institution of higher learning (including a junior college or a teachers' college) under a retirement system can, if the State so desires, be covered as a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system. In addition employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system could be covered without a referendum. Employees in positions which were covered by a retirement system on the date the agreement was made applicable to the coverage group but which, by reason of action taken prior to Sept. 1, 1954, are no longer covered by a retirement system on the date when the agreement is made applicable to such services, may also be covered without a referendum at any time prior to Jan. 1, 1958.	No change. a. No change in general law but special provisions were made to allow the coverage of employees in the following States as exceptions to existing law. (1) Authorizes Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, 1 to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that new employees are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States. (2) Authorizes Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii, at their option, to cover their employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act—either by themselves or with the other employees of the department of the State in which they are employed—after complying with the referendum provisions. (3) Authorizes Florida, Minnesota, Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii, at their option up until July 1, 1957, to include employees of public school districts who are under teachers' retirement system, but who are not required to have teachers' or school administrators' certificates (for example, school custodians), in the State's OASI agreement without a referendum and without including the certificated employees who are under the teachers' retirement system. (4) Allows the States of Florida, North Carolina, Oregon, South Carolina, and South Dakota to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Employees—Continued **4. State and local government employees—Con.**	*Covers*—Continued b. *States have the option* of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.	b. No change.
	c. *Excludes* the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered: (1) employees on work relief projects; (2) patients and inmates of institutions who are employed by such institutions; (3) policemen and firemen having their own retirement system; and (4) services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, *except* that agricultural and student services in this category may be covered at the option of the State.	c. No change except: (3) See a (4), p. 3 for exception for enumerated States.
	d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems as shown below: (1) *A transportation system that acquired a private system prior to 1951.*—All employees of a transportation system, owned by a State or local unit of government, any part of which is acquired from a private company after 1936 and before 1951, are covered by old-age and survivors insurance unless the employees are covered as of Dec. 31, 1950, by a general retirement system (applicable on a citywide or statewide basis) under which the benefits are protected from diminution or impairment by express provision of the State constitution. If the transportation system owned by a State or local unit of government has a retirement system applicable to its employees and acquires a private transportation system after 1950, the employees taken over with such acquisition are covered by old-age and survivors insurance if the employer has provided for integration of the general retirement system with old-age and survivors insurance. (2) *A transportation system no part of which was acquired from a private company prior to 1951.*—As to a transportation system owned by a State or local unit of government, no part of which was acquired from a private company after 1936 and before 1951, but which	d. No change.

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Employees—Continued 4. State and local government employees—Con.	*Covers*—Continued acquires a private transportation company after 1950, the employees taken over with the acquisition are covered by old-age and survivors insurance unless they are covered by a general retirement system which does not provide for integration with old-age and survivors insurance. (3) *A transportation system beginning operation after December 1950.*—If a State or local unit of government does not operate a transportation system on Dec. 31, 1950, but acquires a system after such date, all employees of the transportation system are covered by old-age and survivors insurance unless at the time the first part of the transportation system is acquired from private ownership the State or local unit of government has a general retirement system that covers the employees of the transportation system.	
5. Employees of nonprofit organizations.	*Covers* employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501 (c) (3) of the Internal Revenue Code) *on a voluntary basis* if— a. the employer organization certifies that it desires to extend coverage to its employees, and, b. at least ⅔ of the organization's employees concur in the filing of the certificate. Employees who do not concur in the filing of the certificate are not covered *except* that all employees hired after a certificate becomes effective are covered.	No change.
	Allows employees who do not concur in initial coverage certificate of a nonprofit organization to be covered by supplemental lists filed within 2 years of the first quarter in which the certificate is in effect.	Provides an alternative cutoff date for coverage by supplemental list of Jan. 1, 1959.
	An individual employed, after 1950 and before enactment date of the 1954 Social Security Amendments (Sept. 1, 1954), by a nonprofit organization which failed to file a valid waiver certificate but believed that it had done so can get credit for his employment by filing a request with Internal Revenue if at least part of his taxes were paid and not refunded prior to enactment date.	Extends this provision to the enactment date of the 1956 Social Security Amendments (Aug. 1, 1956).

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Employees—Continued		
5. Employees of nonprofit organizations—Continued	*Covers*—Continued If an organization filed a valid waiver but an employee's name was not on the accompanying list he can get credit for employment on which taxes were paid and not refunded prior to enactment date of the 1954 Social Security Amendments (Sept. 1, 1954) upon request to Internal Revenue. He is deemed to have signed the waiver and is covered for the future.	Extends this provision to the enactment date of the 1956 Social Security Amendments (Aug. 1, 1956).
	Covers employees of other nonprofit organizations (exempt from income tax under the other subsections of 501 (c)) on a *compulsory basis* if the employees earn $50 a quarter from such an employer and they are not specifically excluded by another provision of the law.	No change.
6. Federal employees	*Excludes* employees of the United States or its instrumentalities if—	
	a. they are covered by a retirement system established by Federal law; or	
	b. they perform services—	b. No change, except—
	(1) as the President, Vice President, or a Member of Congress;	
	(2) in the legislative branch;	
	(3) in a penal institution as an inmate;	
	(4) as certain internes, student nurses, and other student employees of Federal hospitals;	
	(5) as employees on a temporary basis in disaster situations;	
	(6) as employees not covered by the Civil Service Retirement Act because they are subject to another retirement system; or	(6) Covers employees subject to the retirement system of the Tennessee Valley Authority by excepting them from this provision but provides that coverage shall not be effective unless the Board of Directors of TVA submits to the Secretary of Health, Education, and Welfare, and the Secretary approves before July 1, 1957, a plan for the coordination, on an equitable basis, of the 2 systems. The plan shall specify an effective date of July 1, 1957, or the 1st day of a prior quarter beginning not earlier than Jan. 1, 1956.
	c. the instrumentality has been specifically exempted by statute from the OASI employer tax; or	c. No change.
	d. the instrumentality was exempt from the employer tax on Dec. 31, 1950, and its employees are covered by its retirement system.	d. No change.
	Covers the following Federal employees excepted from the exclusion in 6–d unless they are excluded on the basis of one of the other provisions:	
	a. employees of a corporation which is wholly owned by the United States:	a. No change.

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Employees—Continued		
6. Federal employees—Continued	*Covers*—Continued b. employees of a national farm loan association, a production credit association, a Federal Reserve bank, or a Federal credit union:	b. Covers employees of Federal Home Loan Banks under a retirement system by adding them to these specific exceptions but provides that coverage shall not be effective unless the Home Loan Bank Board submits a plan in the same manner as the TVA. The plan shall specify an effective date of July 1, 1957, or the first day of a prior quarter beginning not earlier than Jan. 1, 1956.
	c. employees (not compensated by funds appropriated by Congress) of the post exchanges of the various armed services (including the Coast Guard) and other similar organizations at military installations;	c. No change.
	d. employees of a State, county, or community committee under the Production and Marketing Administration.	d. No change.
7. Students, internes, and nurses in schools and hospitals.	*Excludes:* a. students in the employ of a school, college, or university if enrolled and regularly attending classes. b. student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes. c. Internes in the employ of a hospital if they have completed a 4-year course in an approved medical school. (Students may be covered as employees of State or local governments at option of the State under State agreements. See 4 c (4), p. 4.)	No change.
8. Newsboys	*Covers* individuals *18 and over* who deliver and distribute newspapers or shopping news, but covers individuals *under 18* only if they deliver or distribute such publications to points for subsequent delivery or distribution.	No change.
9. Members of the Armed Forces.	Not covered under the regular contributory provisions of the program but granted social-security wage credits of $160 per month for active service in the Armed Forces during the World War II period (Sept. 16, 1940–July 24, 1947) and for the postwar emergency period (July 25, 1947–Mar. 31, 1956). These wage credits are not given if benefits on the basis of the same service are payable to a veteran under a Federal program other than those administered by the Veterans' Administration.	Covered under the regular contributory provisions of the program by another enactment in the 84th Cong. (Public Law 881) effective Jan. 1, 1957. Public Law 881 (Servicemen's and Veterans' Survivor Benefits Act) also extended the gratuitous wage credits for all persons in military service between Apr. 1, 1956, and Dec. 31, 1956.

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Employees—Continued	*Covers*—Continued	
10. Railroad employees	Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the benefits based on such employment are payable under this act; and (3) provision is made for mutual reimbursement between the 2 systems in order to place the old-age and survivors insurance trust fund in the same position in which it would have been if railroad service after 1936 had been counted as social-security employment.	Amendments made to the Railroad Retirement Act to preserve the present relationship between the 2 programs; otherwise no change.
11. Family employment	*Excludes* persons in the employ of a son, daughter, or spouse; or child under 21, if in the employ of a parent.	No change.
12. Employees of certain Communist organizations.	No specific exclusion	Denies coverage to employees of any organization which is registered, or against which there is a final order of the Subversive Activities Control Board to register, under the Internal Security Act as a Communist-action, a Communist-front, or Communist-infiltrated organization. Effective: June 30, 1956.
C. Geographical scope	*Excludes* the following from coverage within the United States (which includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands): a. Nonresident aliens engaged in self-employment. b. Employees of foreign governments and their instrumentalities. c. Employees of international organizations entitled to certain privileges under the International Organizations Immunities Act. d. Employees on foreign registered aircraft or ships who also perform services while the plane or ship is outside of the United States, if the employee is not a citizen of the United States or the employer is not an American employer.	No change.
	Coverage outside of the United States is limited to— a. American citizens either self-employed or employed by an American employer.	No change except: a. Covers ministers (on a self-employed basis) outside the United States if they serve a congregation predominantly made up of United States citizens even though their employer may not be a United States employer. (See A–2, p. 2).

I. COVERAGE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
C. Geographical scope—Con.	*Coverage outside of the United States is limited to*—Continued b. Citizens of the United States employed by foreign subsidiaries of American corporations are covered by voluntary agreements between the Federal Government and the parent American company. Defines a foreign subsidiary of a domestic corporation as a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation. The domestic corporation can include some or all of its foreign subsidiaries in the agreement and must agree to pay the equivalent of both employer and employee taxes on behalf of the subsidiaries included. c. Individuals, regardless of citizenship, who are employed on American registered ships and aircraft if either the contract of service was entered into in the United States or the plane or vessel touches a port in the United States.	b. Makes coverage available to more United States citizens employed by foreign subsidiaries by redefining a foreign subsidiary of a domestic corporation as a foreign corporation not less than 20 percent of the voting stock of which is owned by such domestic corporation.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY

A. Covered workers:		
1. Disability "freeze"	Provides that when an individual for whom a period of disability has been established dies or retires his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit purposes.	No change. (The disability "freeze" will be in effect during the period when a disability insurance benefit is being paid. Thus, it will apply to retirement and dependent's benefits or, in the case of death, to survivors' benefits.)
2. Benefits	No provision	Provides an insurance benefit prior to retirement (computed in the same way as retirement benefits) for disabled workers meeting eligibility requirements. Benefits payable from the Federal Disability Insurance Trust Fund. No benefits for dependents. Effective date: Disability insurance payments beginning July 1957.
3. Eligibility requirements.	a. For disability "freeze" an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to be of long-continued and indefinite duration or to result in death. An individual is disabled, within the meaning of the law, if he is blind, as that term is defined.	Same for benefits as for disability "freeze" except blindness is neither specified nor defined and is, therefore, not necessarily a disability.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Covered workers—Con.		
3. Eligibility requirements—Continued	Provides— b. For disability "freeze" a period of disability cannot be established unless it has lasted at least 6 full calendar months.	b. A 6 months' "waiting period" is required before disability insurance benefits can begin. No "waiting period" can begin before Jan. 1, 1957, nor more than 6 months before age 50.
	c. To be eligible for the disability "freeze," an individual must— (1) Have acquired at least 20 quarters of coverage out of the last 40 quarters ending with the quarter in which the period of disability begins; (2) Have acquired 6 quarters of coverage out of the last 13 calendar quarters ending with the quarter in which the period of disability begins; and (3) must be alive and still disabled at the time application is filed.	c. To be eligible for disability insurance benefits an individual must: (1) Same as disability "freeze" in present law. (2) Same as disability "freeze" in present law. (3) Same as disability "freeze" in present law. (4) *And must also be:* (a) fully insured, and (b) aged 50 or over.
4. Disability determinations.	In administering the disability "freeze"— a. the Secretary enters into contractual agreements under which State vocational rehabilitation agencies, or other appropriate State agencies, make determinations of disability. b. the Secretary is authorized to make determinations of disability for individuals who are not covered by State agreements. c. the Secretary may, on his own motion, review a State agency determination that a disability exists and may, as a result of such review, find that no disability exists or that the disability began later than determined by the State agency. d. Any individual who is dissatisfied with a determination, whether made by a State agency or by the Secretary, has the right to a hearing and to judicial review as provided in the law.	In administration of disability benefits uses the same administrative structure for disability determinations as that established for disability "freeze."
5. Administrative expenses.	Appropriations are authorized from the Old-Age and Survivors Insurance Trust Fund to reimburse State agencies for necessary costs incurred in making disability determinations for disability "freeze" purposes.	Appropriations are also authorized from the Federal Disability Insurance Trust Fund to reimburse State agencies for necessary costs incurred in making disability determinations for benefit purposes.
6. Adjustment of duplicate benefits.	No provision	Reduces the disability insurance benefit by the amount of any benefit payable— (a) by any agency of the United States (including wholly-owned instrumentalities) under another Federal law or under a system established by such an agency where the payment is based in whole or in part on a physical or mental impairment; or (b) under a workmen's compensation law or plan of a State on account of physical or mental impairment.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Covered workers—Con.		
7. Rehabilitation	The policy of Congress is stated that disabled persons applying for a determination of disability be promptly referred to State vocational rehabilitation agencies for necessary rehabilitation services.	Extends existing provision to a person receiving disability benefits and provides for deduction of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act in such amounts as the Secretary shall determine. A member of the Christian Science Church or other church that relies on spiritual healing who refuses rehabilitation services is deemed to have done so with good cause. A disabled person who is receiving rehabilitation services and returns to work shall not, for at least 1 year after his work first started, be regarded as able to engage in substantial gainful activity solely by reason of such work.
8. Suspension of benefits based on disability.	No provision	If the Secretary believes that the disability no longer exists, he may suspend benefits pending his disability determination or that of the appropriate State agency.
B. Disabled children	No provision	Pays benefits (from Federal Old-Age and Survivors Insurance Trust Fund) to dependent disabled child of a deceased or retired insured worker if the child is permanently and totally disabled and has been so disabled since before he reached age 18. If the disabled child was not entitled to child's benefits before he reached age 18, it will be necessary to show that the child was receiving at least half his support from the worker at the time the child applied for benefits or when the worker died. Effective date: Payable beginning January 1957.
1. Benefits.		
2. Disability determinations.	No provision	Uses same definition of disability as is used for covered workers (A 3) and same structure for disability determinations (A 4, p. 10).
3. Administrative expenses.	No provision	Appropriations are authorized from the Federal Old-Age and Survivors Insurance Trust Fund to reimburse State agencies for necessary costs incurred in making children's disability determination.
4. Adjustment of duplicate benefits.	No provision	Reduces disabled child's benefit by the amount of the benefit payable— a. by any agency of the United States (including wholly owned instrumentalities) under another Federal law or under a system established by such an agency where the payment is based in whole or in part on a physical or mental impairment; or b. under a workmen's compensation law or plan of a State on account of physical or mental impairment.

II. PROVISIONS RELATING TO PERMANENT AND TOTAL DISABILITY—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Disabled children—Con.		
4. Adjustment of duplicate benefits—Con.		Also reduces mother's or wife's benefit deriving from such child's benefit where the other Federal or State disability payment exceeds the child's benefit. However, if such a wife or mother is entitled to her benefit because of another child in her care, the reduction will not take place.
5. Rehabilitation	No provision	Same as for covered worker (A 7 p. 11).
6. Suspension of benefits based on disability.	No provision	Same as for covered worker (A 8 p. 11).

III. BENEFIT CATEGORIES

A. Retired workers and their dependents:		
1. Old age	Payable at age 65 and over to fully insured men and women workers.	No change for men but retirement age for women reduced to age 62 with a reduced annuity upon retirement between 62 and 65 (80 percent at 62 plus ⅝ of 1 percent for each months' delay of retirement up to age 65). A woman who is entitled to an old-age benefit prior to 65 and is eligible for a wife's benefit at the same time will be deemed to have filed application for both benefits. The appropriate reduction factor would be applied to each benefit separately, and the reduced benefits would be adjusted against each other so that, in effect, the larger of the 2 benefits would be paid. In the case where a woman is entitled to a reduced old age benefit and subsequently becomes entitled to a wife's benefit, the latter benefit would be reduced to take into account the fact that benefits were already drawn at an earlier age. No reduction in benefits for dependents and survivors of women workers who elect reduced annuities. Effective date: Payable beginning November 1956.
2. Wife	When a worker receives old-age benefits, wife's insurance benefits are payable upon filing application if the wife of the retired worker has been married to him for not less than 3 years, or she is the mother of his son or daughter, and a. has reached age 65 or, if under 65, has in her care (individually or jointly with her husband) at the time of filing the application, a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband;	No change except: Retirement age for wives reduced to 62 with reduced annuities between 62 and 65 (75 percent at 62 plus $^{25}/_{36}$ of 1 percent for each month's delay of retirement up to age 65). A woman who is entitled to a wife's benefit prior to 65 and is eligible for an old-age benefit at the same time will be deemed to have filed application for both benefits. The appropriate reduction factor would be applied to each benefit separately, and the reduced benefits would be adjusted against

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Retired workers and their dependents—Continued 2. Wife—Continued	b. is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the wife of the worker; and c. has been living with the husband at the time the application is filed. (Wife is deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him for her support, or he has been ordered by a court to contribute to her support.)	each other so that, in effect, the larger of the 2 benefits would be paid. In the case where a woman is entitled to a reduced wife's benefit and subsequently becomes entitled to her own old age benefit, the latter benefit would be reduced to take into account the fact that benefits were already drawn at an earlier age. A woman who has a child in her care entitled to a child's insurance benefit will continue to receive an unreduced wife's benefit. Effective date: Payable beginning November 1956.
3. Dependent husband	When a woman worker receives old-age benefits and in addition *is currently insured*, husband's insurance benefits are payable upon filing application if the husband of the retired woman worker is the father of her son or daughter, or has been married to her for not less than 3 years, and	No change.
	a. has reached age 65;	a. No change.
	b. has been receiving at least ½ of his support from his wife at the time she became entitled to old-age benefits and filed proof of such support within 2 years after she became so entitled;	b. No change except extends for 2 years the period within which proof of support must be filed if there was failure to file proof within the initial period. The 2-year extension would start at the expiration of the initial 2-year period or after August 1956 if that was later. Effective as to benefits after August 1956, based on applications filed after that date.
	c. is not entitled to an old-age benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent husband of the worker; and	c. No change.
	d. has been living with the wife at the time the application is filed. (Husband is deemed to be living with his wife if they are both members of the same household, or he is receiving regular contributions from her for his support, or she has been ordered by a court to contribute to his support.)	d. No change.
4. Child	When a worker receives old-age benefits, child insurance benefits are payable to the child of the retired worker (including stepchild or adopted child as defined below) upon filing application if— (a) the child is unmarried and under age 18; and (b) the child is dependent (as defined on p. 14) on the retired worker.	No change except: Provides that benefits will also be paid to retired workers' dependent unmarried children age 18 or over if they are permanently and totally disabled and have been so since before the age of 18. Effective date: Payable beginning January 1957.

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III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Retired workers and their dependents—Continued 4. Child—Continued		
Stepchild or adopted child—of retired worker	The term "child" includes a stepchild or adopted child who has been such for at least 3 years immediately preceding the day on which the application for child benefits is filed (if a stepchild of the worker is later adopted by the worker, the child is considered to be an adopted child during the period the stepchild relationship existed).	No change.
Definition of dependency on father, adopting father, stepfather, mother, adopting mother, and stepmother	A child (under 18) is considered dependent upon the *father* if the father is living with or contributing to the support of the child. However, even if the father is not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child— a. Has been adopted by some other individual, or b. Is living with and receiving more than ½ of his support from his stepfather. An adopted child (under 18) is considered dependent upon his *adopting father* under the same conditions as those which apply to a father and his natural child.	No change.
	A child (under 18) is considered dependent upon his *stepfather* at the time of filing application for child benefits if the child was— a. living with his stepfather; or b. receiving at least ½ his support from his stepfather.	No change.
	A child (under 18) is considered dependent upon his *natural mother* or *adopting mother* at the time of filing application for child benefits if such mother *was currently insured* when she became entitled to old-age benefits regardless of presence of or support furnished the child by the father.	No change.
	Also a child (under 18) is considered dependent upon his *natural, adopting or stepmother* at the time of filing application for child benefits if— a. she was living with the child or contributing to the support of the child and provided the child was— (1) neither living with, nor receiving contributions from, his father or adopting father, or (2) receiving at least ½ of his support from her.	No change.

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Retired workers and their dependents—Continued 4. Child—Continued		
Definition of dependency—Con.	No provision	A child who has attained 18 and is under a permanent and total disability which began before 18 will be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or his stepmother for a child's benefit if— a. he was entitled to a child's benefit before 18 on the wage record of such parent, or b. he was receiving at least ½ of his support from the deceased parent at his death.
B. Survivors of deceased workers:		
1. Surviving widow	Widow's insurance benefits are payable, upon filing application (no application required if widow was receiving a mother's insurance benefit when she becomes eligible for widow's benefit) at age 65 if the deceased worker was fully insured at the time of his death and the widow (as defined below)— a. has not remarried; b. is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow of the deceased worker; and c. was living with the husband at the time of his death. Widow is deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by a court to contribute to her support.	Retirement age for widows reduced to 62 with full annuity payable. Effective date: Payable beginning November 1956. a. a widow who remarries but whose husband dies before she is eligible for a benefit on his wage record (1 year) will be deemed not to have remarried for benefit purposes. Generally effective November 1956. b. No change. c. No change.
Widow defined	The term "widow" means the surviving wife of a deceased worker, but only if she meets one of the following conditions: a. was married to him for not less than 1 year immediately prior to the day on which he died; or b. is the mother of his son or daughter; or c. legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or d. was married to him at the time both of them legally adopted a child under the age of 18.	No change other than the remarriage qualification noted above.

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Survivors of deceased workers—Continued		
2. Surviving widow with children (mother's benefit).	*Mother's insurance benefits* are payable, upon filing application (no application required if mother was receiving a wife's insurance benefit when she becomes eligible for a mother's benefit), to the widow of a deceased worker if he was *currently* or *fully insured* at time of death and the widow— a. has in her care a child of the deceased worker entitled to child insurance benefits; b. has not remarried; c. is not entitled to a widow's insurance benefit (as in above); d. is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the widow with children of the deceased worker; and e. was living with the husband at the time of his death. Widow is deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support on such date, or he had been ordered by a court to contribute to her support.	No change.
3. Surviving former wife divorced (mother's benefit).	*Mother's insurance benefits* are payable, upon filing application, to the former wife divorced (as defined below) of a deceased worker if he was *currently* or *fully insured* at time of death and the former wife divorced— a. has in her care a child of the deceased worker who is her son, daughter, or legally adopted child entitled to child insurance benefits payable on the basis of the deceased worker's wages or self-employment income; b. was receiving from the deceased worker (pursuant to agreement or court order) at least ½ of her support at the time of his death; c. has not remarried; d. is not entitled to a widow's insurance benefit (as in 2 above); and e. is not entitled to an old-age benefit based on her own earnings equal to or greater than the amount she would be entitled to as the former wife divorced of the deceased worker.	No change.

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Survivors of deceased workers—Continued		
3. Surviving former wife divorced (mother's benefit)—Continued		
Former wife divorced defined	The term "former wife divorced" means a woman divorced from a deceased worker, but only if she meets 1 of the following conditions: (a) is the mother of his son or daughter; (b) legally adopted his son or daughter while married to him and while such son or daughter was under age 18; or (c) was married to him at the time both of them legally adopted a child under the age of 18.	No change.
4. Surviving child	*Child insurance benefits* are payable upon filing application, to the child (including stepchild or adopted child as defined below) of a deceased worker if he or she was *currently* or *fully insured* and the child— a. is unmarried and under age 18; and b. was dependent (as defined below) upon the worker at the time of his or her death.	Provides that benefits will also be paid to deceased workers' dependent unmarried children age 18 or over if they are permanently and totally disabled and have been so since before the age of 18. Effective date: Payable beginning January 1957.
Stepchild or adopted child of the deceased worker defined	The term "child" includes a stepchild of a deceased worker who has been such a stepchild for at least 1 year immediately preceding the day on which the worker died; the term "child" also includes an adopted child of a deceased worker without regard to the length of time the child has been adopted.	
Definition of dependency on father, adopting father, stepfather, mother, adopting mother, and stepmother	A child (under 18) is considered dependent upon the *father* if the father at the time of his death was living with or contributing to the support of the child. However, even if the father at the time of his death was not living with the child or contributing to his support, the child, if legitimate, is considered dependent upon the father unless the child— a. had been adopted by some other individual; or b. was living with and receiving more than one-half of his support from his stepfather.	No change.
	An adopted child (under 18) is considered dependent upon his *adopting father* under the same conditions as those which apply to a father and his natural child.	No change.

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Survivors of deceased workers—Continued 4. Surviving child—Con.		
Definition of dependency—Con.	A child (under 18) is considered dependent upon his *stepfather* at the time of the stepfather's death if the child was— a. Living with his stepfather; or b. Receiving at least ½ of his support from his stepfather.	No change.
	A child (under 18) is considered dependent upon his *natural mother* or *adopting mother* at the time of her death if such mother was currently insured when she died regardless of presence of or support furnished the child by the father.	No change.
	Also a child (under 18) is considered dependent upon his *natural, adopting,* or *stepmother* at the time of death of such mother if she was living with or contributing to the support of the child and provided the child— a. Was neither living with nor receiving contributions from his father or adopting father; or b. Was receiving at least ½ of his support from her.	No change.
	No provision.	A child who has attained 18 and is under a permanent and total disability which began before 18 will be deemed dependent upon his natural or adopting father, his natural or adopting mother, his stepfather, or stepmother if the child— a. was entitled to a child's benefit before 18 on the wage record of such deceased parent, or b. was receiving at least ½ his support from the deceased parent at his death.
5. Surviving dependent widower.	*Widower's insurance benefits* are payable, upon filing application, to the widower of a deceased woman worker who was *currently* and *fully insured* at the time of death and the widower (as defined below)— a. has reached age 65; b. has not remarried; c. is not entitled to an old-age benefit based on his own earnings equal to or greater than the amount he would be entitled to as the dependent widower of the deceased wife; d. was living with the wife at the time of her death (widower is deemed to have been living with his wife at the time of her death if they were both members of the same household on the date of her death, or he was receiving regular contributions from her toward his support on such date, or she had been ordered by a court to contribute to his support); and	No change.

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Survivors of deceased workers—Continued		
5. Surviving dependent widower—Continued	*Widower's insurance benefits*—Continued e. either— (1) was receiving at least ½ of his support from the wife at the time of her death and filed proof of such support within 2 years of the date of death; or (2) was receiving at least ½ of his support from the wife and she was currently insured at the time she became entitled to old-age benefits and filed proof of such support within 2 years after the month in which she became so entitled.	e. No change except extends for 2 years the period within which proof of support must be filed if there was failure to file proof within the initial period. The 2 year extension would start at the expiration of the initial 2 year period or after August 1956 if that was later. Effective as to benefits after August 1956, based on applications filed after that date.
Widower defined	The term "widower" means the surviving husband of a deceased woman worker, but only if he meets one of the following conditions: a. was married to her for not less than 1 year immediately prior to the date on which she died; or b. is the father of her son or daughter; or c. legally adopted her son or daughter while married to her and while such son or daughter was under age 18; or d. was married to her at the time both of them legally adopted a child under the age of 18.	No change
6. Surviving dependent parent.	*Parent's insurance benefits* are payable, upon filing application, to the parent or parents (as defined below) of a deceased worker who was fully insured at the time of death if the worker did not leave a widow, widower, or child who could ever qualify for monthly insurance benefits on the worker's wages and self-employment income and the parent—	No change.
	a. has reached age 65;	a. Retirement age for deceased worker's mother is reduced to 62 with full annuity payable. No change for fathers. Effective date: Payable beginning November 1956.
	b. has not remarried after the death of the worker;	b. No change.
	c. was receiving at least ½ of his or her support from the worker at the time of the worker's death and filed proof of such support within 2 years of the date of death; and	c. No change except extends for 2 years the period within which proof of support must be filed if there was failure to file proof within the initial period. The 2-year extension would start at the expiration of the initial 2-year period or after August 1956 if that was later. Effective as to benefits after August 1956, based on applications filed after that date.
	d. is not entitled to an old-age benefit based on his or her own earnings equal to or greater than the amount he or she would be entitled to as the dependent parent of the deceased worker.	d. No change.

III. BENEFIT CATEGORIES—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Survivors of deceased workers—Continued 6. Surviving dependent parent—Continued		
Parent defined	The term "parent" means— a. the mother or father of a deceased worker; b. a stepparent of the deceased worker by a marriage contracted before the worker attained the age of 16; or c. an adopting parent who adopted the deceased worker before he or she reached age 16.	No change.
7. Lump-sum death payments.	Upon the death of a worker who died *currently* or *fully insured* a lump-sum death payment is payable to the person whom the Secretary of Health, Education, and Welfare determines to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, an amount is payable to any person or persons to the extent and in the proportion that he or they have paid the burial expenses for the deceased insured individual. No payment is made, however, unless application is filed within 2 years after the date of death.	No change except that, for deaths after 1946, extends for 2 years the period within which an application must be filed after the worker's death if good cause can be shown why the application was not filed within initial period. The 2-year extension would start at the expiration of the initial 2-year period or after August 1956 if that was later.
C. Disabled workers	No provision	Provides benefits for permanently and totally disabled workers age 50 to 65 who are fully insured and have 6 of the last 13 quarters and 20 out of the last 40 quarters prior to the quarter of disability. No benefits payable to their dependents. A woman who, before age 65, received a widow's benefit, a parent's benefit, a reduced worker's benefit, or a reduced wife's benefit would be precluded from receiving a disability insurance benefit upon subsequent entitlement. Effective date: Payable beginning July 1957. See sec. II. (P. 9–12.)

IV. BENEFIT AMOUNTS

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
A. Average monthly wage	In general, an individual's average monthly wage for computing his monthly old-age insurance benefit amount is determined by dividing the total of his creditable earnings after the applicable starting date and up to the applicable closing date, by the number of months involved, excluding any month in any quarter any part of which was included in a period of disability under the disability "freeze." Starting dates may be 1936, 1950, or if later, the year of attainment of age 21. The closing date may be either (1) the 1st day of the year the individual died or became entitled to benefits or (2) the 1st day of the year in which he was fully insured and attained retirement age, whichever results in a higher benefit. Applicable starting and closing dates are those which yield the highest benefit amount. The minimum divisor is 18 months.	No change, except: Excludes *all months* in any year which are included in a period of disability under the disability "freeze" from the elapsed time in computing the average monthly wage, with the exception of the months in the year when the disability began if their inclusion (with the earnings for such months) would result in a larger benefit. Effective date: Applicable to persons becoming entitled to benefits or applying for disability determinations after date of enactment (Aug. 1, 1956).
	Generally, persons who first qualify for benefits after August 1954, can "drop out" up to 4 years of lowest or no earnings; and those with at least 20 quarters of coverage (acquired at any time) can use an additional year for a total "drop out" of 5 years of lowest or no earnings.	Eliminates the requirement of 20 quarters of coverage for the "drop out" of a 5th year of lowest or no earnings. Effective generally for entitlement after enactment date (Aug. 1, 1956).
	Special provision intended primarily for persons first covered in 1955: Individual who became entitled to old-age insurance benefits or died in 1956, and had at least 6 quarters of coverage after 1954, can have starting date of Dec. 31, 1954, and closing date of July 1, 1956, if that will yield a larger benefit amount.	Similar special provisions primarily for persons first covered in 1956: Individual who becomes entitled or dies in 1957, and has at least 6 quarters of coverage after 1955, can have a starting date of Dec. 31, 1955 and closing date of July 1, 1957, if that will yield a larger benefit amount.
B. Benefit formula	An individual may have his benefit computed under 1 of the 3 following methods provided he meets the conditions therein prescribed. If more than 1 method is applicable, the one yielding the highest benefit amount will be used: (1) 55 percent of the first $110 of average monthly wage plus 20 percent of the next $240, based on average monthly wage after 1950, or after age 21, if later. *Conditions:* (a) 6 quarters of coverage after June 1953, or (b) First eligible for old-age insurance benefits after August 1954, or dies after August 1954 and before eligible for old-age insurance benefits, provided he has 6 quarters of coverage after 1950. (2) 1952 benefit formula with benefit amount increased through conversion table in the law.	No change.

IV. BENEFIT AMOUNTS—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
B. Benefiit formula—Con.	*Conditions:* 6 quarters of coverage after 1950. (3) 1939 benefit formula with benefit amount increased through conversion table in the law.	
C. Minimum primary insurance amount.	$30.	No change.
D. Maximum family benefits.	The maximum amount payable on a single wage record is the lesser of $200 or 80 percent of the insured person's average monthly wage. The 80-percent limitation, however, cannot reduce total family benefits below the larger of $50 or 1½ times the primary amount.	No change.
E. Dependents' and survivors' benefits.	(Subject to maximum limitations on total family benefits.)	
1. Wife or husband of old-age beneficiary.	½ of primary insurance amount.	No change.
2. Child of living old-age beneficiary.	½ of primary insurance amount.	No change.
3. Widow, widower, former wife divorced, or parent of deceased insured person.	¾ of primary insurance amount except minimum benefit is $30 if individual is sole beneficiary entitled.	No change.
4. Child of deceased insured person.	If only 1 child is entitled, ¾ of primary insurance amount, except minimum is $30 if the child is the sole beneficiary entitled. If more than 1 child entitled, each child gets ½ of primary insurance amount plus an equal share in an additional ¼ of primary insurance amount.	No change.
5. Lump-sum death payment.	3 times the primary insurance amount with a statutory maximum of $255.	No change.

IV. BENEFIT AMOUNTS—Continued

F. Illustrative monthly benefits based on earnings after 1950.

1. Benefits for disabled workers and disabled children.

The 1956 amendments make no change in the existing benefit structure, other than to add disability benefits and to provide actuarially reduced benefits for wives and women workers who retire between age 62 and 65.

The benefits for disabled workers are the same as for retired workers, except that no benefits are paid to dependents, as noted below.

Similarly, benefits paid to permanently and totally disabled children are the same as those paid for children under 18. The illustrative column shows the amount which would be paid to a widow and 1 disabled child beyond the age of 18 under the 1956 amendments. If there is more than 1 child in the family the amount would increase in line with the increases indicated under "survivors benefits." Disabled children over 18 of living retired workers are also entitled to a benefit equal to ½ of the worker's monthly benefit.

Benefit amounts are computed after drop-out of up to 5 years of lowest (or no) earnings.

Under Social Security Act prior to 1956 amendments						Additional benefit categories under Social Security Act amendments of 1956			
	Old-age benefits		Survivors benefits				Disability insurance		Survivors benefits, widow and 1 disabled child over 18
Average monthly earnings	Worker's monthly benefit	Worker and wife	Widow, widower, child, or parent	Widow and 1 child under 18	Widow and 2 children under 18	Average monthly earnings	Worker's monthly benefit	Worker and wife	
$45	$30.00	$45.00	$30.00	$45.00	$50.20	$45	$30.00	Same as worker's monthly benefit since dependents are not entitled to benefits	$45.00
$100	55.00	82.50	41.30	82.60	82.60	$100	55.00		82.60
$110	60.50	90.80	45.40	90.80	90.90	$110	60.50		90.80
$120	62.50	93.80	46.90	93.80	96.00	$120	62.50		93.80
$130	64.50	96.80	48.40	96.80	104.00	$130	64.50		96.80
$140	66.50	99.80	49.90	99.80	112.00	$140	66.50		99.80
$150	68.50	102.80	51.40	102.80	120.00	$150	68.50		102.80
$160	70.50	105.80	52.90	105.80	128.00	$160	70.50		105.80
$170	72.50	108.80	54.40	108.80	136.00	$170	72.50		108.80
$180	74.50	111.80	55.90	111.80	144.00	$180	74.50		111.80
$190	76.50	114.80	57.40	114.80	152.00	$190	76.50		114.80
$200	78.50	117.80	58.90	117.80	157.10	$200	78.50		117.80
$210	80.50	120.80	60.40	120.80	161.20	$210	80.50		120.80
$220	82.50	123.80	61.90	123.80	165.10	$220	82.50		123.80
$230	84.50	126.80	63.40	126.80	169.20	$230	84.50		126.80
$240	86.50	129.80	64.90	129.80	173.10	$240	86.50		129.80
$250	88.50	132.80	66.40	132.80	177.20	$250	88.50		132.80
$260	90.50	135.80	67.90	135.80	181.10	$260	90.50		135.80
$270	92.50	138.80	69.40	138.80	185.20	$270	92.50		138.80
$280	94.50	141.80	70.90	141.80	189.10	$280	94.50		141.80
$290	96.50	144.80	72.40	144.80	193.20	$290	96.50		144.80
$300	98.50	147.80	73.90	147.80	197.10	$300	98.50		147.80
$310	100.50	150.80	75.40	150.80	200.00	$310	100.50		150.80
$320	102.50	153.80	76.90	153.80	200.00	$320	102.50		153.80
$330	104.50	156.80	78.40	156.80	200.00	$330	104.50		156.80
$340	106.50	159.80	79.90	159.80	200.00	$340	106.50		159.80
$350	108.50	162.80	81.40	162.80	200.00	$350	108.50		162.80

2. Actuarially reduced benefits for retired women workers.

For women workers who retire between the ages of 62 and 65 the old-age insurance benefit is reduced by 5/9 of 1 percent times the number of months in the period beginning with the 1st day of the 1st month for which she is entitled to an old-age insurance benefit and ending with the last day of the month before the month in which she would attain the age of 65.

The following table shows the benefit amounts for women workers at various retirement ages between 62 and 65.

AMOUNT OF BENEFIT AS REDUCED

Average monthly wage	Retirement age												Full benefit
	62	62 and 3 months	62 and 6 months	62 and 9 months	63	63 and 3 months	63 and 6 months	63 and 9 months	64	64 and 3 months	64 and 6 months	64 and 9 months	65 and over
$350	$86.80	$88.70	$90.50	$92.30	$94.10	$95.90	$97.70	$99.50	$101.30	$103.10	$104.90	$106.70	$108.50
$300	78.80	80.50	82.10	83.80	85.40	87.10	88.70	90.30	92.00	93.60	95.30	96.90	98.50
$250	70.80	72.30	73.80	75.30	76.70	78.20	79.70	81.20	82.60	84.10	85.60	87.10	88.50
$200	62.80	64.20	65.50	66.80	68.10	69.40	70.70	72.00	73.30	74.60	75.90	77.20	78.50
$150	54.80	56.00	57.10	58.30	59.40	60.60	61.70	62.80	64.00	65.10	66.30	67.40	68.70
$100	44.00	45.00	45.90	46.80	47.70	48.60	49.50	50.50	51.40	52.30	53.20	54.10	55.00
$50	24.00	24.50	25.00	25.50	26.00	26.50	27.00	27.50	28.00	28.50	29.00	29.50	30.00

IV. BENEFIT AMOUNTS—Continued

3. Actuarially reduced benefits for wives of retired workers.

For wives who retire between the ages of 62 and 65 the average old-age insurance benefit is reduced by $^{25}/_{36}$ of 1 percent times the number of months in the period beginning with the 1st day of the 1st month for which she is entitled to wife's insurnace benefits and ending with the last day of the month before the month in which she would attain the age of 65.

The reduction provision does not apply to any case where the wife has in her care a child of her husband entitled to child's insurance benefits based on his earnings.

The following table shows the benefit amount for wives at various retirement ages between 62 and 65. Since a wife's benefit is payable only if the husband is retired and receiving his full benefit, the effect on the combined benefit of the husband and wife (herein referred to as the family benefit) is also shown.

AMOUNT OF BENEFIT AS REDUCED

Average monthly wage	Retirement age											
	62		62 and 3 months		62 and 6 months		62 and 9 months		63		63 and 3 months	
	Wife	Family	Wife	Family	Wife	Family	Wife	Family	Wife	Family	Wife	Family
$350	$40.80	$149.30	$41.90	$150.40	$43.00	$151.50	$44.20	$152.70	$45.30	$153.80	$46.40	$154.90
$300	37.00	135.50	38.00	136.50	39.10	137.60	40.10	138.60	41.10	139.60	42.20	140.70
$250	33.30	121.80	34.20	122.70	35.10	123.60	36.00	124.50	37.00	125.50	37.90	126.40
$200	29.50	108.00	30.30	108.80	31.20	109.70	32.00	110.50	32.80	111.30	33.60	112.10
$150	25.80	94.30	26.50	95.00	27.20	95.70	27.90	96.40	28.60	97.10	29.30	97.80
$100	20.70	75.70	21.20	76.20	21.80	76.80	22.40	77.40	23.00	78.00	23.50	78.50
$50	11.30	41.30	11.60	41.60	11.90	41.90	12.20	42.20	12.50	42.50	12.90	42.90

Average monthly wage	Retirement age													
	63 and 6 months		63 and 9 months		64		64 and 3 months		64 and 6 months		64 and 9 months		Full benefit 65	
	Wife	Family	Wife	Family	Wife	Family	Wife	Family	Wife	Family	Family	Wife	Wife	Family
$350	$47.60	$156.10	$48.70	$157.20	$49.80	$158.30	$51.00	$159.50	$52.10	$160.60	$53.20	$161.70	$54.30	$162.80
$300	43.20	141.70	44.20	142.70	45.20	143.70	46.30	144.80	47.30	145.80	48.30	146.80	49.30	147.80
$250	38.80	127.30	39.70	128.20	40.70	129.20	41.60	130.10	42.50	131.00	43.40	131.90	44.30	132.80
$200	34.40	112.90	35.30	113.80	36.10	114.60	36.90	115.40	37.70	116.20	38.50	117.00	39.30	117.80
$150	30.10	98.60	30.80	99.30	31.50	100.00	32.20	100.70	32.90	101.40	33.60	102.10	34.30	102.80
$100	24.10	79.10	24.70	79.70	25.30	80.30	25.80	80.80	26.40	81.40	27.00	82.00	27.50	82.50
$50	13.20	43.20	13.50	43.50	13.80	43.80	14.10	44.10	14.40	44.40	14.70	44.70	15.00	45.00

V. CREDITABLE EARNINGS

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
	All remuneration for services in covered work is covered except—	
	1. Earnings in excess of $4,200 (after Jan. 1, 1955).	1. No change.
	2. Certain types of payments for retirement and payments under a plan or system providing benefits on account of sickness or accident disability, etc.	2. No change.
	3. Sick pay under certain circumstances.	3. No change.
	4. Payment by the employer of the employee tax under the Federal Insurance Contributions Act or under a State unemployment compensation law.	4. No change.

VI. INSURED STATUS

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
Fully insured	1 quarter of coverage (acquired at any time after 1936) for every 2 calendar quarters elapsing after 1950 (or after quarter in which age 21 was attained, if later) and before quarter of death or attainment of age 65 (retirement age) whichever first occurs. No person can be fully insured unless he has at least 6 quarters of coverage. Persons who died before Sept. 1, 1950, and after 1939 with at least 6 quarters of coverage are considered fully insured for purposes of survivors' benefits (other than for widower or former wife divorced). Fully insured status qualifies for old-age, dependents, and survivors' benefits; both fully and currently insured status required for dependent husband's and dependent widowers' benefits.	Same except retirement age for women is lowered to age 62.
	Special provision primarily for persons newly covered in 1955: Fully insured if all the quarters (but not less than 6) after 1954 and prior to later of (1) July 1, 1956, or (2) quarter of death or attainment of retirement age (whichever first occurs), are quarters of coverage.	Revised to make special provision applicable to persons covered in 1956: Fully insured if all but 4 (but not less than 6) of the quarters after 1954 and prior to later of (1) July 1, 1957, or (2) quarter of death or attainment of retirement age (whichever first occurs) are quarters of coverage.
2. Currently insured	6 quarters of coverage within 13 quarters ending with quarter of death or entitlement to old-age insurance benefits. Currently insured status qualifies for child's, widowed mother's, and lump-sum benefits.	No change.
3. Quarter of coverage defined	Quarter in which individual received at least $50 in wages (other than for agricultural work) or was credited with at least $100 in self-employment income.	No change.
	Every quarter in any calendar year in which wages are $4,200 or more, and every quarter in a taxable year in which combined wages and self-employment income equal at least $4,200.	No change.
	In the case of wages computed on an annual basis for agricultural workers, 4 quarters of coverage are credited for a minimum of $400; 3 quarters for income of $300 to $399.99; 2 quarters for income of $200 to $299.99, and 1 quarter for $100 to $199.99 for a year.	No change.

VII. RETIREMENT TEST

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
1. Scope	Applies to covered as well as noncovered work.	No change.
2. Test of earnings	Annual test of earnings under which 1 month's benefit is withheld from the beneficiary under age 72 (and from any dependent drawing on his record) for each unit of $80 (or fraction thereof) by which annual earnings from covered or noncovered employment and self-employment exceed $1,200. However, benefits not withheld for any month during which the individual neither rendered services for wages in excess of $80 nor rendered substantial services in a trade or business. Where the taxable year is less than 12 months, the basic exempt amount is reduced in proportion to the number of months in the taxable year. Beneficiaries required to file annual reports of earnings in excess of $1,200, or the proportionate amount for taxable years of less than 12 months. Penalties imposed for failure to file timely reports of earnings, unless the failure to file on time was for "good cause." Estimates of earnings (and other information) may be requested from the beneficiary during the course of the year. Temporary suspensions of benefits, may be made during the course of a year until it is determined whether deductions apply.	No change.
3. Test for noncovered work outside the United States.	Deductions made from the benefits for any month in which a beneficiary under age 72 engages in a noncovered remunerative activity (whether employment or self-employment) outside the United States on 7 or more calendar days. If deductions are made for any month for this reason, deductions also made from the benefits of any dependent drawing benefits on the basis of the individual's wage record.	Modified so as not to apply to members of the Armed Forces of the United States serving outside the country. The annual $1,200 retirement test will apply to United States servicemen regardless of where they are stationed. This provision would be only applicable for taxable year 1956 inasmuch as members of the Armed Forces will be in covered employment on Jan. 1, 1957, and under the annual test.
4. Age exemption	Benefits are not suspended because of work or earnings if beneficiary is age 72 or over.	No change.

VIII. FINANCING

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
1. Administration of the trust funds.	The Federal Old-Age and Survivors Insurance Trust Fund receives all tax contributions for the existing program, from which benefits and administrative expenses are paid. This fund is administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, and the Secretaries of Labor and Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).	Creates a Federal Disability Insurance Trust Fund for the disability benefits program to receive a specified share of tax collections to be used exclusively for financing the cash disability program and its administrative costs. For the purpose of financing disability benefits, tax rates are increased ¼ of 1 percent each for employers and employees, and ⅜ of 1 percent for the self-employed. Provides that the existing board of trustees shall perform the same functions for the disability fund as they are required to do for the old-age and survivors insurance fund.
2. Investment of the trust funds.	Provides that the managing trustee (Secretary of the Treasury) shall invest such portion of the trust fund as is not, in his judgment, needed to met current withdrawals. Investments must be made in interest-bearing obligations of the United States or in obligations guaranteed both as to interest and principal by the United States. Special obligations issued exclusively to the fund are required to bear an interest equal to the average rate borne by all interest-bearing obligations of the United States. This interest rate, if it is not a multiple of ⅛ of 1 percent, is reduced to the next lower multiple of ⅛ of 1 percent.	Increases interest rate on public debt obligations for purchase by the trust funds by using average rate of interest-bearing obligations not due or callable until after the expiration of 5 years from the date of original issue. This interest rate, if not a multiple of ⅛ of 1 percent, is rounded to the nearest multiple of ⅛ of 1 percent.
3. Review of status of trust funds.	Among the duties of the Board of Trustees of the Old-Age and Survivors Trust Fund is the requirement that it must report to Congress in March of each year on the operation and status of the fund during the preceding fiscal year, and its expected operation and status during the next 5 fiscal years. The Board must also report immediately to Congress whenever it is of the opinion that the trust fund will exceed 3 times the highest annual expenditures anticipated, or if the amount in the fund is unduly small. The annual report must include estimates of present and future expenditures and income and a statement of the actuarial status of the fund.	No change, but also: Provides for the periodic establishment of an Advisory Council on Social Security Financing whose function will be to review the status of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the program. The first such Council will be appointed by the Secretary after February 1957 and before January 1958 and will consist of the Commissioner of Social Security, as Chairman, and 12 other persons representing employers and employees, in equal numbers, self-employed persons and the public. The Council shall make its report, including recommendations for changes in the tax rate, to the Board of Trustees of the Trust Funds before Jan. 1, 1959. The Board shall submit the recommendations to Congress before Mar. 1, 1959, in its annual report.

VIII. FINANCING—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
3. Review of status of trust funds—Continued		Other advisory councils with the same functions and constituted in the same manner will be appointed by the Secretary not earlier than 3 years nor later than 2 years prior to Jan. 1 of the years in which the tax rates are scheduled to be increased. These advisory councils will report to the Board on Jan. 1 of the year before the tax increase will occur and the Board will report to Congress not later than Mar. 1 of the same year.
4. Maximum taxable amount	$4,200 a year.	No change.
5. Tax rates	*Employee* / *Employer* / *Self-employed* 1954–59: 2% / 2% / 3% 1960–64: 2½ / 2½ / 3¾ 1965–69: 3 / 3 / 4½ 1970–74: 3½ / 3½ / 5¼ 1975 and thereafter: 4 / 4 / 6	*Employee* / *Employer* / *Self-employed* 1957–59: 2¼% / 2¼% / 3⅜% 1960–64: 2¾ / 2¾ / 4⅛ 1965–69: 3¼ / 3¼ / 4⅞ 1970–74: 3¾ / 3¾ / 5⅝ 1975 and thereafter: 4¼ / 4¼ / 6⅜

IX. MISCELLANEOUS

1. Termination of benefits upon deportation.	Benefits will be terminated upon the deportation of the primary beneficiary under any 1 of 14 specified paragraphs of the Immigration and Nationality Act. Benefits of dependents and survivors who are not citizens will not be paid if they are out of the country.	No change.
2. Suspension of benefits for certain aliens who leave the United States.	No provision	Suspends the payments to any individual not a citizen or national of the United States who first becomes eligible for benefits after December 1956 if such an individual remains out of the country for 6 consecutive months. The payments would be resumed if he returns and remains in this country. However, payment of benefits to such an individual would *not* be suspended if either— (1) he is a citizen of a foreign country which has in effect a social insurance or pension system of general application which would permit benefit payments to United States citizens in the event they left such foreign country without regard to the duration of their absence; or (2) he has 40 quarters of coverage (10 years); or (3) he has resided in the United States for 10 years; or (4) he is serving outside the country in the Armed Forces of the United States; or (5) application of the provision would violate a treaty obligation of the United States.

IX. MISCELLANEOUS—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
3. Loss of benefits upon conviction of certain subversive crimes.	No provision	If an individual is convicted of treason, espionage, or certain other offenses of a subversive nature including a number of offenses under the Internal Security Act and the offense was committed after the enactment date of this provision (Aug. 1, 1956), the court in its discretion may provide as an additional penalty that none of the individual's wages or self-employment income (or the earnings of any other individual upon which his benefit is based) credited before his conviction shall be used in computing his benefit. The provision applies only to the individual convicted of the offense and does not affect the rights of his dependents or survivors.

PUBLIC ASSISTANCE

[Effective date of the amendments is Aug. 1, 1956 unless otherwise noted]

I. Matching formulas.	Temporary increase in Federal matching shares for State public assistance programs expires September 30, 1956. Under such temporary increases, formula for old-age assistance, aid to the blind, and aid to the permanently and total disabled is ⅘ of the 1st $25 of a State's average monthly payment plus ½ of the remainder up to a maximum of $55. Under such temporary increase, formula for aid to dependent children is ⅘ of the 1st $15 of a State's average monthly payment plus ½ of the remainder within individual maximums of $30 for the adult, $30 for the 1st child, and $21 for each additional child in a family.	Temporary increase in Federal share for old-age assistance, aid to the blind and aid to the totally and permanently disabled to ⅘ of the 1st $30 plus half of the remainder up to $60. Increases Federal share for aid to dependent children to $^{14}/_{17}$ of the 1st $17 and half of the remainder up to $32 for the adult caretaker and the 1st child and $23 for each additional child. Limited to money payments after July 1, 1957. Effective date: Oct. 1, 1956 and will cease to be effective after June 30, 1959.
II. Separate medical care financing.	No separate formula for medical expenditures under public assistance programs. Recipients may receive payments for medical expenses directly or vendor payments on their behalf may be made to doctors. hospitals, etc. which supply medical or remedial care.	Separate 50–50 Federal sharing in matching State expenditures on vendor payments in behalf of recipients needing medical care in all four programs up to a maximum determined by multiplying $6 per month times the number of adults and $3 per month times the number of children on the rolls. Effective date July 1, 1957.
III. Administrative costs	Separate dollar-for-dollar matching in costs for administration.	Clarifies that the amount in which the Federal Government will share in administratives costs for public assistance programs shall include provision not only for financial assistance but also the furnishing of services by State agencies designed to help needy individuals to attain self-support (except for old-age assistance program) and self care and for maintaining and strengthening family life under aid-to-dependent-children program.

PUBLIC ASSISTANCE—Continued

Item	Under Social Security Act prior to 1956 amendments	Under Social Security Act amendments of 1956
IV. Requirements for approval of a State plan.	Various requirements including those for financial participation by the State; a single State agency; plans effective in all parts of the State; efficient administrative and personnel standards; opportunity to apply and receive assistance promptly; etc.	Adds requirement that if State decides to provide self-support or self-care services or services to strengthen family life, a description of the services, *if any*, must be furnished to the Secretary including steps taken to assure use of other agency resources. Effective July 1, 1957.
V. Research and demonstration projects.	No provision.	Authorizes $5 million for fiscal year 1957 (and such sums as Congress may authorize for later years) for grants to States, public and other nonprofit organizations for paying part of the cost of research or demonstration projects on prevention and reduction of dependency.
VI. Training grants for public assistance personnel.	No provision.	Authorizes $5 million for fiscal year 1958 and for the next 4 fiscal years such sums as Congress may determine for allotment to States on a variable basis to pay Federal percentage of grants to institutions of higher learning for training public welfare personnel, special courses of study, traineeship and fellowship programs, etc. Federal share to be 80 percent.
VII. Aid to dependent children program:		
A. Definition of dependent child.	A dependent child is a needy child under 16 or under 18 if attending school, deprived of parental care or support by death, absence, incapacity of parent.	Deletes requirement of school attendance for children between 16 and 18. Effective date: July 1, 1957.
B. Definition of eligible relative.	Eligible relative includes father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt.	Adds first cousin, nephew, or niece to specified relatives. Effective date: July 1, 1957.
	Not applicable to Virgin Islands and Puerto Rico.	Adds parent and other relatives for Federal matching purposes for Puerto Rico and the Virgin Islands. Effective beginning in fiscal year 1957.
VIII. Federal ceiling on grants to Puerto Rico and the Virgin Islands.	Federal ceiling is $160,000 for Virgin Islands and $4,250,000 for Puerto Rico.	Increases dollar limitation on Federal matching to $200,000 for Virgin Islands and to $5,312,500 for Puerto Rico. Effective beginning in fiscal year 1957.

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SUMMARY

OF THE

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

AS MODIFIED

BY

AMENDMENTS TO THE SOCIAL SECURITY ACT IN 1956

U. S. DEPARTMENT OF

HEALTH, EDUCATION, AND WELFARE

Social Security Administration

Washington 25, D. C.

PREPARED BY
DIVISION OF THE ACTUARY
SOCIAL SECURITY ADMINISTRATION
AUGUST 1956

SUMMARY OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY AMENDMENTS TO THE SOCIAL SECURITY ACT IN 1956

I. Benefits Payable To:

(a) Retired worker, aged 65 or over for men and aged 62 or over for women (but women retiring before age 65 have a life-time reduction in their benefit of $6\frac{2}{3}\%$ for each year that they are less than 65 at time of retirement).

(b) Totally and permanently disabled worker aged 50 to 64--after a 6-month waiting period.

(c) Wife of a retired worker if she is aged 62 or over, or regardless of age if entitled child under age 18 is present (but wives claiming benefits before age 65 who do not have an eligible child present (see Item I(e)) have a life-time reduction on their wife's benefit of $8\frac{1}{3}\%$ for each year that they are less than 65 at time of claiming benefits). Dependent* husband of retired worker if he is aged 65 or over.

(d) Widow aged 62 or over or dependent* widower aged 65 or over of deceased worker.

(e) Children (under age 18, or regardless of age if totally and permanently disabled since before age 18) either of a retired worker or of a deceased worker, and the mother of eligible children of a deceased worker (the worker's widow, or in some cases his divorced wife) regardless of her age.

(f) Dependent* parents, mother aged 62 or over and father aged 65 or over, of deceased worker, if there is no surviving widow, widower, or child who could have received benefits.

(g) In addition, a lump-sum payment upon death of an insured worker.

(h) In effect, no individual can receive more than one type of monthly benefit, but rather the largest for which he is eligible.

II. Insured Status:

(a) Based on "quarters of coverage." An individual paid $50 or more of non-farm wages in a calendar quarter is credited with a quarter of coverage for that quarter ($4,200 of wages in a

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* Proof of dependency must, in general, be filed within two years of worker's entitlement in cases of a dependent husband, and within two years of death in cases of a dependent widower or dependent parent.

year automatically gives 4 quarters of coverage). An individual paid $100 or more of covered farm wages in a year is credited with 1 quarter of coverage for each full $100 of such wages ($400 or more of such wages automatically gives 4 quarters of coverage). An individual with creditable self-employment income in a year (in general, $400 or more) automatically receives 4 quarters of coverage.

(b) "Fully insured" status gives eligibility for all benefits except:

(1) Disability benefits, which require fully insured status, currently insured status, and 20 quarters of coverage out of the 40 quarters preceding disability.

(2) Dependent husband's benefits and dependent widower's benefits, which require both fully and currently insured status.

(3) Child's benefits based on the earnings record of a married woman, which may be payable only if she has currently insured status.

A fully insured person is one who at or after attainment of retirement age (65 for men and 62 for women) or death, if earlier, fulfills any one of the following three alternative requirements:

(1) Has 40 quarters of coverage

(2) Has at least 6 quarters of coverage and at least 1 quarter of coverage (acquired at any time after 1936) for every two quarters elapsing after 1950 (or age 21 if later) and before age 65 for men or age 62 for women (or death if earlier); see Item V, for effect of disability on elapsed period.

(3) Has quarters of coverage after 1954 at least equal to the number of quarters elapsing after 1955 up to (but not including) the quarter in which he attains retirement age (65 for men and 62 for women) or dies, if earlier and has at least 6 such quarters of coverage.

Most persons who become fully insured will do so under the first or second alternatives. The second alternative enables a man who attained age 65 before July 1954 to become fully insured with just 6 quarters of coverage acquired at any time. Elderly persons who are newly covered under the 1954 and 1956 Amendments may meet the third alternative even though not the second. Thus a person who is newly covered

under the 1956 Amendments and who attains age 65 before October 1957 will be fully insured if he has a quarter of coverage in each of the six quarters beginning January 1, 1956 and ending June 30, 1957. Third alternative is not effective in any case for persons reaching retirement age (65 for men and 62 for women) or dying after September 1959.

(c) "Currently insured" status (eligible only for child, mother and lump-sum survivor benefits; necessary for husband's and widower's benefits) requires 6 quarters of coverage within 13 quarters preceding death or entitlement to old-age benefits (see Item V, for effect of disability on 13-quarter period).

III. Worker's Old-Age Benefit and Disability Benefit:

(a) Worker's old-age benefit is his primary insurance amount, except for women retiring before age 65 (see Item I(a)).

(b) Worker's disability benefit is his primary insurance amount.

(c) Average monthly wage may be computed under three methods:

(1) "Old Law" average: based on period from 1937 to age 65 for men and age 62 for women, or subsequent retirement (or death if earlier) regardless of whether in covered employment in all such years, with drop-out of low years, as described in (4).

(2) "New Start" average with drop-out: same basis as (1), except beginning with 1951 rather than 1937, for those with 6 or more quarters of coverage after 1950, with drop-out of low years, as described in (4).

(3) "New Start" average without drop-out: same basis as (2), exept that drop-out described in (4) is not used.

(4) In computing the average wage under methods (1) and (2), but not under method (3), the 5 lowest years (years in which there were little or no earnings) may be dropped out. In general, drop-out can be used if individual has 6 quarters of coverage after June 1953, or if individual first became eligible for benefits after August 1954.

(5) Further drop-out for all three methods is available for disabled persons (see Item V).

(d) Monthly benefit amount is computed from whichever of the three average wages gives the largest benefit, as follows:

(1) Using the "Old Law" average or "1937" method, the "original" monthly amount is 40% of first $50 of average wage under method (1), plus 10% of next $200, all increased by 1% for each calendar year before 1951 in which at least $200 of wages was paid. This "original" amount is then increased by a conversion table to give the primary insurance amount, as indicated by the following table for certain illustrative cases:

Original Amount	Primary Insurance Amount
$10	$30.00
15	40.00
20	47.00
25	57.40
30	66.30
35	73.90
40	81.10
45	88.50

(2) Using the "New Start" average with drop-out or "1954" method, the primary insurance amount is 55% of first $110 of average wage under method (2), plus 20% of next $240.

(3) Using the "New Start" average without drop-out or "1952" method, the primary insurance amount is $5, plus 55% of first $100 of average wage under method (3), plus 15% of next $250 (actually, this formula is used only for average wages of less than $130 since method (2) always yields a larger amount for other cases).

(e) Minimum primary insurance amount is $30.

(f) Illustrative primary insurance amounts under "1954" method for various proportions of time in covered employment for worker who reaches retirement age on January 1, 1991:

Average Monthly Wage While Working	Proportion of Years After 1950 in Covered Employment		
	All	One-Half	One-Quarter
$50	$30.00	$30.00	$30.00
100	55.00	31.40	30.00
150	68.50	46.80	30.00
200	78.50	61.30	31.40
250	88.50	66.90	39.10
300	98.50	72.70	46.80
350	108.50	78.50	55.00

IV. Benefit Amounts for Dependents and Survivors, Relative to Worker's Primary Insurance Amount:

(a) Wife or dependent husband--one-half of primary, except for wife without eligible child claiming benefit before age 65 (see Item I(c)).

(b) Widow or dependent widower--three-fourths of primary.

(c) Child--one-half of primary, except that for deceased worker family, an additional one-fourth of primary is divided among the children.

(d) Dependent parent--three-fourths of primary.

(e) Lump-sum death payment--three times primary, with $255 maximum.

(f) Maximum family benefit is $200 or 80% of average wage if less (but not to reduce below the larger of $50 or 1½ times the primary).

(g) Minimum amount payable to any survivor beneficiary where only one is receiving benefits is $30.

(h) Illustrative monthly benefits for retired workers under "1954" method (figures rounded to the nearest dollar):

Average Monthly Wage	Aged 65 or Over at Retirement and Non-married or Married Man with Wife Not Entitled	Woman Retiring at Age 62	Married Man with Wife Claiming Benefit at	
			Age 62	Age 65 or Over
$50	$30	$24	$41	$45
100	55	44	76	83
150	69	55	94	103
200	79	63	108	118
250	89	71	122	133
300	99	79	135	148
350	109	87	149	163

(i) No benefits for dependents of disability beneficiaries aged 50 to 64.

(j) Illustrative monthly benefits for survivors of insured workers under "1954" method (rounded to nearest dollar):

Average Monthly Wage	Widow Age 62 or Over*	Widow and 1 Child	Widow and 2 Children	Widow and 3 Children	1 Child Alone	2 Children Alone
$50	$30	$45	$50	$50	$30	$38
100	41	83	83	83	41	69
150	51	103	120	120	51	86
200	59	118	157	160	59	98
250	66	133	177	200	66	111
300	74	148	197	200	74	123
350	81	163	200	200	81	136

* Also applicable to aged widower or aged parent.

V. Preservation of Benefit Rights for Disabled:

Periods of total disability of at least 6 months' duration are excluded in determining insured status and average monthly wage, provided the disabled worker has at least 6 quarters of coverage in the 13 quarters ending with the quarter in which he is disabled and at least 20 quarters of coverage in the 40 quarters ending with the quarter in which he is disabled. Determinations of disability are, in general, made by state agencies in charge of vocational rehabilitation.

VI. Employment Permitted Without Suspension of Benefits (Called "Work Clause" or "Retirement Test"):

A beneficiary can earn $1,200 in a year in any employment, covered or noncovered, without loss of benefits. For each $80 (or fraction thereof) of covered or noncovered earnings in excess of $1,200, one month's benefits is lost. In no case, however, are benefits withheld for any month in which the beneficiary's remuneration as an employee was $80 or less and in which he rendered no substantial services in self-employment. For beneficiaries aged 72 or over, there is no limitation. If a retired worker's benefit is suspended, so also are the benefits of his dependents.

VII. Covered Employment:

(a) All employment listed below which takes place in the 48 States, the District of Columbia, Alaska, Hawaii, Puerto Rico, or the Virgin Islands, or which is performed outside the United States by American citizens employed by an American employer (or, by election of the employer, by an American citizen employed by a foreign subsidiary of an American employer) is covered employment. Also covered, under certain conditions, is employment on American ships and aircraft outside the United States.

(b) Individuals engaged in the following types of employment are covered:

(1) Virtually all employees in industry and commerce, other than long-service railroad workers (the service of those who retire or die with less than 10 years of railroad service is covered).

(2) Farm and nonfarm self-employed (other than doctors of medicine) with $400 or more of net earnings from covered self-employment.

(3) State and local government employees not covered by a retirement system, and those covered by a retirement system (excluding firemen and policemen, except in a few designated States) on a referendum basis in which a majority of those eligible to vote are in favor of coverage; in any event, the State must elect such coverage.

(4) Nonfarm domestic workers (based on having $50 in cash wages from one employer in a quarter).

(5) Farm workers, including farm domestic workers (based on having $150 or more in cash wages, or 20 or more days of employment remunerated on a time basis, from any one employer in a year).

(6) Ministers and members of religious orders (other than those who have taken a vow of poverty) either employed by nonprofit institutions (in positions which only a minister can fill) or self-employed are covered on individual elective basis as self-employed. Other employees of nonprofit institutions are covered on elective basis; employer must elect coverage, and at least two-thirds of employees must concur in coverage (then all employees concurring in coverage and all new employees are covered).

(7) Federal civilian employees not covered by retirement systems established by law of the United States other than a few specifically excluded small categories.

(8) Members of the uniformed services (on basic pay).

(9) Definition of "employee" is broadened from strict common-law rule to include following groups as "employees": full time wholesale salesmen; full-time life insurance salesmen; agent-drivers and commission drivers distributing meat, vegetable, or fruit products, bakery products, beverages (other than milk), or laundry or dry cleaning services; and industrial homeworkers paid at least $50 in cash during a quarter and working under specifications supplied by employer.

VIII. Wage Credits for World War II and Subsequent Military Service through 1956:

World War II veterans and those in service thereafter (including those who died in service) are, with certain restrictions, given wage credits of $160 for each month of active military service in World War II and thereafter through December 1956; for those in service after 1956, credit is given for service after 1950 even if it is used for purposes of other retirement benefits paid by the uniformed services or by the Veterans' Administration, but in all other cases credit is not given if service is used for any other Federal retirement or survivor system (other than compensation or pension payable by the Veterans' Administration); additional cost of benefits arising from such wage credits is reimbursed to system.

IX. Maximum Annual Wage and Self-Employment Income for Benefit and Contribution Purposes:

$4,200 per year for 1955 and after ($3,600 in 1951-54 and $3,000 before 1951).

X. Tax (Or Contribution) Rates:

(a) 2 1/4% on employer and 2 1/4% on employee for 1957 through 1959, 2 3/4% for 1960-64, 3 1/4% for 1965-69, 3 3/4% for 1970-74, and 4 1/4% thereafter; total tax rate subdivided so that 1/4% from the employee and 1/4% from the employer goes to Disability Insurance Trust Fund (for payment of monthly disability benefits) and remainder to Old-Age and Survivors Insurance Trust Fund (for payment of all other benefits).

(b) For self-employed, the rate is 1 1/2 times that for employees (with same subdivision between disability benefits and old-age and survivor benefits). Self-employment income taxed is, in general, net income from trade or business; special optional provisions based on 2/3 of gross income are available for farmers with gross income of $1800 or less (for farmers with gross income of over $1800 who have net income of less than $1200, optional reporting of $1200 is permitted).

(c) No provisions for authorizing appropriations from general revenues to assist in financing the program.

XI. Effective Dates:

Monthly disability benefits first payable for July 1957, benefits for women between ages 62 and 65 first payable for November 1956, and benefits for disabled children aged 18 and over first payable for January 1957. Coverage effective in January 1957 for the uniformed services and, in general, for 1956 for the newly covered self-employed professional categories.

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by Charles I. Schottland

Old-Age and Survivors Insurance: Financing Basis and Policy Under 1956 Amendments

by Robert J. Myers

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Social Security Amendments of 1956: A Summary and Legislative History

by CHARLES I. SCHOTTLAND*

ON August 1, 1956, President Eisenhower signed H.R. 7225, which thus became Public Law No. 880 (Eighty-fourth Congress), the Social Security Amendments of 1956. This new law amends the old-age and survivors insurance provisions of the Social Security Act, certain parallel provisions of the Internal Revenue Code, the public assistance and child welfare titles of the Social Security Act, and the Railroad Retirement Act.

As President Eisenhower stated when he signed the bill, "The new law embraces a wide range of changes in old-age and survivors insurance, the public assistance programs, and child welfare services." These changes have major implications for the economic security of the American people and for the field of public welfare.

The old-age and survivors insurance system was also affected by Public Law No. 881 (Eighty-fourth Congress)—the Servicemen's and Veterans' Survivor Benefits Act—which was signed by the President on August 1, 1956. This law substantially revamps the survivor benefit programs for the members of the uniformed services. Included among its provisions is the extension of old-age and survivors insurance coverage to this group (on a contributory basis and with certain special features).

The major changes in the old-age and survivors insurance program as a result of the 1956 legislation are as follows:

1. Permanently and totally disabled workers who are between the ages of 50 and 65, who meet certain requirements concerning the length and recency of covered work, and who serve a 6-month waiting period will be paid monthly benefits beginning July 1957.

2. Dependent disabled children aged 18 and over who were totally disabled before attaining age 18 will receive monthly child's benefits (based on the earnings records of either retired or deceased insured workers) beginning January 1957. Benefit payments will also be made to a mother having such a child in her care.

3. The age at which women become eligible for benefits is lowered to 62. Full benefits are paid at age 62 to women eligible for benefits as widows or dependent parents. Working women and wives without child beneficiaries in their care who elect to receive a retired worker's or wife's benefit while they are between the ages of 62 and 65 receive an actuarially reduced benefit. As under the old law, the wife of a retired worker will receive full benefits regardless of age if she has a child beneficiary in her care.

4. About 900,000 persons in civilian jobs are newly covered; the principal groups consist of the previously excluded self-employed professional persons (other than doctors of medicine), additional farm owners and operators, certain Federal civilian employees, and certain additional State and local employees in specified States. Coverage on a contributory basis is extended, effective January 1, 1957, to nearly 3 million members of the uniformed services.

5. A separate trust fund is established from which disability benefits will be paid. Contributions to the disability insurance trust fund from covered employees and employers are at the rate of ¼ of 1 percent each, and from covered self-employed persons at the rate of ⅜ of 1 percent, effective January 1, 1957.

6. Before each scheduled increase in the tax rate, an Advisory Council on Social Security Financing is to be established to review the status of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund in relation to the long-term commitments.

7. The old-age and survivors insurance trust fund is to be reimbursed from general revenue for the costs of the gratuitous $160 monthly military wage credits granted to veterans who served in the Armed Forces during the period from September 16, 1940, to December 31, 1956, and for the costs of the special provision enacted in 1946 that granted insured status to certain World War II veterans who died within 3 years of leaving service.

8. Benefits are suspended for certain aliens if they are outside the United States for more than 6 months.

9. A judge may terminate the benefit rights of persons convicted of espionage, sabotage, treason, sedition, or subversive activities as an added penalty for their crime.

10. Employment for organizations registered or required to register by final order of the Subversive Activities Control Board is excluded from coverage.

11. The interest rate on certain investments held by the old-age and survivors insurance trust fund and the disability insurance trust fund is changed to reflect the essentially long-term character of the investments.

The following major changes in the public assistance program are made by the Social Security Amendments of 1956:

1. The Federal matching formula is revised to increase the Federal share in State assistance payments to needy persons who are aged, blind, or disabled and to dependent children.

2. A new basis is established for Federal sharing in State expenditures for medical care on behalf of recipients, separately from money payments to them; the Federal Government will match dollar for dollar, within specified average maximums per person, the amounts spent by the States for this purpose.

3. The constructive aspects of public assistance are emphasized through amendments relating to services in

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the public assistance programs, and provision is made for grants for the training of public welfare personnel.

Provision is made for grants for cooperative research or demonstration projects.

Only one change was made in the child health and welfare programs. The amount authorized to be appropriated for child welfare services was increased from $10 million to $12 million for the fiscal year 1957-58 and subsequent years.

Old-Age and Survivors Insurance

New Benefit Provisions

The disability "freeze" provisions in the old law permitted any extended period in which an insured worker was totally disabled to be disregarded in determining his eligibility for and the amount of his benefits. The 1956 amendments provide for a system of disability insurance benefits, payable to insured workers between the ages of 50 and 65, that is separate from the old-age and survivors insurance system as far as financing is concerned. It is estimated that disability insurance benefits could be payable for July 1957 to 400,000 individuals and that by 1975 a possible 900,000 persons could receive such benefits.

Under the previous law, a child's benefits stopped when he attained 18. Under the new law, child's benefits are payable to the dependent adult children of retired or deceased insured workers if the children became totally disabled before they reached age 18; these benefits will be paid from the old-age and survivors insurance trust fund, beginning January 1957. During the first year, it is estimated, approximately 20,000 children will be added to the benefit rolls under these provisions. Annually thereafter, some disabled children currently attaining age 18 will be continued on the benefit rolls and others will be added to the rolls at age 18 or over when the insured person dies or becomes entitled to old-age insurance benefits—some 2,500 children each year. The mothers of these children may receive benefits as long as they have child beneficiaries in their care.

Disability Insurance Benefits

Disability insurance benefits are payable to totally disabled workers between the ages of 50 and 65 who qualify both as to work requirements and disability standards after a waiting period of 6 months. July 1957 is the first month for which disability benefits will be payable. No benefits will be paid to dependents of qualified disabled workers. The procedures and practices for determining and defining disability that were set forth in the previous law with respect to the disability freeze are continued for the new cash-payment program except that blindness does not constitute presumed disability. For purposes of disability benefits, persons with visual impairments must be disabled to the same extent as those with other physical impairments—that is, they must be unable to engage in any substantial gainful activity.

The disabled person, to qualify for the disability insurance benefits, must be both fully and currently insured and must have had 20 quarters of employment covered by old-age and survivors insurance during the 40-quarter period that ends with the quarter in which the disability begins.

An insured individual who is unable to engage in any substantial gainful activity is not necessarily entitled to disability insurance benefits even though he is, in fact, severely disabled. The disability must be expected to result in death or to be of long and indefinite duration. A waiting period of 6 consecutive months of disability must elapse before payments may begin. This requirement was established to provide a simple device for screening out cases of temporary disability, since in 6 months most temporary disablements will be corrected or definite signs of recovery will appear.

The amount of the monthly disability insurance benefit is to be the same as the primary insurance amount, computed as though the worker became entitled to old-age insurance benefits in the first month of his waiting period. There is no earnings test (like that applied for persons receiving old-age and survivors insurance benefits) under which benefits are suspended because earnings exceed a specified amount; the definition of disability in itself precludes payment of benefits to anyone able to engage in substantial gainful employment.

When a beneficiary also receives another Federal benefit based on disability or a workmen's compensation benefit, the disability benefit under old-age and survivors insurance is reduced by the amount of such benefit.

Vocational rehabilitation will continue as an important adjunct to the administration of the disability freeze and disability cash benefits. Applicants for either the freeze or disability insurance benefits will be referred to the State agency for rehabilitation, and monthly benefits will be suspended if a beneficiary refuses to accept rehabilitation services without good cause. A beneficiary who is a member or adherent of any recognized church or religious sect that relies on spiritual healing and who refuses to accept rehabilitation services is deemed to have done so with good cause. A beneficiary who engages in substantial gainful activity under an approved State plan for vocational rehabilitation purposes will nevertheless be considered disabled for a year after he first engages in such activity. The provision that makes applicable the payment of benefits and the freeze only for impairments that can be expected to be of long-continued and indefinite duration is not inconsistent with efforts toward rehabilitation, since it refers only to the duration of the impairment and does not require a prediction of continued inability to work.

Present disability rules, requirements, and standards for the freeze procedure are still in effect. If an individual is determined to be totally and permanently disabled before he reaches age 50, the freeze can be established. If, at age 50, he still meets the disability test, he can become eligible for disability insurance benefits, provided he files an application and meets the work requirements for these benefits. October 1, 1956, is the earliest date an application for disability benefits can be accepted.

All the present framework to carry out the disability freeze provisions of the 1954 amendments will be used for the payment of monthly disability benefits. The determination of disability is to be made by State agencies under the same arrangements now used for freeze determinations. In the Conference report,[1] Congress included a statement that the Secretary of Health, Education, and Welfare is expected to use fully his authority to review and revise favorable determinations of State agencies in order to assure uniform administration of the disability benefits and to protect the disability insurance trust fund from unwarranted costs.

Beginning in 1957, an additional tax (combined employer-employee) of ½ of 1 percent on wages and of ⅜ of 1 percent on self-employment income will be imposed to finance the disability insurance program. The amount of these taxes will be deposited in the disability insurance trust fund, from which the disability insurance benefits and administrative costs will be payable.

Dependent Disabled Child's Benefits

Under the new law a dependent disabled child aged 18 or over of a deceased or retired insured worker qualifies for child's benefits, regardless of age, if he became totally disabled before reaching age 18 and the disability has continued uninterruptedly since that time. The definition of disability is the same as that covering disabled workers (inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration). Blind persons, however, will not be presumed to be disabled for the purposes of the cash disability benefits, although they may be determined to be disabled. Determinations of disability are to be made by State agencies.

To qualify for these benefits the disabled child must have been entitled to child's benefits before he reached age 18 or prove that he was receiving at least half his support from the insured worker at the time his application for benefits was filed or the worker died. Mother's (or wife's) benefits are also to be paid to a mother who has in her care any child entitled to child's benefits. Such benefits will be payable for the first time for January 1957. Applications may be filed beginning October 1956.

The disabled child's benefit is reduced by the amount of any Federal benefit or workmen's compensation benefit payable to the child on account of disability; any excess that cannot be adjusted against the child's benefits is adjusted against the mother's or wife's insurance benefits payable solely because she has the disabled child in her care. No adjustment will be made in a wife's benefit, however, if the wife has attained age 62.

The 1956 amendments state that it is the policy of Congress that disabled adult children be promptly referred to State vocational rehabilitation agencies so that as many of them as possible may be prepared for gainful work. Benefits for both the disabled child and his mother will be suspended for his refusal to accept rehabilitation services without good cause. If, however, a child beneficiary who refuses rehabilitation services is a member or adherent of any recognized church or religious sect that relies on spiritual healing, he is deemed to have refused with good cause. Work for 1 year begun under a State vocational rehabilitation plan will not be regarded as substantial gainful activity and therefore will not require suspension or termination of the disabled child's benefits.

Extension of Coverage

At the end of 1955, 9 out of 10 of the Nation's gainfully employed workers were covered under old-age and survivors insurance, and about 86 out of 100 jobs were under contributory coverage. Beginning with 1957, contributory coverage will be extended to nearly 4 million persons who are in jobs not now covered; thus, about 92 out of 100 jobs will be covered under old-age and survivors insurance on a contributory basis.

The Social Security Amendments of 1956 add almost 900,000 to the number now covered. The majority of those newly covered are farmers, but coverage is also extended to all previously excluded self-employed professional groups (except doctors of medicine) and to several small groups of employees. While a number of changes were made in the farm-worker coverage provisions, approximately the same number of farm workers are covered under the new amendments as were covered after the 1954 amendments.

The Servicemen's and Veterans' Survivor Benefits Act (Public Law No. 881) extends coverage to almost 3 million members of the uniformed services on a contributory basis, thus closing one of the major gaps in old-age and survivors insurance coverage. Major groups that continue to be excluded are most Federal civilian employees under retirement systems; in general, policemen and firemen covered by a State or local retirement system; low-income self-employed persons; and farm and domestic workers not regularly employed.

Self-employed professional groups.—The 1956 amendments extend coverage to more than 200,000 persons who are self-employed in the practice of specified professions. They bring under coverage the self-employment earnings of lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists, effective with taxable years ending after 1955.

Farm owners and operators.—Under the 1954 amendments, farm owners and operators were permitted to report their agricultural self-employment (1) on the basis of actual net earnings, or (2) if net earnings were under $1,800, on the basis of 50 percent of gross income, with up to $900 being creditable. The 1956 amendments extend coverage to an estimated 220,000 additional farmers, effective with taxable years ending on or after December 31, 1956, by liberalizing the optional computation provision. Under the amendments, a farmer whose gross farm income in a year is at least $600 and not more than $1,800 is permitted to deem his net earnings to be two-thirds of gross income. If his gross income exceeds $1,800 and net earnings are less than $1,200, his net earnings may be

[1] House Report 2936 (84th Cong., 2d sess.), July 26, 1956.

deemed to be $1,200. Members of farm partnerships and farmers who report for income-tax purposes on an accrual basis may now use the option.

Another 400,000 farmers have coverage made available under the so-called "material participation" clause. Income formerly classified as rentals will be covered if derived under an arrangement whereby the recipient participates materially (with the tenant, share farmer, etc.) in the production of agricultural or horticultural commodities. This provision is effective with respect to taxable years ending after 1955.

Confirmation is given to the interpretation of the old law, under which a person who undertakes to produce agricultural or horticultural commodities on the land of another, under an arrangement providing that the product shall be divided between such person and the owner or tenant of the land, is self-employed if his share depends on the amount of commodities produced. This provision is effective for taxable years ending after 1954.

Federal civilian employees.—Coverage is extended by the amendments to employees who are covered by the Tennessee Valley Authority retirement system and to members of Federal Home Loan Banks (all of whom are presently covered by a staff retirement system). The coverage is contingent in each instance upon the approval by the Secretary of Health, Education, and Welfare before July 1, 1957, of a plan for the coordination, on an equitable basis, of the benefits of the agency's retirement system with old-age and survivors insurance benefits. At the option of the agency, such coverage may be effective with the beginning of any calendar quarter between January 1, 1956, and July 1, 1957, inclusive. Some 13,000 employees of these agencies could be covered.

Waiver of policemen and firemen exclusion.—The amendments make an exception to the specific exclusion of policemen and firemen who are under a State or local retirement system to allow these employees to be covered under the referendum provisions in five States. Where the policemen and firemen (or both) are in a retirement system with other classes of employees, they may be treated as having a separate retirement system. Coverage is made available to about 20,000 employees under this provision.

Farm workers.—The amendments make several changes in previous farm-worker coverage provisions that roughly offset one another as far as the number of persons who are covered under the program is concerned.

Under the 1954 amendments, a farm worker was covered with respect to his work for an employer if he was paid at least $100 in cash wages by that employer in a calendar year. The 1956 amendments change the coverage test for farm workers, effective with respect to remuneration paid after 1956. Cash remuneration paid a worker by an employer in a calendar year is covered if (1) the amount of cash wages is $150, or (2) the worker performs agricultural labor for the employer on 20 or more days during the year for cash wages computed on a time basis—that is, if the worker is paid by the hour, day, or week rather than on a piece-rate basis. As in the old law, a quarter of coverage is credited for $100–$199 of annual wages, 2 quarters for $200–$299, 3 quarters for $300–$399, and 4 quarters for $400 or more.

The amendments provide that certain "crew leaders" are deemed to be the employers of the crew they furnish to perform agricultural labor for other persons, effective with respect to service performed after 1956. For this purpose, a crew leader is anyone who pays (on behalf of himself or of the person for whom the work is done) the members of his crew and who has not been designated, by written agreement with the person for whom the work is done, as an employee of that person.

The former exclusion from coverage of the services of contract workers from Mexico and the British West Indies is broadened to apply to agricultural workers temporarily admitted to this country from any foreign country. Turpentine workers continue to be excluded.

Other groups.—Under the amendments, coverage is made available for additional ministers who are American citizens and who are employed abroad—namely, those who, although not employed by an American employer, have a congregation that is composed predominantly of American citizens. Coverage is also made available to American citizens who are employees of a foreign company in which an American corporation holds 20 percent or more of the voting stock (rather than "more than 50 percent" of the voting stock as provided in the old law).

Three changes are made in the provisions relating to employees of nonprofit organization. They permit the temporary reopening of the option to elect coverage, permit waiver certificates filed after 1956 to be effective in the quarter of filing if the organization desires, and validate certain waivers previously filed.

The amendments exclude from coverage service performed in the employ of any organization registered under the Internal Security Act of 1950 as a Communist-action, Communist-front, or Communist-infiltrated organization. The exclusion is applicable to service beginning in any quarter after June 30, 1956, during any part of which the organization is registered under that Act or in which there is in effect a final order of the Subversive Activities Control Board requiring such registration.

The amendments also contain three provisions that make exceptions in specified States to the general requirement that all members of a State or local retirement system are covered if any are covered. These provisions merely make coverage more readily obtainable for certain employees on the States or local level.

Members of the uniformed services.—The Servicemen's and Veterans' Survivor Benefits Act amends the Social Security Act to extend regular contributory coverage under old-age and survivors insurance, beginning January 1, 1957, to nearly 3 million members of the uniformed services on active duty (including active duty for training), with contributions and benefits computed on their basic service pay. The provision applies to members of the regular components of the uniformed services, including commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, reserve officers and enlistees when on full-time duty or active duty for training, midshipmen

and cadets of the service academies, and members of the Reserve Officers Training Corps when ordered to annual training for a period of 14 days or more.

Public Law No. 881 also extends the period for providing gratuitous military wage credits of $160 a month by including service in the active military or naval service after March 1956 and before January 1957. Gratuitous credits therefore apply to service in the Armed Forces after September 15, 1940, and before January 1, 1957. The law also provides for granting gratuitous wage credits retroactively for active service performed (1) as a commissioned officer of the Public Health Service after July 3, 1952, and before January 1, 1957, and (2) as a commissioned officer of the Coast and Geodetic Survey after July 29, 1945, and before January 1, 1957. Servicemen on active duty after December 1956 receive the wage credits of $160 for military service performed after 1950 and before 1957 even though benefits based on such service (in whole or in part) are payable by one of the service staff retirement systems, the Coast and Geodetic Survey system, or the Public Health Service system.

The new law makes permanent the previous temporary provisions relating to old-age and survivors insurance lump-sum death payments when servicemen dying overseas are reburied in this country. Application for a lump-sum death payment (based on reimbursement for burial expenses) may be filed within 2 years of the interment or reinterment in this country of the body of a serviceman who dies overseas after June 24, 1950.

Public Law No. 881 also provides that the old-age and survivors insurance trust fund is to be reimbursed from general revenues for past and future expenditures resulting from the various provisions for the granting of $160 monthly military wage credits and from the special provisions enacted in 1946 that granted insured status to certain World War II veterans who died within 3 years after leaving the service. These provisions have already resulted in payments from the trust fund of approximately $200 million, and more than $600 million is expected to be paid out in the future. Reimbursement is to be made annually over a 10-year period for aggregate past expenditures through June 30, 1956. Reimbursement for future expenditures is to be made annually for benefits paid during the year.

Public Law No. 881 includes the following provisions that affect the Bureau of Old-Age and Survivors Insurance and the Veterans Administration, or the Bureau of Old-Age and Survivors Insurance and another Federal agency:

1. An application filed after December 1956 for compensation on the death of a veteran constitutes an application for survivor benefits under the old-age and survivors insurance program, and vice versa.

2. Survivors of servicemen who die after 1956 while in service or from service-connected causes incurred after September 15, 1940, and who are not entitled to old-age and survivors insurance benefits because the serviceman did not die insured are to receive monthly payments from the Veterans Administration under the same conditions as, and in amounts equal to, those that would have been payable under old-age and survivors insurance if the serviceman had died fully and currently insured.

3. Supplementary compensation payments are to be made by the Veterans Administration if the serviceman is survived by a widow and two or more children under age 18 and if the old-age and survivors insurance benefits are relatively low.

4. The gratuitous monthly wage credits of $160 for military service provided under the Railroad Retirement Act are continued.

5. Coordination of military service credits under the Civil Service Retirement Act and under old-age and survivors insurance permits survivor annuitants under the Civil Service Retirement Act to waive all rights to a civil service survivor annuity and to use military service after September 15, 1940, and before January 1, 1957, for survivor benefits under old-age and survivors insurance. Military service performed after 1956 is not creditable under the Civil Service Retirement Act if any retirement or survivor benefit is currently payable under old-age and survivors insurance.

Eligibility Conditions

The 1956 amendments lower to 62 the age at which women may qualify for benefits. Women eligible for benefits as widows or dependent parents may receive full benefits at age 62. As before, wives with child beneficiaries in their care may receive full benefits regardless of their age. Women who elect to receive a retired worker's or wife's benefit when they are between age 62 and age 65 will receive actuarially reduced benefits. Once such election has been made, benefits will continue to be paid in an actuarially reduced amount after age 65.

The reduction is $\frac{5}{9}$ of 1 percent for each month before age 65 that a retired woman worker draws an old-age insurance benefit and $\frac{25}{36}$ of 1 percent for each month before age 65 that a wife's benefit is drawn. Thus a woman who elects to receive an old-age insurance benefit for the month in which she attains 62 has her benefit amount reduced by 20 percent, and a woman who elects to receive a wife's benefit beginning at age 62 has her benefit amount reduced by 25 percent. If a wife or a retired woman worker who has elected to receive an actuarially reduced benefit later has her benefit suspended under the retirement test for at least 3 months, or a wife later receives a full benefit because she has had a child beneficiary in her care for 3 months or more, an automatic adjustment will be made in her benefit amount when she reaches age 65. This higher amount will be the benefit she receives after age 65.

The amendments suspend benefit payments to certain aliens who are outside the United States for more than 6 consecutive months. Payments are suspended unless the alien is a citizen of a country that has a social insurance or pension system of general application, under which monthly benefits (or their actuarial equivalent) would be paid to otherwise eligible American citizens if they returned to this country. Benefits are not suspended, however, if the individual upon whose earnings record the alien is receiving benefits has had at least 40 quarters of coverage or has lived in the United States for at

least 10 years, or if suspension would violate a treaty existing on August 1, 1956, between his country and the United States. Time spent outside the country in the active military or naval service of the United States does not cause suspension. If an alien whose old-age benefit is suspended dies while he is still outside the United States, no lump-sum death payment will be made. The amendment does not apply to aliens who are (or who upon application would be) entitled to receive benefits for December 1956. Beneficiaries who are living outside the United States in that month will, therefore, not have their benefits suspended.

Under the new law the courts may, at their discretion, as an additional penalty, terminate an individual's benefit rights based on his earnings before his conviction for crimes such as espionage, sabotage, treason, sedition, or other subversive activities. The amendment applies to convictions for crimes committed after August 1, 1956. The benefit rights of members of the convicted individual's family are not affected by the court's decision. Thus, for example, the wife of a convicted individual continues to have benefit rights based on his entire earnings record, even though his own rights could be based only on any earnings he might have after conviction.

Under the law in effect before the 1956 amendments, a widow who remarried lost all her rights to benefits based on the earnings record of her deceased husband. She gained rights on the earnings record of her second husband only after she had been married to him for at least 1 year or if the couple had a child, natural or adopted. If the second husband died before the year had elapsed and there were no children, she was left with no protection under the program. The 1956 amendments provide that a remarried widow's benefit rights based on the earnings record of her first husband will be restored if her second husband dies within a year of the marriage. The first husband would, of course, have to have been insured under the program before his death, and their marriage must have lasted for at least 1 year. Benefits for remarried widows who become entitled under this amendment are first payable for November 1956 or the month of the second husband's death, if that is later.

The 1956 amendments extend for an additional 2 years the period for filing proof of support in claims for dependent husband's, widower's, and parent's benefits and for filing application for a lump-sum death payment based on the earnings record of an insured worker who died after 1946. The claimant must, however, show "good cause" for his failure to file within the first 2 years after the death or entitlement of the insured individual. If the original 2-year period has already expired, and "good cause" can be shown for failure to file the necessary proofs within that period, they can be filed at any time up to September 1, 1958. Monthly benefits will be paid for months after August 1956 on the basis of applications filed after August.

The amendments contain an alternative insured-status provision that will permit individuals first covered in 1956 to become insured on the same basis that the old law provided for persons first covered in 1955. An individual who earns a quarter of coverage in all but 4 of the quarters after 1954 and before July 1957 or, if later, the quarter in which he attains retirement age or dies, is fully insured. The amendment eases the insured-status requirement in many death cases before October 1960 and for many individuals who attain retirement age before that date. Thereafter, the normal requirements for insured status are no more difficult (or are less difficult) to meet than the special requirements in the amendment.

Benefits are not payable to persons under age 72 otherwise eligible for benefits if they have earnings above the annual and monthly amounts set out in the retirement test in the act. For beneficiaries engaged in noncovered work outside the United States, benefits are withheld for any month in which a beneficiary under age 72 works in noncovered employment on 7 or more different calendar days. The amendments of 1956 apply the money test, instead of the 7-day test, to members of the Armed Forces serving outside the United States in 1956. After 1956, service in the Armed Forces is covered employment under the program, and the annual money test will automatically apply but only to military basic pay.

Computation of Benefits

Under the new law, up to 5 years of low earnings may be "dropped out" in computing the average monthly wage of an insured individual regardless of the number of quarters of coverage he may have. The old law required that he have at least 20 quarters of coverage before 5 years of low earnings could be dropped in computing his benefits; otherwise only 4 years could be dropped. The amendment applies to the benefit computation for persons who become entitled in the future and, under specified circumstances, to a recomputation of benefits on the basis of applications filed on or after August 1, 1956. Persons newly covered in 1956 will thus be able to drop out all years of noncoverage after 1950 and before 1956.

The amendments also provide special starting and closing dates for determining the period over which the average monthly earnings are to be figured. They apply to an individual who becomes entitled in 1957 and who had at least 6 quarters of coverage after 1955 and before the quarter following the quarter of his death or entitlement, whichever occurred first. A starting date of December 31, 1955, and a closing date of July 1, 1957, may be used if a higher primary insurance amount would result. Total wages and self-employment income that can be counted in the 6-month period between December 31, 1956, and July 1, 1957, cannot exceed $2,100, since $350 is the maximum average monthly wage that can be used in computing the benefit. Provision is made, under circumstances similar to those stated in the previous law, for recomputation of benefits using the July 1, 1957, closing date if a higher primary insurance amount would result.

The amendments place the computation of benefits in disability cases on an annual basis that conforms with the method of computing benefits in other cases. For any part of a year that is included in a period of disability, the months and earnings

of that year are eliminated from the computation of the average monthly earnings. Months and earnings in the year in which the disability began may be included in the computation, however, if their inclusion results in a higher benefit amount.

Under the new law, an individual's earnings record may be corrected, even in periods normally barred to correction because of the statute of limitations, to include self-employment income not previously included for a year for which wages were deleted from the record as having been erroneously reported. Such self-employment income can be included, however, only if the amount was shown in a tax return or statement filed before the end of the time limitation, running from the taxable year in which the wage deletion was made.

Advisory Council on Social Security Financing

The amendments provide for the establishment of an Advisory Council on Social Security Financing to review the status of the old-age and survivors insurance trust fund and the disability insurance trust fund in relation to the long-term commitments of the old-age and survivors insurance program before each scheduled tax increase. The Commissioner of Social Security will serve as chairman of each Advisory Council. Twelve other members, appointed by the Secretary of Health, Education, and Welfare, will represent to the extent possible employees and employers in equal numbers and self-employed persons and the public. The first Council is to be appointed after February 1957 and before January 1958 and will report its findings and recommendations to the Secretary of the Board of Trustees of the Trust Fund not later than January 1, 1959, and for inclusion in the Trustees' Report to Congress by March 1, 1959. A new Council, similarly constituted and with the same functions and duties, will be appointed not later than 2 years before each scheduled increase in the tax rate and will report its findings and recommendations not later than January 1 of the year before the year in which the scheduled increase is to occur. In each instance, the recommendations will be published in the next Trustees' Report.

Investments of Trust Fund

The 1956 amendments change the interest rate on investments held by the old-age and survivors insurance trust fund to reflect the essentially long-term character of the investments. The interest rate is to be based on the average rate of interest borne by all marketable, interest-bearing obligations of the United States not due or callable until after the expiration of 5 years from the date of original issue. Previously, the rate of interest for trust fund investments was equal to the average rate borne by all interest-bearing obligations of the United States without regard to maturities or marketability.

The average rate of interest, if it is not already a multiple of ⅛ of 1 percent, will be rounded to the nearest multiple of ⅛ of 1 percent rather than to the next lower multiple as under the previous law. These changes were recommended by the Board of Trustees of the Trust Fund. The same procedure is to be followed for the new disability insurance trust fund. The exclusion of interest rates on short-term obligations in fixing the rate for public-debt obligations for issue to the trust fund and the revised rounding procedure will increase the program's interest income, on the average and over the long-range future, by about $160 million a year; the effect in the immediate future will be materially less. To make it clear that bonds purchased by the trust fund are as much a part of the public debt as any other obligations of the Federal Government, they are designated as "public debt obligations for purchase by the Trust Fund" in place of the designation under the old law, "special obligations issued exclusively to the Trust Fund."

Minor Technical Amendments

Beneficiaries who earn more than the amount of earnings permitted by the retirement test must report their earnings at the close of each year. The new legislation extends the deadline for filing annual reports of earnings from March 15 to April 15 to conform with the deadline for income-tax reporting contained in the Internal Revenue Code of 1954. The amendments also conform the old-age and survivors insurance statute of limitations governing the period in which earnings records are open to correction to the time limit on filing claim for credit or refund of taxes under the 1954 Internal Revenue Code.

The amendments clarify the intent of the law that the Secretary may by regulation limit the time within which an individual may request a hearing after a decision has been made in his case. The regulations cannot prescribe a period less than 6 months after notice of a decision is mailed to the individual. Any individual who has not previously had a hearing on a notice of decision mailed before August 1, 1956, can request a hearing within 6 months after that date.

Financing Basis and Policy

At the time of the 1950 amendments, as well as since then, Congress has expressed its belief that the insurance program should be completely self-supporting from contributions from covered individuals and employers. Accordingly, in the 1956 amendments, the contribution schedule contained in the 1954 act was revised in recognition of the increased benefit costs involved. The rates for the calendar years 1957–59, formerly 2 percent each for employer and employee and 3 percent for the self-employed, are raised to 2¼ percent each for employee and employer and 3⅜ percent for the self-employed. The schedule calls for further increases for the years 1960–64, 1965–69, 1970–74, and the rates will rise ultimately, for the year 1975 and thereafter, to 4¼ percent each for employer and employee and 6⅜ percent for the self-employed.

The combined employer-employee rate in the new schedule is a 0.5-percent increase from that in the previous schedule. This amount is allocated for the monthly disability benefits and goes into a separate disability insurance trust fund. In essence, no increase in contributions was made for the old-age and survivors insurance benefits, since their

liberalization was offset by cost reduction factors—extension of coverage, change in the interest basis of the trust fund, and generally higher earnings levels. The contribution allocated for disability benefits is, according to the intermediate-cost estimate, slightly more than adequate to finance these benefits.[2]

Public Assistance

Matching Formulas

Under the Social Security Amendments of 1956, Federal funds to States are increased for public assistance to needy persons who are aged, blind, or disabled and to dependent children. Under the formula previously in effect the Federal share for payments to the aged, blind, and disabled was four-fifths of the first $25 of the average monthly payment per recipient plus one-half the remainder, up to a maximum of $55 a month on any individual payment. For dependent children, it was four-fifths of the first $15 of the average monthly payment per recipient plus one-half the balance, up to maximums of $30 each for the first child and the needy relative with whom the child lives and $21 for each additional child. Under the new law, the maximum on payments to aged, blind, and disabled persons is increased to $60, and the Federal share is raised to four-fifths of $30 plus one-half the balance up to the maximum. For aid to dependent children the maximums are increased to $32 each for the first child and the relative with whom the child lives and to $23 for each additional child; the Federal share is made fourteen-seventeenths of $17 plus one-half the balance up to the maximum. These amendments are effective October 1, 1956, and are scheduled to expire on June 30, 1959.

The amendments do not provide for an automatic increase in the amount of the assistance payment. Whether recipients will get larger assistance payments as a result of the amendments depends on what the States do under their own laws and policies in administering the programs. The States themselves decide if the additional Federal funds will be used to give assistance to more persons, to give more money to those already getting aid, or to save State and local funds. A State may use the money to do any one of these things or a combination of them.[3] (The bill as amended by the Senate had contained a provision designed to require States to pass on to recipients the additional Federal funds to be provided under the Senate bill. This provision was not included in the bill as enacted.)

Medical Care

Federal matching in public assistance expenditures, including medical care, has been limited by the individual maximums on the amount of monthly payments that could be made to or on behalf of an individual with Federal financial participation. The 1956 amendments provide for dollar-for-dollar Federal sharing in expenditures for payments to suppliers of medical care (including expenditures for insurance premiums for medical care), over and above Federal matching in money payments to assistance recipients. In the programs for the aged, the blind, and the disabled the Federal Government will participate in such expenditures up to a maximum amount determined by multiplying $6 a month by the number of recipients. In the program of aid to dependent children, the maximum is determined by multiplying $3 a month by the number of children receiving assistance and $6 a month by the number of relatives who are recipients. The provisions that many States, particularly those with limited fiscal capacity, make for the medical needs of public assistance recipients are inadequate. The purpose of the amendments is to assist the States in broadening and improving their provisions for meeting the costs of medical care for persons receiving assistance. These amendments are effective in the four public assistance programs beginning July 1, 1957.

Training of Public Welfare Personnel

An appropriation of Federal funds is authorized for training grants to the States to assist in increasing the number of adequately trained public welfare personnel available for work in public assistance programs. The Federal Government's share in total State expenditures for this purpose will be 80 percent, and Federal funds are authorized for a period of 5 years beginning July 1, 1957. The funds are to be used by States to make grants to institutions of higher learning for training personnel for the public assistance programs and for establishing fellowships or traineeships and special short-term courses of study. The authorization is $5 million for the fiscal year ending June 30, 1958, and for the next 4 years in such amounts as Congress may determine.

Another amendment changes the definition of "State" in title XI of the Social Security Act to extend the provisions for training grants to Puerto Rico and the Virgin Islands.

Services in Assistance Programs

The amendments include provisions relating to services in the public assistance programs, designed to encourage the States to place greater emphasis on helping to strengthen family life and helping needy individuals to attain the maximum economic and personal independence of which they are capable.

The statements of purpose for all four public assistance programs have been amended to make explicit that, in addition to enabling the States to give financial aid to needy persons, the purpose is to encourage the States to provide services to help assistance recipients toward independent living. The amended statement in aid to dependent children emphasizes that a goal of the program is to help maintain and strengthen family life and to help keep children in their own homes. In the program for the aged the amendment makes it clear that services should be directed toward the achievement of self-care, while program objectives for the blind and the

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[2] For more complete details, see Robert J. Myers, "Old-Age and Survivors Insurance: Financing Basis and Policy Under 1956 Amendments," pages 16–20.

[3] For information on how Federal increases under previous amendments were used see Ellen J. Perkins, "State and Local Financing of Public Assistance, 1935–55," *Social Security Bulletin*, July 1956, pages 7–8.

disabled are directed toward assisting individuals to achieve self-support or self-care. Other amendments add to the provisions for the approval of State plans a requirement that State plans under the four public assistance titles include a description of any services the State makes available in order to achieve the purposes of the legislation. Except in old-age assistance, the plan must show the steps taken to assure maximum utilization of other agencies providing similar or related services. This requirement is effective July 1, 1957. The amendments also make it clear that the costs of administration in which the Federal Government shares include these services.

Extension of Aid to Dependent Children

Coverage under the program of aid to dependent children is broadened somewhat by two amendments that make possible Federal sharing in assistance to additional needy children. One provision adds "first cousin," "nephew," and "niece" to the relatives previously specified in the law with whom a dependent child may be living and receive aid under the program. The other change eliminates the provision in the law that permitted Federal sharing in assistance to children aged 16 and 17 only if they attend school regularly. These changes become effective July 1, 1957. They will permit additional children to have the advantages of family life with relatives and permit Federal sharing in assistance to a group of children unable to attend school because of illness or handicap or because school facilities are not available.

Grants to Puerto Rico and the Virgin Islands

Another amendment provides for Federal sharing in payments of aid to dependent children in Puerto Rico and the Virgin Islands with respect to the needy adult relative with whom the dependent child is living. The provision, already in effect elsewhere, is thus extended to these two jurisdictions.

The dollar limitation on total annual Federal payments for public assistance is increased from $4,250,000 to $5,312,500 for Puerto Rico and from $160,000 to $200,000 for the Virgin Islands. The provisions will enable these two jurisdictions to meet more nearly adequately the needs of persons qualifying for assistance. The amendments are effective for the fiscal year ending June 30, 1957, and thereafter.

Cooperative Research or Demonstration Projects

To learn more about the causes of dependency and to find the most effective means of dealing with dependency, a program of cooperative research or demonstration projects is established. Grants to, contracts with, or jointly financed cooperative arrangements with States and public and nonprofit organizations are authorized for sharing the cost of research or demonstration projects such as those related to the prevention or reduction of dependency, the coordination of planning between private and public welfare agencies, or the improvement of the administration and effectiveness of programs under the Social Security Act and related programs. The authorization for this purpose for the fiscal year ending June 30, 1957 is $5 million and for later years amounts to be determined by Congress.

Child Welfare Services

Title V, part 3, of the Social Security Act authorizes appropriations for establishing, extending, and strengthening, especially in predominantly rural areas, public welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent. Appropriations are made within the amount authorized. This amount has been $10 million in recent years. For the fiscal year 1957-58 and subsequent years, the authorized amount is increased to $12 million.

Amendments to the Railroad Retirement Act

Public Law No. 880 makes the technical amendments in the Railroad Retirement Act necessary to maintain the present relationship between the railroad retirement program and old-age and survivors insurance. These amendments make changes in the wording of the Railroad Retirement Act to take account of the old-age and survivors insurance amendment lowering to age 62 the retirement age for widows and modify the cost adjustment provisions of that act to take into account the newly established Federal disability insurance trust fund.

Legislative History

On June 20, 1955, the Committee on Ways and Means of the House of Representatives, under the chairmanship of Representative Jere Cooper, met in executive session. After that meeting, Chairman Cooper stated that he planned to submit, for Committee consideration, "proposals which would provide disability insurance benefits to persons working in covered occupations, lower from 65 to 62 years the age at which women beneficiaries may qualify for benefits, and the payment of benefits to disabled children age 18 and over."

During the next few weeks, the Ways and Means Committee met in executive session, and on July 11 Mr. Cooper introduced H.R. 7225, which embodied the Committee's decisions. The bill was reported favorably by the Committee on July 14, with three minor technical amendments. It passed the House of Representatives on July 18 by a vote of 372 to 31 (with two members answering "present").

The Senate Committee on Finance, to whom the bill was referred, did not take any final action on it in 1955 because it was received so late in the session. Early in 1956, however—from January 25 to March 22—the Committee held public hearings on the bill and reported it favorably, with amendments, on June 5.

The bill passed the Senate, with a number of amendments from the floor, by a vote of 90 to 0 on July 17.

The conferees from the House and the Senate completed their report on the bill on July 26, and it was adopted by the House of Representatives and by the Senate on July 27. The bill was signed by the President on August 1, 1956, and became Public Law No. 880.

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[4] *Congressional Record*, June 21, 1955, page D590.

House Action on H.R. 7225

H.R. 7225, as introduced by Representative Cooper and as passed by the House in 1955, contained the following major provisions:

1. Monthly benefits at or after age 50 to insured workers who are totally and permanently disabled.

2. Lowering of the minimum retirement age for women from 65 to 62 (applicable to women workers, wives of insured workers, and widows and dependent mothers of deceased insured workers).

3. Monthly benefits continued to children over age 18 who became totally and permanently disabled before that age and who had been receiving child's benefits, either as the dependent of a retired worker or as the survivor of a deceased worker. (In such a case the wife of a retired worker or widowed mother under age 65 would continue to be eligible.)

4. Extension of coverage to all self-employed professional groups excluded under existing law except doctors of medicine (that is, to osteopaths, lawyers, dentists, veterinarians, chiropractors, naturopaths, and optometrists), to turpentine and gum naval stores employees, and to certain employees of the Tennessee Valley Authority and the Federal Home Loan Banks.

5. Crediting, for old-age and survivors insurance purposes, of income derived by an individual from the operation of a farm by another person if such an individual materially participated in the farm production.

6. Increase in the contribution schedule by 1 percent in the combined employer-employee rate, so that the rate would be 5 percent until 1960, 6 percent for 1960–64, 7 percent for 1965–69, 8 percent for 1970–74, and 9 percent for 1975 and thereafter. The rate for the self-employed would be increased by ¾ of 1 percent.

7. Creation of an Advisory Council on Social Security Financing to study the financial status of the old-age and survivors insurance program before each scheduled increase in the contribution schedule.

8. Various technical provisions that would preserve the relationship between the railroad retirement and old-age and survivors insurance programs, as well as make certain corrections and minor improvements in the existing law—for example, prescribing yearly, rather than quarterly, elimination of periods of disability in the benefit computations.

There were no public assistance or child welfare provisions in H.R. 7225 as introduced in and passed by the House in 1955.

Identical bills carrying out the President's recommendations for public assistance, made to the second session of the Eighty-fourth Congress, were, however, introduced in the House by ranking members of the House Committee on Ways and Means. Representative Cooper introduced H.R. 9120 and Representative Reed, H.R. 9091. In the Senate an identical bill (S. 3139) was introduced by Senator Martin.

In April 1956 the House Committee on Ways and Means held public hearings on H.R. 9120, H.R. 9091, H.R. 10283, H.R. 10284, and other bills relating to public assistance and child health and welfare services.

Senate Committee Action on H.R. 7225

Old-age and survivors insurance.—The Senate Committee on Finance, reporting on June 5, 1956, made the following changes in the bill as passed by the House:

1. Elimination of the provision for monthly disability benefits.

2. Elimination of the provision lowering the minimum retirement age for women from 65 to 62, except for widows.

3. Expansion of the provision for monthly benefits for disabled children aged 18 and over by eliminating the requirement that such a child must have been receiving benefits before age 18.

4. Elimination of extension of coverage to self-employed osteopaths, turpentine and gum naval stores employees, and certain employees of the Tennessee Valley Authority and the Federal Home Loan Banks.

5. Elimination of the proposed increases in the contribution schedule.

6. Revision of the basis for interest rates on special obligations issued to the trust fund to take into account long-term interest rates.

7. Revision of the optional reporting provisions for low-income farmers so that those in this category could secure more protection under old-age and survivors insurance.

8. Inclusion of special provisions applicable to certain States so that additional groups of State and local government employees could be covered.

9. Modification in the coverage test for farm workers to require (instead of the existing requirement of $100 or more of cash wages paid by an employer during a calendar year) either $200 or more of such wages or, regardless of earnings, employment by a given employer for 30 or more days during a calendar year on a payment basis computed on some unit of time. Under another provision the crew leader, rather than the farm operator, would be considered as the employer.

10. Extension of coverage, on a voluntary basis, to certain ministers residing abroad and to American employees of certain foreign corporations.

11. Exclusion from coverage of all foreign temporary agricultural workers (the existing law applied only to those from Mexico and the British West Indies).

12. Suspension of benefit payments to aliens outside the United States for more than 3 months if such alien's country would not pay benefits to a United States citizen under similar conditions.

13. Additional minor improvements were made in the old-age and survivors insurance program, including a provision that would give a 2-year extension of the period within which application for lump-sum payment must be filed or within which dependents may file proof of support where there is good cause for failure to file within an initial 2-year period, and restoration of benefit rights to a widow who remarries but is not eligible for benefits on her second husband's record because the new marriage was terminated by his death in less than a year.

Public assistance.—Although H.R. 7225 as passed by the House in 1955 contained no public assistance provisions, during the public hearings on the bill before the Senate Finance

Committee in 1956 testimony was presented on various public assistance proposals. Many proposed public assistance amendments to H.R. 7225 were filed in the Senate. As H.R. 7225 was reported by the Senate Finance Committee, it contained the following public assistance provisions:

1. Separate Federal matching of expenditures for medical care on behalf of recipients of assistance on a 50–50 basis, up to an average expenditure of $8 per adult and $4 per child receiving aid.

2. Changes in the statement of purpose for the programs of aid to the blind and aid to the permanently and totally disabled to make clear that welfare services to assist individuals to self-support or self-care are program objectives, and in aid to dependent children to emphasize that services to strengthen family life are a major objective of that program.

3. Grants to States to share in the cost of training public welfare personnel, with Federal funds meeting 100 percent of the cost for 10 years and 80 percent thereafter. Federal funds for training made available to Puerto Rico and Virgin Islands by an amendment to the definition of "State" in the law.

4. Grants to States and to public and nonprofit organizations to share in the cost of research or demonstration projects, such as the prevention of dependency.

5. Expansion of aid to dependent children by adding "first cousin," "nephew," and "niece" to the relatives with whom a dependent child may be living and be eligible to receive assistance; elimination of the requirement of school attendance for Federal matching in assistance to children aged 16 and 17.

6. Extension of the temporary Federal matching formula then in effect to June 30, 1959.

Senate Floor Action

Old-age and survivors insurance.—On July 17 the Senate passed H.R. 7225 as amended, by a unanimous vote. Eighteen additional amendments were adopted, four were rejected, and two were presented but withdrawn.

The 10 amendments adopted that affected the old-age and survivors insurance program were:

1. The Morse amendment to add Oregon to those States whose policemen and firemen may elect to be covered, subject to the referendum provisions.

2. The George amendment to provide for disability insurance to totally and permanently disabled workers at age 50 and to establish a separate Federal disability insurance trust fund.

3. The Kerr amendment to lower the minimum eligibility age for women to 62, with actuarially reduced benefits for wives and working women as early as age 62.

4. The Capehart amendment to clarify coverage on the basis of "material participation in production" by specifying that "material participation in the management of production" shall also constitute covered self-employment.

5. The Thye amendment to add Minnesota to the specified States that may elect to cover certain employees of State departments of unemployment compensation who are under a retirement system.

6. The Curtis amendment to make child's insurance benefits payable to a child with respect to whom the insured individual had stood in loco parentis for at least 5 years before the insured individual's death.

7. The Humphrey amendment to add Minnesota to the specified States that may elect to cover nonprofessional school employees who are under a retirement system.

8. The Williams amendment to withhold insurance benefits from persons convicted of espionage, sabotage, treason, or subversive activities.

9. The Smathers amendment to add Florida to those specified States that may elect to cover certain State and local government employees who are under State and local retirement systems.

10. The Humphrey amendment to provide, in connection with the disability provisions, that any refusal to accept medical or surgical services for rehabilitation would be considered to be for "good cause."

The amendments affecting old-age and survivors insurance that were defeated on the Senate floor were:

1. The McCarthy amendment to lower the retirement age to 62 for men and 60 for women.

2. The McCarthy amendment to change the annual exempt amount under the earnings test from $1,200 to $1,800.

The amendments withdrawn were:

1. The Morse-Neuberger amendment to the Internal Revenue Code to provide that, in determining whether a child or stepchild who was drawing survivor benefits under a public retirement system was receiving more than half his support from the taxpayer, only the portion of such benefit in excess of $600 in a calendar year would be considered.

2. The Lehman amendment to count tips as wages under old-age and survivors insurance.

Public assistance.—In addition to the Senate Finance Committee amendments, the following amendments affecting public assistance were adopted by the Senate.

1. The Long-George amendment increasing Federal matching in old-age assistance, aid to the blind, and aid to the permanently and totally disabled to five-sixths of $30 and one-half the remainder up to new maximums of $65, and extending the present formula in aid to dependent children to June 30, 1959. (To receive the additional funds, the States would have to maintain average payments per recipient at specified levels or meet other qualifications.)

2. The Douglas amendment to the Committee's amendment for separate financing of medical care, providing in addition that the Federal Government would share in the amount by which the maximum possible Federal matching of cash payments exceeded the amount actually matched with Federal funds.

3. The Douglas amendment providing that States may disregard up to $50 in net earned income in determining need for old-age assistance.

4. The Kefauver amendment requiring that a State plan shall provide that there will be no discrimination on the basis of sex in determining the needs of individuals receiving assistance under the plan.

5. The Lehman amendments in-

creasing the dollar limitation on total Federal payments to $300,000 for the Virgin Islands and to $5,312,500 for Puerto Rico, and providing Federal matching in payments of aid to dependent children with respect to a needy relative caring for dependent children.

6. The Humphrey amendment deleting the phrase "reduce dependency and" from the declaration of purpose of the public assistance amendments in clause (c) of section 300 of the bill.

Two other proposed public assistance amendments that came to a vote were rejected:

1. The Kefauver proposal that, in determining need in old-age assistance, States shall disregard the ownership of a home having an assessed value of less than $5,000 less encumbrances, except to the extent of rental income therefrom.

2. The Magnuson proposal, which would have increased the Federal matching formula in aid to dependent children and included a provision, as in the Long-George amendment, that States maintain a specified average payment or meet other qualifications to receive the additional funds.

In addition to the amendments relating specifically either to old-age and survivors insurance or to public assistance, the Senate adopted the Payne-Potter amendment that would have provided for the establishment of a United States Commission on the Aging and Aged. Senate action on child welfare services is described later.

Conference Action

The House-Senate conferees reached agreement on July 26. They took the following actions on the substantive differences between the House and Senate versions of the bill.

Old-age and survivors insurance.—In provisions affecting old-age and survivors insurance, the conferees agreed to the Senate provisions, except as follows:

1. Made available actuarially reduced insurance benefits for wives and women workers at age 62 as in the Senate bill, but with some modification in the method of adjustment when a woman qualifies for two types of benefits.

2. Rejected the Senate amendment to provide that any refusal to accept medical or surgical services for rehabilitation would be considered to be for "good cause." Retained the provision that such refusal would be for "good cause" for the adherents of a church or sect relying solely on spiritual means for curing impairments.

3. Extended coverage to employees of the Federal Home Loan Banks and Tennessee Valley Authority, as in the House bill, but only if the Secretary of Health, Education, and Welfare approves, before July 1, 1957, plans for coordinating the staff retirement system of these agencies with the old-age and survivors insurance program and reports to Congress before that date.

4. Agreed to the Senate provisions (except with respect to Indiana) modifying the conditions under which specified States may elect to cover members of retirement systems.

5. Extended coverage to self-employed osteopaths, as in the House bill.

6. Raised the amount of earnings required from a single farm employer for coverage of farm workers, but to $150 rather than $200 as in the Senate bill. Also provided an alternative time test for coverage—20 days rather than the 30 days in the Senate version.

7. Changed the optional method of computing net income by farmers as in the Senate version but provided that, if gross farm income is at least $600 and not more than $1,800, the farmer could deem net farm earnings to be two-thirds of gross farm income; if gross income exceeds $1,800 and net earnings are less than $1,200, net earnings may be deemed to be $1,200. Use of the option is extended to members of farm partnerships and farmers who report on accrual basis.

8. Provided for suspension of benefits of aliens who are outside the United States, but with more limited applicability than in the Senate version. Suspension would begin to apply after the sixth month of absence from the United States, but there would be no suspension if the insured worker had 10 years of residence in the United States or 40 quarters of coverage, or if suspension would violate an existing treaty, or if the alien is a citizen of a country that has a social insurance or pension system and pays benefits to eligible United States citizens who leave that country.

9. Eliminated the Senate amendment to make child's insurance benefits payable to a child with respect to whom the insured individual has stood in loco parentis for at least 5 years before the insured individual's death.

10. Modified the Senate amendment to withhold insurance benefits from persons convicted of certain subversive activities by providing that a Federal court, in passing sentence on an individual convicted of an offense committed (after enactment) under specified statutes (relating to seditious activities) may wipe out the benefit rights of the convicted individual based on earnings up to and including the quarter in which conviction occurs. Also provided for removal from coverage after June 30, 1956, of service for organizations while they are registered, or while there is in effect a final order of the Subversive Activities Control Board requiring such organizations to register, as a Communist-front or similar organization.

Public assistance.—The conferees agreed to the public assistance amendments made by the Senate, except that they:

1. Modified the Senate provision for separate financing of State expenditures for medical care on behalf of recipients by reducing the maximum to an average expenditure of $6 per adult and $3 per child receiving assistance and by deleting the provisions of the Douglas medical care amendment that had been adopted by the Senate.

2. Modified the Senate amendment with respect to services by including provisions to emphasize that, in old-age assistance, services to assist individuals to attain self-care are program objectives, along with the objective of providing income to meet current needs.

3. Modified the Senate provision for training grants by limiting the Federal grant to 80 percent of total State expenditures for this purpose and to a 5-year period.

4. Modified the matching formula adopted by the Senate to four-fifths of $30 plus one-half the remainder up to a maximum of $60 for the programs for the aged, the blind, and the disabled; deleted the special qualifications for the receipt of matching under the new formula; and, in Federal matching in aid to dependent children, provided for an increase to fourteen-seventeenths of $17 plus one-half the remainder up to new maximums of $32 each for the first child and the needy relative with whom the child lives and $23 for each additional child; and established an expiration date of June 30, 1959, for these amendments.

5. Modified the Senate increase in the dollar limitation on total public assistance grants to the Virgin Islands by reducing the increased amount to $200,000.

6. Eliminated the Senate provision permitting the States to disregard certain earned income in determining need in old-age assistance.

7. Eliminated the Senate provision relating to the prohibition of discrimination on the basis of sex in determining an individual's need for assistance.

The conferees also agreed to eliminate the Senate amendment providing for the establishment of a United States Commission on the Aging and Aged.

Child Welfare Services

On January 31, 1955, H.R. 3292 was introduced by Representative Reed. This bill, which was recommended by the Administration, provided for amending title V, parts 1, 2, and 3, of the Social Security Act to: (1) earmark a portion of the appropriation for each of the three programs—maternal and child health services, child welfare services, and services for crippled children—for extension and improvement grants; (2) require variable matching on the same formula for all three programs; (3) authorize making a portion of each appropriation available for special project grants: and (4) broaden present provisions of the law for using Federal child welfare funds for the return of runaway children. No hearings were held, and no action was taken by Congress.

After Congress adjourned in 1955, the Administration made a further review of needs and developments in the States with respect to the three programs. In the light of this review, new legislative proposals for amending title V were submitted to Congress in 1956. In his State of the Union message in 1956, the President stated that needs in the area of social welfare included increased child welfare services. S. 3297, H.R. 10283, and H.R. 10284, identical bills, were subsequently introduced in Congress. These bills incorporated the President's recommendations with regard to increased child welfare services and the Administration's proposals for additional amendments to title V.

The proposed amendments would have accomplished the following purposes: (1) increase authorizations for annual grants to the States for child welfare services from $10 million to $12 million for the fiscal year ending June 30, 1958, and to $15 million for each year thereafter; (2) remove present requirements that Federal child welfare funds for local child welfare services may be used only in predominantly rural areas and permit their use in any part of a State where the money would be effective in establishing, extending, and strengthening child welfare services, although emphasis would still be placed on services in rural areas; (3) explicitly authorize the use of Federal grants to pay for the foster care of children; (4) provide, for the first time, that a portion of the annual appropriation for child welfare grants may be used to pay for special projects of regional or national significance; (5) provide, for all three programs under title V, that grants for special projects may go either to State agencies or, with their concurrence, to any public or nonprofit institution of higher education or research; and (6) require that States, to be entitled to Federal child welfare grants, match these grants with State and local expenditures, the amounts varying with the per capita incomes of the States.

At the hearings held by the Senate Finance Committee on H.R. 7225 in March 1956, some witnesses testified on the amendments proposed in S. 3297. The House Ways and Means Committee held hearings on H.R. 10283 and H.R. 10284 in April 1956. Many organizations, both public and voluntary, expressed support of these bills to the Committee.

None of these three bills was reported out. However, in the floor debate on H.R. 7225, the Senate passed an amendment proposed by Senator Lehman and Senator Bush, raising the amount of the annual appropriation authorized for child welfare services from $10 million to $12 million. H.R. 7225, as finally passed by both Houses and approved by the President, contained this amendment, which becomes effective July 1, 1957.

Servicemen's and Veterans' Survivor Benefits Act

President Eisenhower, in his State of the Union message of January 6, 1955, recommended that "full contributory coverage should be made available to all Federal personnel, just as in private industry." With respect to the Armed Forces, the President stated: "For career military personnel the protection of the old-age and survivors insurance system would be an important and long-needed addition, especially to their present unequal and inadequate survivorship protection." This recommendation supported the proposals of the President's Committee on Retirement Policy for Federal Personnel (the Kaplan Committee), which studied the problem of retirement and survivor benefits for members of the uniformed services and similar problems for other Federal employees from December 1952 to June 1954.

The recommendations of the Committee on Retirement Policy for Federal Personnel in regard to the uniformed services were studied by the House of Representatives Select Committee on Survivor Benefits, established pursuant to House Resolution 549 (Eighty-third Congress, August 4, 1954). Time, however, did not permit a complete study of all the complex problems involved, although it was recommended that the general principle of old-age and sur-

vivors insurance coverage on a contributory basis be given "serious consideration." A similar Select Committee was appointed pursuant to House Resolution 35 (Eighty-fourth Congress, January 31, 1955). This Committee, under the chairmanship of Representative Hardy, after extensive public hearings and executive sessions, reported H.R. 7089 favorably on June 28, 1955. The bill passed the House of Representatives on July 13 by a voice vote, unchanged except for an amendment concerning the crediting of military service under the railroad retirement program rather than under old-age and survivors insurance in certain cases.

The bill was referred to the Senate Committee on Finance, too late in the session for action during 1955. The Committee held public hearings on the bill from June 4 to June 8, 1956, and reported the bill favorably, with relatively minor amendments, on June 28. The bill passed the Senate by a voice vote on July 2.

The conferees from the House and Senate completed their report, and the bill was adopted by both bodies on July 17. The President signed it on August 1, 1956, and the amendments became Public Law No. 881

Old-Age and Survivors Insurance: Financing Basis and Policy Under 1956 Amendments

by ROBERT J. MYERS*

In the 1956 amendments to the Social Security Act, Congress continued its policy of making the old-age and survivors insurance program self-supporting. The amendments included provisions increasing the cost of the program, but the greater cost—except for the new disability insurance benefits—is roughly offset by cost-reduction factors. To finance the disability benefits, the tax rate was increased and a separate trust fund established. The effects of the 1956 legislation are included in the consideration of program financing that follows.

CONGRESS has always strongly believed that the old-age and survivors insurance program should be actuarially sound, and it has therefore carefully studied the cost aspects of any new benefit provisions when amendments to the law are being considered. At the time of the 1950 amendments, Congress expressed its belief that the program should be completely self-supporting from contributions of covered individuals and employers; accordingly, it repealed the provision permitting appropriations to the program from the general revenues of the Treasury. In the amendments of 1952 and 1954, and again in the Social Security Amendments of 1956,[1] Congress continued to indicate its conviction that the tax schedule in the law should make the program as nearly self-supporting as can be foreseen or, in other words, actuarially sound.

The concept of actuarial soundness as it applies to old-age and survivors insurance differs considerably from its application to private insurance, although there are certain points of similarity—especially among the private pension plans.

The most important difference stems from the fact that a social insurance system can be assumed to be perpetual in nature, with a continuous flow of new entrants as a result of its compulsory character. Accordingly, it may be said that the old-age and survivors insurance program is actuarially sound if it is in actuarial balance because future income from contributions and interest earnings on the accumulated trust fund will, in the long run, support the disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now, but the intent that the program be self-supporting, or actuarially sound, can be expressed in the law by using a contribution schedule that, according to an intermediate-cost estimate, results in the system being in balance, or in approximate balance.

The Social Security Amendments of 1956 showed again the conviction of Congress that the program should be kept on an actuarially sound basis. To finance the disability benefits provided by the 1956 law, the contribution rate was increased and a trust fund separate from that for old-age and survivors insurance benefits was established. The amendments affecting the eligibility age for women and providing for payments of benefits to adult, disabled children raised the cost of the old-age and survivors insurance benefits, but this increase was roughly offset by factors reducing the cost—extension of coverage, the change in the interest basis of the trust fund, and higher earnings levels.

The program's actuarial balance under the 1952 act was estimated, at the time the legislation was adopted, to be virtually the same as in the estimates made at the time of the 1950 amendments; the reason was that the rise in earnings levels in the 3 years preceding the enactment of the 1952 law had been taken into consideration in the 1952 estimates. New cost estimates made after the enactment of the 1952 law indicated that the level-premium cost (that is, the average long-range cost, based on discounting at interest, in relation to payroll) of the benefit disbursements and administrative expenses was somewhat more than one-half of 1 percent of payroll higher than the level-premium equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

The 1954 amendments as passed by the House of Representatives contained an adjusted contribution schedule that not only met the increased cost of the benefit changes in the bill but also reduced the lack of actuarial balance to the point where, for all practical purposes, it was sufficiently provided for. The Senate, however, added several liberalized benefit provisions without any offsetting increase in contribution income. Accordingly, although the bill met the increased cost of the new benefit provisions, it left the "actuarial insufficiency" of the 1952 act substantially unchanged. The benefit costs for the 1954 amendments as finally enacted fell between those of the House-approved and Senate-approved bills. Thus, it may be said that under the 1954 act the increase in the contribution schedule met all the additional cost of the benefit changes made and also at the same time reduced substantially the "actuarial insufficiency" that the estimates had indicated in the financing of the 1952 act.

Recent operating experience of the program has indicated that earnings levels have risen by about 15 percent

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[1] For a summary of the amendments affecting the old-age and survivors insurance program see pages 3–15.

from those used in the previous actuarial estimates, which were based on 1951–52 levels. With this factor taken into account, the "actuarial insufficiency" under the 1954 act was reduced to the point where, for all practical purposes, it may be said to have been nonexistent. Accordingly, the system was in approximate actuarial balance. It is recognized that future cost estimates, particularly if earnings continue to rise, may indicate that a schedule of lower contribution rates would provide for a self-supporting program. Despite this possibility, the House Ways and Means Committee stated in its report on the 1956 amendments that the policy should be one of utmost prudence to assure the program's continuing actuarial soundness.

Estimates of the future cost of the old-age and survivors insurance program (including the cost of the new disability insurance benefits) are affected by many factors that are difficult to determine. The assumptions used in the actuarial cost estimates may therefore differ widely and yet be reasonable. Benefit payments may be expected to increase continuously for at least the next 50–70 years because of such factors as the aging of the population and the slow but steady growth of the benefit rolls that is inherent in any retirement program, public or private, that has been in operation for only a relatively short period.

Table 1.—*Estimated progress of old-age and survivors insurance trust fund under 1956 amendments, based on high-employment assumptions*

[In millions]

Year	Contributions	Benefit payments	Administrative expenses	Interest [1]	Balance in fund
	Low-cost estimate				
1960	$9,055	$7,639	$140	$676	$27,333
1970	14,389	11,867	157	1,227	49,594
1980	18,614	15,987	186	2,368	94,667
1990	20,278	19,322	215	3,508	138,818
2000	22,519	20,550	232	4,850	192,242
2020	26,455	26,394	287	9,372	369,722
	High-cost estimate				
1960	$8,976	$8,589	$177	$619	$24,524
1970	14,241	13,418	206	728	29,030
1980	18,138	18,017	248	1,109	43,692
1990	19,027	21,978	285	952	35,942
2000	20,299	23,906	308	134	3,346
2020	21,013	31,489	371	(2)	(2)

[1] At 2.6-percent rate.
[2] Fund exhausted in 2001.

In general, the costs are shown as a percentage of covered payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. A higher earnings level, for example, will increase not only the outgo but also, and to a greater extent, the income of the program. As a result, the cost in relation to payroll will decrease. The low- and high-cost assumptions therefore relate to the cost as a percentage of payroll in the aggregate and not to the dollar costs. The two cost assumptions are based on possible variations in fertility rates, mortality rates, retirement rates, remarriage rates, labor-market withdrawal rates, and so forth.

An important measure of long-range cost is the level-premium contribution rate required to support the system in perpetuity, based on discounting at interest. It is assumed here that benefit payments and taxable payrolls remain level after the year 2050. (Actually, the relationship between benefits and payroll is virtually constant after about 2020.) If a level rate under such an assumption were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would eventually be a sizable income from interest. Even though this method of financing is not followed, the concept may nevertheless be used as a convenient measure of long-range costs. This cost concept has a special value in comparing possible alternative plans and provisions, since it takes into account the heavy deferred load.

The cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the history of this country. If this assumption were used in the cost estimates, along with the unlikely assumption that there would be no accompanying change in benefits, the cost in relation to payroll would, of course, be lower. If benefits were to be adjusted to keep pace with rising earnings trends, the year-by-year costs as a percentage of payroll would be unaffected. The level-premium cost, however, would be higher, especially for the old-age and survivors insurance benefits, since under such circumstances the relative importance of the interest receipts of the trust funds would gradually diminish. If earnings do rise consistently, the financing basis of the program will need thorough consideration because then the interest receipts of the trust funds will meet a smaller proportion of the benefit costs than would otherwise be anticipated.

Under the provision for financial interchange between the railroad retirement program and the old-age

Table 2.—*Estimated progress of disability insurance trust fund under 1956 amendments, based on high-employment assumptions*

[In millions]

Year	Contributions	Benefit payments	Administrative expenses	Interest [1]	Balance in fund
	Low-cost estimate				
1957	$724	$78	$14	$8	$645
1958	902	239	18	26	1,315
1959	910	306	21	42	1,940
1960	918	375	25	57	2,515
1965	972	483	19	133	5,468
1970	1,036	572	23	213	8,633
1975	1,094	644	25	302	12,119
	High-cost estimate				
1957	$718	$160	$30	$7	$535
1958	894	520	40	18	887
1959	901	657	45	26	1,112
1960	908	796	52	30	1,202
1965	959	989	39	33	1,278
1970	1,023	1,136	46	22	804
1975	1,078	1,255	50	(2)	(2)

[1] At 2.6-percent rate.
[2] Fund exhausted in 1975.

and survivors insurance program, the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position as if railroad employment had always been covered under the old-age and survivors insurance program. The long-range costs developed here are for the operation of the trust funds on the basis, as provided in the law, that all railroad employment will be (and beginning in 1937, has been) covered employment. The balance in the funds thus corresponds exactly to the actual situation arising. The contribution income and benefit disbursements shown are, however, slightly higher (by about 5 percent) than the payments that will actually be made directly to the trust funds from contributors and the payments that will actually be made from the trust funds to the individual beneficiaries. The reason is that these amounts include both the additional contributions that would have been collected and the additional benefits that would have been paid if railroad employment had always been covered. The balance for these two elements is to be accounted for in actual practice by the operation of the financial interchange provisions.

Results of High- and Low-Cost Estimates

The level-premium cost of the benefits provided as a result of the 1956 amendments, on the basis of 2.6-percent interest, ranges from approximately 7.0 percent to 9.1 percent of payroll (including disability benefits as well as old-age and survivors insurance benefits).[2]

Table 1 shows the estimated operations of the old-age and survivors insurance trust fund, and table 2 relates to the new disability insurance trust fund set up by the 1956 amendments. Under the low-cost estimate, the old-age and survivors insurance trust fund builds up rapidly; by the year 2000 it is growing at a rate of about $7 billion a year and amounts to about $190 billion. The disability insurance trust fund is estimated to grow steadily, reaching about $12 billion in 1975, at which time its annual rate of growth is about $700 million. For both trust funds, benefit disbursements do not exceed contribution income in any year shown.

Under the high-cost estimate, on the other hand, the old-age and survivors insurance trust fund builds up to a maximum of $45 billion in about 25 years (although it remains virtually level at about $25 billion during the 1960's) but decreases thereafter until it is exhausted shortly after the year 2000. Benefit disbursements from this fund are smaller than contribution income during most of the years before 1980. (The exceptions are the years shortly before the several scheduled rises in the contribution rate, and even then, interest receipts are usually sufficient to offset such deficits.) Under the high-cost estimate for the disability insurance trust fund, in the early years of operation contribution income materially exceeds benefit outgo. The difference is especially great in 1957 because contributions will be collected during most of the year and benefits will be payable only for the latter half of the year; actually only 5 months' disbursements will come out of the trust fund because benefits are payable after the end of the month to which they apply. The disability insurance trust fund, as shown in this estimate, amounts to about $500 million by the end of 1957 and then slowly increases, reaching a maximum of about $1.3 billion between 1960 and 1965; from that point the fund slowly diminishes until in 1975 it is exhausted. Obviously, if actual operating experience were less favorable than under the high-cost estimate, the fund would rise to a lower maximum and would be exhausted earlier.

These results are consistent and reasonable, since on an intermediate-cost estimate basis the program is intended to be approximately self-supporting. Accordingly, a low-cost estimate should show that the program is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy embodied in the 1950, 1952, and 1954 acts, set forth in the reports of the Congressional Committees and continued in the 1956 amendments, the

Table 3.—*Changes under 1956 amendments in estimated level-premium cost[1] of benefit payments as percent of payroll, based on intermediate-cost estimate and high-employment assumptions*

Item	Level-premium cost[1]
Cost of 1954 act (2.4-percent interest):	
1954 estimate (based on 1951–52 earnings level)	7.77
Current estimate (based on 1955 earnings level)	7.45
1956 changes:	
Lowering minimum eligibility age for widows and dependent mothers to 62	+.19
Lowering minimum eligibility age for women workers and wives to 62	+.03
Payment of monthly disability benefits after age 50[2]	+.42
Payment of disabled child's benefits	+.01
Extension of coverage	−.11
Revised interest basis for trust-fund investments	−.14
Total effect of changes	+.40
Cost of program as amended in 1956 (2.6-percent interest)	7.85

[1] Level-premium contribution rate for benefit payments after 1955 and in perpetuity; takes into account (a) the lower contribution rate for the self-employed, compared with the employer-employee rate, (b) the existing trust fund, and (c) administrative expenses.
[2] Includes administrative expenses.

Table 4.—*Estimated cost of benefit payments under 1954 and 1956 acts, based on intermediate-cost estimate and high-employment assumptions*

Year	Amount (in millions)		Percent of payroll[1]	
	1954 act	1956 act[2]	1954 act	1956 act[2]
1957	$6,344	$6,945	3.61	3.83
1958	6,714	7,648	3.79	4.18
1959	7,084	8,182	3.97	4.43
1960	7,454	8,699	4.14	4.67
1970	12,057	13,496	5.92	6.42
1980	16,236	17,988	7.28	7.83
1990	19,789	21,609	8.28	8.80
2000	21,370	23,369	8.19	8.73
2020	27,833	30,192	9.60	10.18
Level-premium rate[3]	------	------	7.45	7.85

[1] Takes into account lower contribution rate for the self-employed, compared with the employer-employee rate.
[2] Includes monthly disability benefits.
[3] For benefit payments after 1955 and in perpetuity; takes into account (a) lower contribution rate for the self-employed, compared with the employer-employee rate, (b) the existing trust fund, and (c) administrative expenses. Assumes that benefits and payrolls remain level after the year 2050. Based on 2.4-percent interest rate for 1954 act and on 2.6-percent interest rate for 1956 act.

[2] For more details on the cost estimates see *Actuarial Cost Estimates for the Old-Age, Survivors, and Disability Insurance System as Modified by Amendments to the Social Security Act in 1956*, prepared for the use of the House Committee on Ways and Means by Robert J. Myers, Actuary to the Committee. July 23, 1956.

tax schedule would be adjusted in future years so that neither of the developments of the trust funds shown in tables 1 and 2 would ever eventuate. If experience followed the low-cost estimate, the contribution rates would probably be adjusted downward or perhaps would not be increased according to schedule in the future. If the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. The high-cost estimate does indicate that under the tax schedule adopted there would be ample funds to meet old-age and survivors insurance benefit disbursements for several decades, even under relatively high-cost experience.

Results of Intermediate-Cost Estimates

The intermediate-cost estimates are developed from the low-cost and high-cost estimates by averaging them (using the dollar estimates and developing from them the corresponding estimates related to payroll). The intermediate-cost estimate is not necessarily the closest to what actual costs will be—a figure impossible to develop. It is set down as a convenient and readily available single set of figures to use for comparative purposes.

Congress, in enacting the 1950, 1952, 1954, and 1956 acts, has indicated its belief that the old-age and survivors insurance program should be on a completely self-supporting basis or, in other words, actuarially sound. A single estimate is necessary in developing a tax schedule intended to make the system self-supporting. Any one schedule will necessarily be somewhat different from what will actually be required to obtain an exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule may be necessary. Likewise, exact self-support of the program cannot be attained through a specific set of integral or rounded fractional tax rates, increasing in orderly intervals, but the principle of self-support is aimed at as closely as possible.

The schedules for the contribution rates contained in the 1954 act and in the 1956 amendments are shown below.

Year	Employee rate [1]		Rate for the self-employed	
	1954 act	1956 act	1954 act	1956 act
1957–59	2	2¼	3	3⅜
1960–64	2½	2¾	3¾	4⅛
1965–69	3	3¼	4½	4⅞
1970–74	3½	3¾	5¼	5⅝
1975 and after	4	4¼	6	6⅜

[1] Employer and employee pay the same rate.

Table 3 gives an estimate of the level-premium cost of the 1954 amendments and shows the increase in cost resulting from each of the major changes enacted in 1956. These level-premium costs are based on benefit payments from 1956 on.

The level-premium contribution rates equivalent to the graded schedules in the 1954 and 1956 acts may be computed in the same manner as level-premium benefit costs. These estimates are shown below for income and disbursements after 1955, computed on the basis of the intermediate-cost estimate, at 2.4-percent interest for the 1954 act and 2.6-percent interest for the 1956 act. (The higher rate for the 1956 act results from the revision of the interest basis for trust fund investments.)

Level-premium equivalent	1954 act		1956 act	
	Original estimate	Revised estimate	Old-age and survivor benefits	Disability benefits
Benefit costs [1]	7.77	7.45	7.43	0.42
Contributions	7.29	7.29	7.23	.49
Net difference [2]	.48	.16	.20	−.07

[1] Includes adjustments to reflect (a) lower contribution rate for the self-employed, compared with the employer-employee rate, (b) administrative expenses, and (c) for old-age and survivors insurance benefits, the existing trust fund.
[2] A positive figure indicates the extent of lack of actuarial balance. A negative figure indicates more than sufficient financing (according to the estimate).

Under the revised contribution schedule in the 1956 amendments the combined employer-employee rate is increased by one-half of 1 percent beginning in 1957. In the old-age and survivors insurance part of the program, the lack of actuarial balance is 0.20 percent of payroll—somewhat greater than that under the latest estimate for the 1954 act, although well below the estimate

Table 5.—*Estimated benefit payments as percent of taxable payroll [1] under 1956 amendments, by type of benefit, based on intermediate-cost estimate and high-employment assumptions*

Year	Monthly benefits						Lump-sum death payments	Disability freeze	Disability monthly benefits	Total benefits
	Old-age	Wife's or husband's	Widow's or widower's	Parent's	Mother's	Child's				
	Actual data [2]									
1951	0.97	0.15	0.13	0.01	0.07	0.23	0.05	----	----	1.61
1952	1.06	.16	.15	.01	.07	.25	.05	----	----	1.76
1953	1.43	.21	.19	.01	.09	.29	.07	----	----	2.28
1954	1.75	.25	.23	.01	.10	.34	.07	----	----	2.74
1955	2.07	.30	.25	.01	.10	.36	.07	[3]	----	3.16
	Under 1956 act									
1960	2.64	0.38	0.64	0.01	0.16	0.40	0.09	0.04	0.31	4.67
1970	3.68	.40	1.13	.01	.18	.43	.11	.06	.41	6.42
1980	4.75	.44	1.43	.01	.17	.41	.12	.07	.43	7.83
1990	5.64	.44	1.54	.01	.16	.39	.13	.08	.39	8.80
2000	5.70	.43	1.43	.02	.15	.37	.14	.08	.43	8.73
2020	6.96	.51	1.50	.01	.15	.37	.15	.10	.42	10.18
Level-premium rate [4]	5.06	.45	1.29	.01	.16	.39	.13	.07	.40	7.96

[1] Takes into account lower contribution rate for the self-employed, compared with the employer-employee rate.
[2] Excludes effect of railroad coverage under financial interchange provisions.
[3] Less than 0.005 percent.
[4] At 2.6-percent interest. For benefit payments after 1955 and in perpetuity, not taking into account (a) the existing trust fund and (b) administrative expenses. Assumes that benefits and payrolls remain level after the year 2050.

made when the 1954 law was enacted. At the same time, the disability insurance trust fund shows a slight actuarial surplus according to this intermediate-cost estimate. This situation occurs because the tax rate of one-half of 1 percent (which has a level-premium equivalent based on the period after 1955 of slightly less than 0.50 percent, since it is not effective until 1957) is higher than the level-premium equivalent of the benefit disbursements and administrative expenses combined. When old-age, survivor, and disability benefits are considered together, the program shows a lack of actuarial balance of only 0.13 percent of payroll, or slightly less than that under the 1954 act.

Table 4 shows the year-by-year cost of the benefit payments according to the intermediate-cost estimate for the laws of 1954 and 1956. These figures are based on a future level-earnings assumption and do not reflect business cycles, which over a long period of years tend to cancel one another. The benefit disbursements for 1957 are estimated at about $6.9 billion for the intermediate-cost estimate, in contrast to contribution income amounting to approximately $8.0 billion.

The cost of the benefits under the 1956 amendments is shown in table 5 as a percentage of payroll for each of the various types of benefits.

Table 6 gives the estimated operation of the old-age and survivors insurance trust fund under the 1956 amendments (based on a 2.6-percent interest rate), as well as the estimated operation of the disability insurance trust fund. The old-age and survivors insurance trust fund has contribution income exceeding benefit disbursements during most of the next 30 years; in the few years immediately before the scheduled contribution increases this is not the case, but the interest received in those years covers the difference. As a result, this fund is estimated to grow steadily until it reaches a maximum of about $120 billion in about 60 years, and then to decrease. This slight decline in the distant future indicates that, although the present tax schedule is not fully self-supporting, for all practical purposes, it is so close to self-support that the program may be said to be actuarially sound. This general situation was also true for the 1950, 1952, and 1954 acts, according to estimates made when they were being considered.

Table 6.—*Estimated progress of trust funds under 1956 amendments, based on intermediate-cost estimate and high-employment assumptions*

[In millions]

Year	Contributions	Benefit payments	Administrative expenses	Interest [1]	Balance in fund
	Old-age and survivors insurance trust fund				
1956	$6,747	$6,068	$132	$533	$22,906
1957	7,259	6,829	149	599	23,786
1958	7,386	7,269	154	617	24,316
1959	7,450	7,700	156	627	24,537
1960	9,016	8,113	159	648	25,929
1965	11,503	10,465	170	780	31,216
1970	14,315	12,642	182	977	39,317
1975	17,317	14,787	200	1,297	52,846
1980	18,376	17,002	217	1,739	69,184
2000	21,409	22,228	270	2,492	97,802
2010	22,741	23,648	287	2,954	115,962
2020	23,734	28,940	330	2,868	110,410
	Disability insurance trust fund				
1957	$721	$116	$21	$8	$592
1958	898	379	29	22	1,104
1959	905	482	33	34	1,528
1960	913	586	38	43	1,860
1965	966	735	29	83	3,380
1970	1,030	854	34	118	4,729
1975	1,086	949	39	151	5,995

[1] At 2.6-percent rate.

The disability insurance trust fund, in contrast, grows steadily, with the excess of contribution income over outgo for benefits and administrative expenses gradually narrowing, until by 1975 the difference is only about 10 percent. The fund builds up slowly but steadily and reaches $6 billion at the end of 1975. This situation is to be expected since the estimated level-premium cost of the disability benefits, according to the intermediate-cost estimate, is about 0.4 percent of payroll, and the level-premium income is about 0.5 percent.

Summary of Actuarial Cost Estimates

The old-age and survivors insurance program, as amended by the 1956 legislation, has a benefit cost (assuming the 1955 earnings levels continue) that is closely in balance with contribution income. This also was the case at the time the 1950, 1952, and 1954 amendments were enacted. In fact, the program is even more nearly in actuarial balance, according to the intermediate-cost estimates, than it was when the previous laws were being considered by Congress. Although in every instance the program is shown to be not fully self-supporting under the intermediate-cost estimate, it is close to an exact balance, especially since a range of error is necessarily present in long-range actuarial cost estimates and rounded tax rates are used in actual practice. Accordingly, the program as amended by the 1956 amendments is actuarially sound. In fact, its actuarial status is improved by the amendments, since the cost of the liberalized benefits is more than met by the increased contributions scheduled, which become effective almost immediately on the inauguration of the new benefit provisions.

The separate disability insurance trust fund established by the 1956 amendments shows a small favorable actuarial balance because the contribution rate allocated to this fund is slightly in excess of the cost for the disability benefits, based on the intermediate-cost estimate. Considering the variability of cost estimates for disability benefits, this small actuarial excess is certainly no more than a moderate safety factor.

GPO 861-630

THE SOCIAL SECURITY AMENDMENTS OF 1956

WILBUR J. COHEN AND FEDELE F. FAURI

This significant article could hardly have been written by anyone other than its authors, who are Professor of Public Welfare Administration, and Dean of the School of Social Work, University of Michigan, respectively. It will be clear to readers that Prof. Cohen and Dean Fauri are writing from first-hand knowledge. Actually they were of indispensable help to many of the people whom they credit with contributions to the achievement of this legislation in providing technical knowledge and background information. They are also prominent leaders in their own right in the formulation and development of Social Security legislation.

THE Social Security Amendments of 1956 mark another significant step in the evolutionary development and improvement of the social security program. The legislation was given extensive consideration by Congress and the Executive Branch. Several provisions were involved in lengthy controversy. Some of the features of the legislation had been discussed and studied for more than 17 years. Other features were non-controversial and were included without any marked difference of opinion or controversy.

Some indication of the magnitude and importance of the new legislation may be shown by the fact that OASI benefits are increased about $1.5 billion a year, Federal funds for public assistance and child welfare may be increased about $175 to $200 million a year, and OASI coverage becomes almost universal.

The new legislation covers a wide range of subject matter. The most important changes which were made were:

Old-Age and Survivors Insurance

1. Provision for the payment of benefits under the Old-Age and Survivors Insurance program (OASI) to persons age 50 and over who are totally disabled.
2. Lowering the minimum eligibility age for women from 65 to 62 but with actuarially reduced benefits for women workers and wives.
3. Extension of OASI coverage to some 850,000 additional persons.
4. Payment of insurance benefits to persons disabled prior to age 18 who were or are dependent on retired or deceased workers.
5. Establishment of an Advisory Council on financing of the OASI program.
6. Increased yield from investment of trust funds by excluding short-term obligations from the computation of the interest rate.
7. Increase in the OASI tax rate of one-quarter of one percent each on employees and employers, and three-eighths of one percent on the self-employed to finance disability benefits.

Public Assistance

8. Increase in Federal financial provisions for public assistance by increasing the matchable maximums for Old Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled to $60 per month and changing the Federal share to four-fifths of $30 and one-half of the balance up to $60; and for ADC to fourteen-seventeenths of $17 plus one-half of the balance up to $32 for the first child and eligible relative and $23 for each additional child.
9. Federal grants to the states for medical care of public assistance recipients on 50-50 matching basis up to $6 on the average per month for adults and $3 for children.
10. Federal grants to the states for self-support and

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self-care activities and to help maintain and strengthen family life in ADC.

11. Federal grants to the states for assistance are extended to needy dependent children who are living with first cousins, nephews or nieces and the provision is deleted which required school attendance for ADC eligibility between age 16 and 18.

12. Federal grants for training of public assistance personnel.

13. An increase of 25 percent in the total appropriation for Puerto Rico and the Virgin Islands and inclusion of the caretaker relative in matching of ADC at $18 maximum per month.

Research and Demonstration Projects

14. Federal grants authorized for cooperative research or demonstration projects in social security.

Child Welfare

15. Increased Federal child welfare funds from $10 million authorized to $12 million for fiscal year 1958 and thereafter.

Legislative History—General

The social security bill had its immediate origins in the majority leadership of the House Committee on Ways and Means. Representative Jere Cooper of Tennessee became chairman of the Committee in January 1955 when control of Congress was lost by the Administration. Mr. Cooper, a long-time advocate of social security and a member of the Committee for over 20 years, had been a member of the Committee when it considered social security measures in 1934 and also in 1935 when the original law was enacted. In cooperation with Wilbur D. Mills, a ranking member of the Committee, plans were made for holding executive sessions of the Committee to consider proposals for improving the OASI program. Preliminary discussions with outside groups indicated two areas in which legislation had been considered previously but in which no affirmative action was taken: disability insurance benefits and reduction in the retirement age for women. Both proposals had been recommended by the Advisory Council on Social Security to the Senate Committee on Finance in 1948 and were the only two major proposals which they recommended which remained unenacted. It was decided, therefore, to hold closed executive sessions of the Committee on these proposals in view of the fact that the policies had been recommended and discussed on previous occasions.

House Action

Executive sessions of the full Committee began on June 21. Members of the legal and policy staff of the Department of Health, Education, and Welfare attended the executive sessions. Assistant Secretary Roswell B. Perkins and the Commissioner of Social Security, Charles I. Schottland, headed up the Department staff in attendance. In addition, the Deputy Director of the Bureau of OASI, Robert M. Ball, and the Chief Actuary of the Social Security Administration, Robert J. Myers, participated in the executive sessions along with technicians from their staffs. The Committee thus had the benefit of professional policy and technical advice of the Executive Branch. A number of the provisions of the bill as reported out by the Committee incorporated administrative and technical changes recommended by the technical experts of the Department.

The Executive Branch, however, did not make any policy recommendations to the Committee or to the Congress as to changes in the OASI program. The general view expressed by the Administration was that the 1954 amendments incorporated all the major changes needed at the time and, except for some further extensions of OASI coverage, no further program changes were necessary or desirable at that time. The Committee formally sent to the Secretary of the Department, Mrs. Oveta Culp Hobby, on June 17, 1955, a draft of a bill incorporating the Committee's views. Mrs. Hobby replied on June 21, 1955, raising a number of basic questions about the provisions of the bill. Although Mrs. Hobby's letter did not specifically endorse or oppose the bill, she stated that:

> "We wish to emphasize that the Department strongly endorses all efforts to strengthen and improve the OASI system which are soundly financed, in a way not unfair to any group. However, we believe that any major amendments should be adopted only after they have been presented to the public with an opportunity for full expression of views and open debate, and have been the subject of full deliberation based on experience under recent basic changes in the law."

Mrs. Hobby's views were understood to be an expression of opposition to the bill. The Committee, however, reported out the bill with the unanimous vote of the 15 majority members of the Committee and most of the minority members. Seven of the 10 minority members of the Committee issued a statement of "Supplemental Views" which expressed "concern over certain aspects of this vital legislation." They stated that even among those who did not vote

for the bill in Committee "there is recognition that some of the bill's provisions are desirable and that many of its objectives are praiseworthy." Two minority members, Howard H. Baker and Hal Holmes, did not sign the statement of supplemental views. One of the members, Noah M. Mason, presented "Additional Views" in which he pointed out that he opposed enactment of the bill and was completely opposed to the payment of cash disability benefits. Mr. Mason outlined seven reasons for his opposition to disability benefits: (1) Life insurance experience with disability income benefits has been very nearly disastrous; (2) Disability insurance benefits are not recommended by persons who have had actual experience in the field; (3) They would discourage rehabilitation; (4) They would encourage malingering; (5) There is insufficient experience; (6) A state approach is preferable; (7) The cost of a Federal disability insurance program is unpredictable and would get out of hand.

The bill was brought to the House of Representatives on July 18, 1955, under suspension of the rules which did not permit any amendments and was passed by the overwhelming vote of 372 to 31 with two members voting present and 29 members not voting.

Consideration of the bill in the Senate Committee on Finance commenced in 1955 when Mrs. Hobby testified before the Committee. No action was taken by the Senate Committee, however, in 1955. The Finance Committee began public hearings on January 25, 1956, and closed on March 22 after 19 days of hearings. Everyone who had requested to be heard was given an opportunity to speak. Over 100 persons testified and numerous statements, letters, and additional information were inserted in the three volumes of published hearings on the bill.

After a number of executive sessions of the Committee, the Senate Finance Committee reported the bill on June 5, 1956, nearly four months after public hearings were concluded. A majority of the Committee voted to provide widows' benefits at age 62 (instead of lowering the age for all women to 62), deleted the disability insurance and the increased contribution provisions, concurred in the provision creating an Advisory Council, broadened the provisions for payment of disability benefits to certain persons disabled while a child, and added a number of other amendments proposed by Senator Kerr on public assistance.

Although the Senate Committee reported out the bill on June 5, the bill was not considered in the Senate for amendment until July 16 and 17, nearly six weeks later. Some of this time was taken up with drafting of the George and Kerr amendments on disability insurance and reduced aged for women, respectively.

When the amended bill was reported out of the Senate Finance Committee, Secretary Folsom issued a press release which endorsed it wholeheartedly. The Secretary stated that the bill "is greatly improved over the bill passed by the House last summer. In my opinion, the bill is now essentially sound and reflects careful and deliberate study, including extensive hearings, on the part of the Committee."

Senate Amendments

Amendments offered to the bill in the Senate were more numerous than at any previous time in the 21 year history of Congressional consideration of social security legislation. About 90 different amendments were proposed, although many of these were identical, similar, or perfected versions of the same proposal. This still was a record. Practically all of the proposals involved broadening or improving the program.

Nineteen amendments were adopted on the floor of the Senate and four were rejected. It is obvious, therefore, that not all of the amendments proposed were offered on the floor. Some were adopted in committee.

However, four major amendments were adopted on the Senate floor, each by a roll call vote. This was the first time in the history of the Senate that the Senate Finance Committee was reversed on any major amendment. The four major amendments and the votes were:

1. Public Assistance increase (Long)—62 to 21.
2. Disability Insurance (George)—47 to 45.
3. Age 62 for wives and "working" women on an actuarially reduced basis (Kerr)—86 to 7.
4. Exemption of $50 of earned income in OAA (Douglas)—56 to 34.

The bill passed the Senate late in the evening of Tuesday, July 17, by the overwhelming vote of 90 to 0. This was one of the largest votes on any bill in the history of the Senate.

The Conference Committee met on Thursday, July 19, 1956, to reconcile the differences between the House bill and the Senate bill. The bill as passed by the Senate included 101 amendments but many of these were changes in section numbers, cross-references, and technical parts of a single substantive amendment. The conferees began to meet about 11 o'clock in the morning and, except for an hour for lunch between three and four o'clock, they met con-

tinuously until after seven o'clock. The conferees were Byrd, George, Kerr, Frear, Millikin, Martin, and Williams for the Senate and Cooper, Mills, Gregory, Reed, and Jenkins for the House. These men decided the issues in disagreement.

The Conference Committee met again on Wednesday, July 25, to ratify the action taken and to approve formally the redrafted bill. The Conference Committee made a few additional changes in the bill.

The House of Representatives approved the Conference Report on July 26 and the Senate approved it less than an hour before adjournment on July 27, 1956, the last night of the session. There was no debate or controversy on the Conference Report in either house. Representative Cooper offered the report in the House and Senator George, in the Senate. The President approved the bill on August 1, 1956.

Summary of New Law

OASI Coverage

The net effect of the changes in the OASI coverage provisions, according to the Social Security Administration, is to add almost 850,000 persons to the number covered under OASI during the course of a year. The great majority of those newly covered are farmers; but coverage is also extended to all now excluded self-employed professional groups except doctors of medicine, and to several small groups of employees. While a number of changes are made in the farm-worker coverage provisions, the Social Security Administration estimates that approximately the same number of farm workers will be covered under the amendments as were covered after the 1954 amendments.

Self-employed Professional Groups

The amendments extend coverage to more than 200,000 people who in the course of a year are self-employed in the practice of certain professions. The groups included are lawyers, dentists, osteopaths, chiropractors, veterinarians, naturopaths, and optometrists. Coverage is effective with taxable years ending after 1955 and is on the regular compulsory basis. Doctors of medicine remain excluded.

Agricultural Self-Employment

New Optional Computation of Farm Self-Employment Income: The new provisions permits farm operators whose gross farm income in a year is at least $600 and not more than $1,800 to deem their farm net earnings to be two-thirds of their gross farm income; if gross income exceeds $1,800 and net earnings are less than $1,200, net earnings may be deemed to be $1,200. The provision is effective with respect to taxable years ending on or after December 31, 1956.

Status of Share Farmers: The new provision confirms the interpretation being given to present law: A person who undertakes to produce agricultural or horticultural commodities on the land of another under an arrangement providing that the commodities so produced shall be divided between such person and the owner or tenant of the land is self-employed if his share depends on the amount of commodities produced. The provision is effective with respect to taxable years ending after 1954.

Farm Land Owners and Tenants: Certain income (cash or crop share) derived by an owner or tenant of farm land and previously excluded as rental income will be covered. The income covered is that derived under an arrangement whereby the land owner or tenant participates (with the share farmer or other individual who produces the commodities on the land) in the production of the agricultural or horticultural commodities. This provision, which extends coverage to about 400,000 farmers, is effective with respect to taxable years ending after 1955.

Agricultural Workers

New Coverage Test: The amendments change the coverage test for farm workers so that cash remuneration paid a worker by an employer in a calendar year is covered if (1) the amount is $150 or more, or (2) the worker performs agricultural labor for the employer on 20 or more days during the year for cash wages computed on a time basis (that is, where the worker is paid, for example, by the hour, day, or week, rather than on a piece-rate basis). A change is made in the provisions for crediting quarters of coverage for agricultural wages so that wages of less than $100 (creditable under the 20-day coverage test) will not result in credit for a quarter of coverage. The new coverage test is effective with respect to remuneration paid after 1956.

Crew Leaders: "Crew leaders" are deemed to be the employers of the crews they furnish to perform agricultural labor for other persons. For this purpose, a crew leader is one who pays (either on his own behalf or on behalf of the person for whom the work is done) the members of his crew, and who has not been designated by written agreement with the person for whom the work is done as an employee of that person. A person who is a crew leader under this provision is deemed to be self-employed with respect not only to his services in furnishing the crew members but also in respect to any work he performs as a member of the crew. The provision is effective with respect to service performed after 1956.

Foreign Agricultural Workers: The present exclusion applying to the services of certain contract workers from Mexico and to workers temporarily admitted to this country from the British West Indies to perform agricultural labor is broadened to apply to the services of workers temporarily admitted from any foreign country to perform agricultural labor. This provision is effective with respect to services performed after 1956.

State and Local Government Employees

The amendments make three exceptions, for specified states, to the general requirement that all members of a state or local retirement system be covered if any are covered. The Senate Finance Committee indicates in its report on the bill that in operation this requirement has imposed an undesirable limitation upon the ability of states to afford employees the combined protection of the basic Federal system and a state or local retirement system.

The three exceptions are:

a. A state or local retirement system may be divided into two parts, one consisting of the positions of members of the system who desire OASI coverage and the other consisting of positions of members who do not desire coverage, and each of the divisions may then be treated as a separate retirement system. Thus, coverage may be extended only to those members of the retirement system who wish to be covered. All new members of the original undivided retirement system must be covered under OASI, however, regardless of whether the previous incumbents of their positions were covered. Employees who are personally ineligible for membership in the retirement system must be part of the division which does not desire OASI coverage. The provision is applicable only to Florida, Georgia, New York, North Dakota, Pennsylvania, Tennessee, Washington, Wisconsin, and Hawaii.

b. Members of a state retirement system who are paid in whole or in part from Federal funds under unemployment compensation provisions of the Social Security Act may, either as a separate group or in a group with other members of the department in which they are employed, be treated as having a separate retirement system. This provision enables the state to cover the employees with respect to whom Federal funds are available to pay the employer's OASI contributions without waiting for other state employees to be covered. It is applicable to Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii.

c. Nonprofessional school employees who are not required to hold a teacher's or school administrator's certificate but who are under a teacher's retirement system may be covered without a referendum and as a group separate from the professional employees who are in the system, provided the action is taken before July 1, 1957. This provision will facilitate OASI coverage for nonprofessional employees included under retirement systems which are designed for employees who make a career of educational work and are generally not well-suited to employees who move back and forth between school employment and other types of employment. Florida, Minnesota, Nevada, New Mexico, Oklahoma, Pennsylvania, Texas, Washington, and Hawaii are the states to which the new provision is applicable.

Another amendment makes an exception to the specific exclusion of policemen and firemen who are under a state or local retirement system. It permits these employees to be covered under the referendum provisions in Florida, North Carolina, Oregon, South Carolina, and South Dakota. Where the policemen and firemen (or both) are in a retirement system with other classes of employees, the policemen or firemen (or both) may be treated as having a separate retirement system.

Employees of Tennessee Valley Authority and of Federal Home Loan Banks

The amendments extend coverage to employees covered by the Tennessee Valley Authority retirement system and to employees of Federal Home Loan Banks (all of whom are now covered by a staff retirement system) but make such coverage contingent in each instance upon the approval by the Secretary of Health, Education, and Welfare before July 1, 1957 of a plan for the coordination, on an equitable basis, of the benefits of the agency retirement system with social security benefits. At the option of the agency, such coverage may be effective with the beginning of any calendar quarter between January 1, 1956 and July 1, 1957, inclusive. About 13,000 employees of these agencies could be covered.

Ministers in Foreign Countries

The amendments provide coverage for certain ministers in foreign countries who may not receive credit for their earnings under the special provisions included in the 1954 amendments.

American Citizens Employed by Foreign Subsidiarie

The amendments make coverage available to American citizens who are employees of a foreign company

in which an American corporation holds 20 percent or more of the voting stock (rather than "more than 50 percent" as heretofore provided).

Employment by Communist Organizations

The amendments exclude from coverage service in the employ of any organization registered under the Internal Security Act of 1950 as a Communist-action, Communist-front, or Communist-infiltrated organization. The exclusion is applicable to service beginning in any quarter after June 30, 1956, during any part of which the organization is registered, or in which there is in effect a final order of the Subversive Activities Control Board requiring such registration.

Disability Insurance Benefits

The amendments establish a system of disability insurance benefits, payable to insured workers between the ages of 50 and 65. It is estimated that about 400,000 persons will be eligible to receive benefits in the first year of operation and about 900,000 persons by 1970.

The major provisions relating to disability insurance benefits are as follows:

a. Benefits are provided for qualified disabled workers between the ages of 50 and 65.
b. The definition of disability is the same as for the disability freeze, except that there is to be no presumed disability for the blind.
c. The determination of disability is to be made by state agencies under the same arrangements as are used for freeze determinations. However, the Conference Report includes a statement by the Managers on the part of the House that the Secretary of Health, Education, and Welfare is expected to utilize fully his authority to review and revise determinations of state agencies in order to assure uniform administration of the disability benefits and to protect the disability trust fund from unwarranted costs.
d. A six-months' waiting period is required after onset of the disability before benefits are payable.
e. To be insured for disability benefits the disabled worker must:
   (1) Be fully and currently insured and
   (2) Have 20 quarters of coverage out of the 40-quarter period ending with the first quarter of his period of disability.
f. The amount of the benefit will be the same as the primary insurance amount would be if the worker were entitled to old-age insurance benefits.
g. Benefits are not provided for dependents of a disabled worker.
h. The earnings test of the OASI program does not apply, since earnings in the amount permitted by the work clause would be inconsistent with the definition of disability.
i. Where an individual also receives a workmen's compensation benefit or another Federal benefit based on disability, the OASI disability benefit is to be reduced by the amount of such benefit.
j. Applicants will be referred for vocational rehabilitation as under present law. Deductions are to be made from monthly benefits if the individual refuses rehabilitation without good cause. Refusal by a member or adherent of any recognized church or religious sect which relies on spiritual healing will be deemed to be refusal with good cause.
k. In order to promote rehabilitation, a worker entitled to disability insurance benefits and engaging in substantial gainful activity under an approved state plan will continue to be considered disabled (not able to engage in any substantial gainful activity) for a year after he first engages in such activity.
l. The first month for which disability benefits are payable is July 1957; applications can be accepted in October 1956.

Benefits for Women at 62

The amendments provide for reduction to 62 in the age at which women may qualify for benefits. Women eligible for benefits as widows or dependent parents and women qualifying for benefits as wives with child beneficiaries in their care, will receive full-rated benefits at 62. Retired working women and wives may elect to receive actuarially reduced benefits between ages 62 and 65. The reduction will be at the rate of five-ninths of one percent for each month prior to 65 that a woman is entitled to an old-age insurance benefit, and at the rate of 25/36 of one percent for each month that a woman is entitled to a wife's benefit. Thus, a woman who elects to receive an old-age insurance benefit starting with the month in which she attains 62 will have her benefit amount reduced by 20 percent and a woman who elects to receive a wife's benefit at age 62 will have her benefit amount reduced by 25 percent. A dependent husband, widower, parent, or child of a woman worker will receive full-rated benefits even though she elected to receive an actuarially reduced benefit.

Benefits for women under this provision first become payable for November 1956. With actuarially reduced benefits being paid to working women and wives, the cost of the program is not increased suffi-

ciently to require a tax-rate increase, as would have been necessary if provision had been made for paying full-rated benefits to all women at age 62.

Child's Insurance Benefits for Disabled Adult Children

Child's insurance benefits are provided for children aged 18 and over who were totally disabled before age 18. If the disabled child was entitled to benefits before age 18, his benefits will be continued so long as he is totally disabled. Otherwise, his benefits begin when the parent on whom he is dependent becomes entitled to old-age insurance benefits or dies, regardless of the child's age at that time. It is estimated that about 20,000 children will be added to the benefit rolls in the first year; annually, about 2,500 disabled children will be either currently attaining age 18 and continued on the benefit rolls or added to the rolls at age 18 or over when the insured parent dies or becomes entitled to old-age insurance benefits.

The major provisions relating to disabled child's benefits are:

a. The child must meet the same definition of disability as disabled workers; determinations of disability are to be made by state agencies as for the disability freeze and for disability insurance benefits.
b. The child's disability must have become total before he reached age 18 and must have continued uninterruptedly.
c. The child must have been entitled to child's benefits before he reached age 18 or it must be proved that the child had been receiving at least half his support from the worker when the child applied for benefits or when the worker died.
d. Mother's benefits are provided for the mother who has a disabled child in her care.
e. Benefits are payable for months after December 1956.
f. Benefits will be adjusted for the full amount of any Federal benefit or workmen's compensation benefit payable for a period of disability. If the amount of the Federal benefit or workmen's compensation benefit exceeds the child's benefit, the excess will be applied against any wife's or mother's insurance benefit payable solely on account of such disabled child, except that no such adjustment will be made in a wife's benefit if the wife has attained age 62.
g. Benefits will be suspended for refusal to accept rehabilitation services without good cause. Refusal by a member or adherent of any recognized church or religious sect which relies on spiritual healing will be deemed to be refusal with good cause.
h. Work for one year by a disabled adult child under a state vocational plan will not be regarded as substantial gainful activity and thus will not require suspension or termination of benefits.

Advisory Council on Social Security Financing

The amendments provide for the establishment of an Advisory Council on Social Security Financing before each scheduled tax increase to review the status of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund in relation to the long-term commitments of the old-age, survivors, and disability insurance program. The Commissioner of Social Security will serve as chairman of each Council. Twelve other members, appointed by the Secretary of Health, Education, and Welfare, will represent to the extent possible employees and employers in equal numbers and self-employed persons and the public. The first Council is to be appointed after February 1957 and before January 1958. It will report its findings and recommendations to the Secretary of the Board of Trustees of the Trust Fund not later than January 1, 1959, for inclusion in the Trustees' Report to Congress by March 1, 1959. A new Council, similarly constituted and with the same functions and duties, will be appointed not later than two years before each ensuing scheduled increase in the tax rate. Each such Council will report its findings and recommendations not later than January 1 of the year in which the scheduled increase is to occur. In each instance, the recommendations will be published in the next ensuing Trustees' Report.

Suspension of OASI Benefits for Certain Aliens

The amendments suspend benefit payments to certain aliens who are outside the United States for more than six consecutive months. Benefit payments will be suspended unless the alien is a citizen of a country that has a social insurance or pension system which is of general application in the country and which provides for the payment of periodic benefits or their actuarial equivalent to otherwise eligible American citizens who leave that country. However, benefit payments will not be suspended if the individual upon whose earnings record the alien is receiving benefits has at least 40 quarters of coverage or has lived in the United States for at least 10 years, or if suspension would violate an existing treaty between the United States and another country. Time spent outside the country in the active military or naval

service of the United States will not cause suspension of an alien's benefit. If an alien whose benefit is suspended dies while still outside the United States, no lump-sum death payment will be made. The amendment does not apply to aliens entitled to receive benefits for December 1956.

Effect on OASI Benefit Rights of Individuals Convicted of Certain Crimes

The amendments provide that courts may, at their discretion, as an additional penalty, terminate an individual's benefit rights based on his earnings prior to his conviction of certain crimes, such as espionage, sabotage, treason, sedition, and other subversive activities. Any wages and self-employment earnings reported for the individual after his conviction will be treated as a new earnings record, on which, if he meets all conditions of eligibility, he can establish new benefit rights. Benefit rights of other members of the individual's family who are otherwise eligible will not be affected by his conviction and will be based on his total earnings record. The provision applies only to convictions after August 1, 1956.

Interest Rate of OASI Trust Fund Investments

The interest rate on trust fund investments will be changed to reflect the essentially long-term character of the investments. The interest rate will be equal to the average rate of interest borne by all marketable interest-bearing obligations of the United States not due or callable until after the expiration of five years from the date of original issue. Under the previous law, the rate of interest for trust fund investments is equal to the average rate borne by all interest-bearing obligations of the United States without regard to maturities or marketability. To make it clear that bonds purchased by the trust fund are as much a part of the public debt as any other obligations of the Federal government, they are designated as "public debt obligations for purchase by the Trust Fund" in place of the designation under the old law, "special obligations issued exclusively to the Trust Fund."

Other OASI Amendments

Duration of Marriage Requirement for Remarried Widow

The amendments provide that a widow who remarries and whose second husband dies before the couple have been married for a year will receive benefits based on the earnings record of her previous husband if he was insured under the program before his death and their marriage had lasted for at least one year. Benefits for remarried widows who become entitled under this amendment will not be payable for any month before (a) the month in which the second husband dies, (b) the twelfth month before the month in which she files application for widow's benefits under the amendment, or (c) November 1956, whichever is latest.

Extension of Deadline for Filing Proof of Support or Application for Lump-Sum Death Payment

The amendments extend for an additional two years the period for filing proof of support in claims for dependent husband's, widower's, and parent's benefits, and for filing application for lump-sum death payment based on deaths after 1946, if the claimant can show "good cause" for his failure to file within two years after entitlement or death of the insured individual.

If proof of support or application for the lump-sum payment is not filed within two years after the entitlement or death of the insured individual, it will be deemed to have been filed in time if it is filed within an additional two years after the original two-year period has expired, or within two years after August 1956, whichever is later. The amendment applies in the case of lump-sum payments and monthly benefits for months after August 1956, based on applications filed after August 1956.

Alternative Insured Status

The amendments contain an alternative insured status provision. An individual who has quarters of coverage in all but four quarters after 1954 and before July 1, 1957, or, if later, the quarter in which he attains retirement age or dies, whichever occurs first, will be fully insured. At least six quarters of coverage will be required. This change will permit individuals first covered in 1956 to become insured for benefits on the same basis as the previous law provides for persons first covered in 1955. The amendment applies to individuals who die or attain retirement age before October 1960. Thereafter, the normal requirements for an insured status will coincide with the alternative requirements.

"Dropout" of Five Years of Low or No Earnings

The amendments permit five years to be "dropped out" in computing the average monthly wage of an insured individual, regardless of the number of quarters of coverage he has earned. Thus, persons newly covered in 1956 may "drop out" all the years of noncoverage after 1950 and before 1956. This provi-

sion applies in any case in which a person becomes entitled to an old-age insurance benefit or work recomputation on the basis of an application filed on or after August 1, 1956. Benefits for survivors can also be recomputed to drop the fifth year under certain conditions.

Special Starting and Closing Dates

The amendments provide special starting and closing dates for the computation of average monthly earnings for individuals who become entitled in 1957 and who have at least six quarters of coverage after 1955 and prior to the quarter following the quarter of death or entitlement, whichever occurs first. A starting date of December 31, 1955, and closing date of July 1, 1957, may be used if a higher primary insurance amount will result.

Total wages and self-employment income after December 31, 1956, used in any computation under the July 1, 1957 closing date, must not exceed $2,100. Provision is made under specified circumstances for recomputation of benefits using the July 1, 1957 closing date if a higher primary insurance amount will result.

Computation of Average Monthly Earnings in Disability Cases

The amendments place computation of benefits in disability cases on an annual basis by eliminating from the computation of the average monthly earnings, months and earnings in a year any part of which is included in a period of disability. There is one exception — the months and earnings in a year in which the disability began will be included in the computation if their use results in a higher benefit amount.

OASI Financing

As a result of the amendments in 1956, separate arrangements have been established for the financing of old-age and survivors insurance benefits and of cash disability insurance benefits.

Old-Age and Survivors Insurance Benefits

Since enactment of the Social Security Amendments of 1954, three important changes have taken place which will result in higher income to the system than was expected according to the long-range actuarial cost estimates on which the 1954 contribution schedule was based. First, the present cost estimates are based on earnings levels in 1955, which are about 15 percent higher than the 1951-52 earnings levels on which the earlier estimates were based. As earnings levels rise, relatively more is collected in contributions than is paid out in higher benefits. This is due to the weighted nature of the benefit formula. Second, the change in the method of determining the interest rate on securities purchased for investment by the trust funds will result in higher interest earnings. Accordingly, the present cost estimates are based on a yield of 2.6 percent interest as compared with the 2.4 percent rate on which the earlier estimates were based. Third, the extension of coverage, including the coverage of the Armed Forces under H.R. 7089, will result in relatively more being collected in contributions than is paid out in benefits, because of the weighted nature of the benefit formula.

Expressed as a level premium percent of payroll, this additional income will be slightly more than is needed to meet the larger outlays for old-age and survivors insurance benefits resulting from the amendments. Accordingly, the schedule of contributions that was established in 1954 has been retained without change.

The level premium cost of these benefits is 7.43 percent of payroll. Contribution income is equivalent to 7.23 percent of payroll on a level basis. This leaves an actuarial insufficiency of .20 percent of payroll (there was an actuarial insufficiency of .48 percent of payroll when the 1954 amendments were adopted). For practical purposes, OASI trust fund income and outgo can be considered to be in actuarial balance.

Disability Insurance Benefits

The amendments will establish a new Federal Disability Insurance Trust Fund from which disability benefits and administrative costs will be paid. Contributions to the disability insurance trust fund will be one-fourth of one percent each on employees and employers and three-eighths of one percent on the self-employed. These rates are not scheduled for increase. They will be effective January 1, 1957, and are in addition to the two percent OASI contribution from employees and employers and three percent from the self-employed which will be paid next year. They will be paid at the same time and in the same manner as the OASI contributions are paid.

These contribution rates will provide income which is estimated to be slightly in excess of the cost of the disability benefits.

Public Assistance

Federal Matching Formula Increased

Effective October 1, 1956, the maximum individual payment for old-age assistance, aid to the blind, and aid to the permanently and totally disabled in which the Federal government will participate will be increased from $55 to $60 a month. For aid to de-

pendent children the maximum for Federal sharing will be increased from $30 to $32 a month for the first child and a similar amount to a needy relative with whom the child is living, and from $21 to $23 for each additional child.

Under the previous provisions of the Social Security Act during 1952-56, the Federal share in state assistance payments in the aged, blind, and disabled programs is four-fifths of the first $25 of an individual payment (average per person) plus one-half of the balance up to the maximum of $55. This is increased, effective October 1, 1956, to four-fifths of the first $30 plus one-half of the balance up to the new maximum of $60. In aid to dependent children the present Federal share, four-fifths of the first $15 (average per person) plus one-half of the balance within the maximums, has been increased to 14/17 of the first $17 (average per person) plus one-half of the balance within the slightly higher maximums. Lower Federal matching formulas in all of the assistance programs continue applicable in Puerto Rico and the Virgin Islands. Congress designated June 30, 1959 as the expiration date for the new formulas.

The Federal government continues to share one-half of the administrative expenses for all four programs in all jurisdictions.

Medical Care Costs

The provision for Federal matching of state assistance expenditures for medical care in behalf of recipients in the new legislation makes it possible for the states to average their medical expenses and receive Federal matching therefor, on a 50-50 basis within specified maximums. In the aged, blind, and disabled programs the maximum state expenditures in the form of medical care in which the Federal government will share under this new provision is determined by multiplying $6 a month by the number of recipients. In the aid to dependent children program, the maximum is determined by multiplying $6 a month by the number of adult relatives who are recipients and $3 a month by the number of child recipients.

Under this provision, for the first time the Federal share of such expenditures for medical care will be over and above the Federal share for assistance in the form of money payments. The new method which becomes effective July 1, 1957 applies to payments made by the states directly to vendors or suppliers of medical care and includes insurance premiums for such care or the cost thereof.

The objective of this amendment is to assist states to extend and broaden their medical care programs for public assistance recipients.

Training Program

Another new program, established through the 1956 amendments, authorizes appropriations for a training program for public assistance personnel. Although grants for training personnel in public health, vocational rehabilitation, and child welfare programs have been authorized by Congress for a number of years, this is the first time Federal funds have been authorized for training of personnel for public assistance programs.

The amendment, with an effective date of July 1, 1957, authorizes an initial appropriation of $5 million for this program. Grants to states for this purpose are limited to a period of five years and provide for 80 percent Federal financing. The funds are to be used by the states to make grants to public or other non-profit institutions of higher learning for: training of personnel employed, or preparing for employment, in public assistance programs; and for establishing fellowships or traineeships and special short-term courses of study.

Congress, in passing this amendment, stated that its purpose is to promote the effectiveness of public assistance administration by increasing the number of adequately trained personnel available for employment in public assistance programs throughout the country.

Emphasis on Welfare Services

The statements of purpose in all four public assistance programs have been amended to specify that, in addition to enabling states to give financial assistance to needy people, the purpose is also to enable states to furnish appropriate public welfare services to help assistance recipients toward independent living. The amended statement in aid to dependent children emphasizes that a goal of the program is to help maintain and strengthen family life and to help keep children in their own homes. In the program for the aged the amendment makes it clear that services should be directed toward achieving self-care, while program objectives for the blind and disabled are directed toward assisting individuals toward self-support or self-care.

Many states are now giving wider recognition to services focused on rehabilitation and prevention in their public assistance programs. Through restatement of the purpose of the Federal law on public assistance, the Federal government, Congress believes, will be in a better position to give leadership and help to states and communities toward achievement of these goals.

Under this amendment, states will be required as of July 1, 1957 to outline the services, if any, that are provided under each of the four assistance programs

and, except in the program for the aged, the steps taken to assure maximum use of other agencies providing similar or related services.

Amendments, effective upon the enactment of the law, make explicit that the Federal government shares in the states' costs in providing appropriate public welfare services, as well as assistance, to needy people.

Broadening of ADC Coverage

Coverage will be broadened slightly in the dependent children program by the provisions in the new amendment which include additional relatives with whom the child may live under federally aided assistance and the deletion of the school attendance provision. The amendment adds first cousins, nephews, and nieces to the relatives specified in the law. Deletion of the requirement in the act that if assistance is to be given to children between the ages of 16 and 18 they must be regularly attending school, will affect a relatively small number of young people who are now denied assistance with Federal sharing when they reach the age of 16 because they are unable to attend school.

These two changes, effective July 1, 1957, are to remedy certain problems in the administration of this program. Some children, relatively few in number, will be able to live in the homes of relatives, and some children over 16 who cannot attend school because of the lack of adequate facilities in their communities, or because they are physically or mentally handicapped, can receive federally shared assistance.

Increased Funds for Puerto Rico and the Virgin Islands

Under the Social Security Act, the Federal financial share in public assistance expenditures for Puerto Rico and the Virgin Islands is lower than it is for the states, Alaska, Hawaii, and the District of Columbia, and in addition there is an overriding dollar maximum on the amount of Federal funds each of these jurisdictions can receive. An amendment, effective July 1, 1956, provides for increasing by 25 percent the dollar limitations on Federal funds for these islands. It will enable these jurisdictions better to meet the needs of persons eligible for assistance, although the basis for Federal participation in assistance expenditures will still be lower than for the states, Alaska, Hawaii, and the District of Columbia.

Another provision, effective July 1, 1956, which is in effect in all other jurisdictions, extends to Puerto Rico and the Virgin Islands Federal sharing in aid to dependent children payments with respect to the needy relative with whom the dependent child is living.

Through an amendment to the definition of "State," funds for training of personnel will become available for Puerto Rico and the Virgin Islands, as well as for the other jurisdictions.

Funds for Research

In order to learn more about the causes of poverty, social breakdown, and successful methods of rehabilitation, the Social Security Act, under the new amendments provides, for the first time, authorization for Federal money to be made available for research and demonstration projects in the field of Social Security. While funds have not yet been appropriated, there is an authorization of $5 million for the first year. The money will be used as grants to states and to public and other nonprofit organizations and agencies for paying part of the cost for research or demonstration projects.

It is anticipated that these grants will aid in bringbringing about improvement in the administration and effectiveness of social security programs, coordinated planning between private and public welfare agencies, and a more constructive approach to the solution of problems in social security. The effective date of this amendment is July 1, 1956, but no funds were appropriated for this purpose before Congress adjourned.

Public Assistance Amendments—Legislative History

The public assistance amendments incorporated in the legislation are the first public assistance amendments enacted during the Eisenhower administration and are the result of nearly four years of discussion, analysis, and debate. Their enactment is of special interest and it is necessary to go back a few years to trace their evolution and significance.

With the inauguration of the Eisenhower administration, three important developments occurred: the establishment of a special Subcommittee on Social Security of the House Committee on Ways and Means under the chairmanship of Representative Carl Curtis of Nebraska with the responsibility of investigating and recommending changes in the whole social security program; the establishment of a Commission on Intergovernmental Relations initially under the chairmanship of Dean Clarence Manion (later Meyer Kestnbaum) with the responsibility of studying and making recommendations on Federal-state programs; and the studies undertaken by Mrs. Hobby, the first Secretary of Health, Education, and Welfare.

The initial effect of the two investigating committees was to throw fear into the minds of many

social workers, public welfare administrators, and others interested in social security that they would result in a basic modification in the Federal-state program of public assistance which, on the whole, would be disadvantageous to needy people. Such a result, of course, did not occur. The key influential persons in preventing this development were Mrs. Hobby and Mr. Folsom who was then Undersecretary of the Treasury Department. While under tremendous pressure from various individuals and groups for basic revision of the entire social security program (OASI and PA), Mrs. Hobby undertook a complete restudy of the program. Mrs. Hobby refused to be rushed into hasty and premature decisions on these matters. She brought into the government an attorney, Roswell B. Perkins, to collate all of the pertinent information and alternatives and to point up the key issues for decision.

One of the key proposals was that sponsored by Representative Curtis, the U. S. Chamber of Commerce, and several other groups to "blanket-in" the uninsured aged under OASI at a minimum amount ($30 to $45 a month), pay this cost out of the payroll taxes contributed to the insurance program, and to repeal the Federal grants to the states for old age assistance. With the repeal of the Federal grants would go repeal of all the requirements incorporated in Title I of the Social Security Act regarding the scope, administration and operation of state plans. This proposal was vigorously opposed by the AFL-CIO, social work groups, and practically all state public welfare administrators. A major feature of the Curtis-Chamber of Commerce plan was universal extension of OASI coverage.

Mrs. Hobby appointed an advisory group to study the extension of the coverage of the OASI program in early 1954. Miss Loula Dunn, Director of the American Public Welfare Association, was a member of this group which unanimously recommended the broad extension of the coverage of the program, and Mrs. Hobby, the President, and the Congress accepted these recommendations. The advisory group, however, never went into the other aspects of the program. Mrs. Hobby decided in the fall of 1954 not to endorse the Curtis-Chamber of Commerce proposal and instead advocated other changes in the OASI and PA programs. The OASI proposals were adopted almost intact by Congress in 1954. The PA proposals did not have as promising or easy a road. Before recounting their evolution during 1954-56, it is of interest to indicate the manner in which Mrs. Hobby's proposals were incorporated in the Eisenhower program for 1954. Robert J. Donovan in his *Eisenhower: The Inside Story* has summarized Mrs. Hobby's presentation of her proposals to the Cabinet on November 20, 1953, as follows:

"The Cabinet heard Mrs. Hobby outline the program for expanding Social Security coverage, which her department was preparing for submission at the next session of Congress. * * *

"The President revealed that Taft had once suggested to him that benefits should be paid to everyone who reaches the age of sixty-five. Taft felt, the President explained, that by doing it this way the program would be simpler to administer. Lodge remarked that this proposal sounded similar to the Townsend Plan.

"Humphrey called the Cabinet's attention to Social Security proposals being drawn up by Representatives Dan Reed and Carl T. Curtis, Republican, of Nebraska, and said they wanted to present them to the President. Eisenhower indicated that he would be willing to listen to the Congressmen, but he made it clear that he would refer their plan to Mrs. Hobby for study. He said that he could give them no promises and particularly not the one which he expected them to ask, namely, that he would not oppose their plan.

"Mrs. Hobby noted that the Reed-Curtis plan was very similar to one recently put forward by the United States Chamber of Commerce, which she characterized as a 'criminal raid on the Social Security Trust Fund.'

"Mrs. Hobby told the Cabinet that the Chamber of Commerce plan was politically less attractive than the administration's. Stassen remarked that he hoped the President in front of Reed and Curtis would give strong support to the administration plan and head the Congressmen off from going overboard on theirs. * * *

"Mrs. Hobby summarized her program as one that had wide appeal, that was more beneficial to the aged than rival plans and that was economically sound. When she had finished, the Cabinet broke into applause for her presentation, and the President remarked that it looked as though the program was approved. He ended the meeting with a brief, vigorous statement on the necessity of presenting a progressive program. The administration must put through and maintain a moderate program, he concluded, if it was to be justified in the eyes of the people." (pp. 172-4)

Mrs. Hobby's reasons for opposing the Chamber of Commerce and Curtis proposal were outlined by Assistant Secretary Perkins in the 1954 hearings. No hearings were held, however, on the Administration's proposal to revise the financing of the public assistance program (H.R. 7200). This proposal provided for making Federal grants for all four public assistance categories on an "equalization" formula

basis; that is, relating the Federal share inversely to the state's per capita income but providing for a reduction in the Federal share in relation to the proportion of aged persons receiving OASI and changing the matching maximums from an "individual" to an "average" basis. Because the states would have lost Federal funds under this proposal, they vigorously opposed the proposal and it died before any hearings were held on it.

In 1955, the Administration offered another public assistance proposal which differed markedly from the 1954 proposal. The 1955 bill (H.R. 3293) provided for separate earmarked Federal funds for medical care, reduction in Federal funds for old age assistance to a 50-50 matching basis for new OASI cases which obtained supplemental OAA, and for Federal funds for self-support and self-care.

The 1956 Proposal. The 1956 proposal (H.R. 9091 and 9120) was developed by Secretary Folsom and differed in several respects from the 1954 and 1955 proposals developed by Mrs. Hobby. The 50-50 feature for OASI-OAA supplementation cases, the medical care proposal, and the self-support and self-care proposal were taken from the Hobby proposals of 1955 with minor amendments. Proposals for broadening ADC, training and research grants, an increase in funds for Puerto Rico and the Virgin Islands, and a temporary extension of the 1952 McFarland amendments were added to the proposal.

The PA bill was introduced in 1956 in both the House and the Senate. Both the Chairman of the House Committee on Ways and Means, Mr. Cooper, and the ranking minority member, Mr. Reed, introduced the bill. Hearings were held on the bill in the House but the House took no action on the bill. This was in part due to the fact that efforts were made by the state public welfare administrators to include the proposals as an amendment to the social security bill (H.R. 7225) in the Senate. While Senator Martin had introduced the bill for the Administration in the absence of Senator Millikin, the ranking minority member of the Senate Committee on Finance, no action was taken on his proposal. The American Public Welfare Association testified before the Committee on Finance on the bill, indicating those provisions which it favored, those which it opposed, and those in which it recommended amendment. Senator Kerr then introduced an amendment embodying most of the APWA recommendations along with some further changes of his own and this amendment was adopted by the Committee without any modification.

The Kerr amendment made the following changes in the Administration proposal:

1. It eliminated the 50-50 matching of OASI-OAA supplemental cases.
2. The maximums on Federal matching of medical care per month was increased from $6 on adults and $3 for children to $8 and $4, respectively.
3. The self-support and self-care amendments were modified by eliminating the proposed provision from the old age assistance title of the Federal law and deleting the proposed condition from all four public assistance titles that the services must be designed to "minimize the need" for assistance.
4. The proposal for the establishment of an Advisory Council on Medical Care for public assistance was deleted.
5. The 25 percent increase in the closed-end appropriation for Puerto Rico and the Virgin Islands was deleted.
6. The amount authorized to be appropriated for the first year for cooperative research and demonstration projects was set at $5 million.
7. The proposal for making grants for training of public assistance workers was changed by making the program a permanent one instead of being limited to six years, changing the Federal grants to 100 percent for the first 10 years (instead of 80 percent for the first four years) and to 80 percent thereafter (instead of 66⅔ percent for two years).

Changes were made in some of these proposals by the Conference Committee. In the space available, it is not possible to trace all the legislative history of the PA proposals. A few highlights follow.

Medical Care. Major credit for one of the most important new public assistance proposals must go to Mrs. Hobby and Nelson Rockefeller (formerly Undersecretary of the Department) for their endorsement of the medical care proposal. This proposal originated as a result of criticism of the Hobby proposal for the reinsurance of health costs in that the reinsurance proposal did nothing to help deal with the problem of individuals who could not afford to pay for medical care. Several possible objections had to be weighed by Mrs. Hobby and the Eisenhower administration before they could endorse the proposal. These objections were:

1. The proposal would cost about $62 million for the first year out of the Federal budget and this cost would increase to about $110 million a year in 10 years.
2. If the plan were once enacted, subsequent liberalizations might increase the costs substantially above the estimates for the existing proposal.

3. It was a further extension of Federal aid and would be considered undesirable by some groups.

4. It provided Federal funds in an area in which voluntary and private charity operates.

5. It might be an entering wedge to "socialized medicine."

6. The proposal previously had been advocated by a Democratic administration.

7. It would be alleged that there was no objective indication that there was any need for the proposal.

During the course of the House hearings on the proposal, the American Medical Association "vigorously and firmly opposed" the proposal. The U. S. Chamber of Commerce likewise opposed it. The American Public Welfare Association, the American Public Health Association, Spokesmen for Children, and the Family Service Association of America supported it.

Self-support and self-care. A proposal for providing Federal funds for services to assistance recipients was made by President Truman and the Social Security Administration in 1949. The proposal was turned down by the House Committee on Ways and Means largely on the grounds that it would expand the responsibilities of social workers who might force such services on persons who did not want them. Major credit for the self-support and self-care proposal finally enacted in 1956 goes to Mrs. Hobby, Mr. Perkins, and Commissioner Schottland, who developed the proposal as a result of his experience in California. While the final legislation was changed somewhat by the Senate Finance Committee and the Conference Committee, in general it follows the basic principle of the proposal recommended by Commissioner Schottland and as supported by the APWA.

Training Proposal. A proposal for authorizing additional Federal funds for training of public assistance workers had been made by President Truman and the Social Security Administration in 1949. This proposal was turned down by the House Committee on Ways and Means.

Continued study of the question by the Social Security Administration indicated strong support from several quarters for the Federal government to finance the cost of training on a 100 percent basis. The state public welfare administrators, the American Public Welfare Association, the National Association of Social Workers, and the Council on Social Work Education all favored some Federal action in this area. Mr. Schottland and Mr. Perkins supported this proposal, developed by Jay L. Roney, Director of the Bureau of Public Assistance, and the Division of Research and Statistics of the Social Security Administration. With Secretary Folsom's endorsement, the proposal was incorporated in the Administration program. Several important changes previously noted were made in the proposal, however, during Senate Finance Committee consideration of the matter. Some of these changes were made at the suggestion of the American Public Welfare Association. The Conference Committee modified these provisions.

The Long-George Public Assistance Amendment

Early in the Senate consideration of social security amendments in 1956, Senator Long served notice that he favored an increase in the Federal share of old age assistance, aid to the blind, and aid to the disabled. His amendment was revised several times and was rejected by the Finance Committee by a vote of 8 to 4 and then was adopted by the Senate on July 16, 1956, by a vote of 62 to 21. The amendment as adopted by the Senate provided for:

1. An increase in the maximum payment in which the Federal government would share from $55 to $65 a month for OAA, AB, and APTD; and

2. An increase in the Federal share from 4/5 of the first $25 (on the average) a month to 5/6 of the first $30 (on the average) and from ½ of the balance of $30 (that is, up to $55) to ½ of the balance up to $35 (that is, up to $65) a month. These changes would have permitted a maximum increase in Federal funds of $7.50 per case.

3. The states were required to "pass-on" the full amount of the additional Federal money to recipients as a condition of receiving the higher Federal matching. However, an amendment offered by Senator Symington was adopted which in effect modified and minimized the pass-on provisions so that few, if any, states would be penalized by the requirement. The pass-on provision also provided that for old age assistance a state which qualifies for four consecutive quarters shall be qualified to receive the increased Federal share for all subsequent quarters. But a similar provision was not included for aid to the blind or the disabled. The "pass-on" provision was deleted by the Conference Committee.

On the evening following the adoption of the Long Amendment, Senator Magnuson attempted to amend the Long amendment to include an increase for aid to dependent children but his proposal was defeated by a voice vote. However, an increase in ADC was included by the Conference Committee by a compromise settlement on the entire PA amendments.

Senator Long undoubtedly did not include ADC in his amendment because of the cost involved. The Long amendment cost $208 million a year and a com-

parable amendment for ADC would have added an additional $156 million. The Magnuson amendment, providing for a $3 ADC increase, reduced the $156 million to $71.5 million. In the Conference Committee, total costs of all the public assistance proposals was a deciding factor. The public assistance amendments in the Senate bill were estimated to cost about $350 million. The Conference Committee cut this cost about in half. In order to include ADC and reduce the overall cost of the PA proposals, a number of changes were made by the Conference Committee in the PA proposals. Over $100 million was saved by reducing the PA formula, which made it possible to restore some other provisions.

The new public assistance formula marks a significant change in policy from the three previous changes (1946, 1948, and 1952). For the first time not only is the fraction not increased so that a $5-$3 increase is not provided, but to get the full potential increase some states may have to put up additional state funds in the adult categories. If states spend only as much from state funds as before for OAA, AB, and APTD, the increase can be $3 to $4, while for ADC the increase can be $2.

Another significant aspect is that while in the previous McFarland amendments children received increases equal to 60 percent of what the adult categories received ($3 in relation to $5), in the 1956 amendments the proportion is increased to two-thirds ($2 in relation to $3). However, a state spending $21 in state funds will get a $4 increase in the adult categories. For this group of states, the ADC increase is only one-half of the maximum OAA increase.

One other significant point is that the proportion of Federal matching for the lower portion of ADC is 82.3 percent while it remains 80 percent for other categories.

With the deletion of the "pass-on" provision, states are free to use the additional Federal funds to increase payments, add additional persons to the rolls, reduce the state financial share, or some combination thereof.

Thus, after protracted controversy and discussion the fourth general increase in PA was included in the legislation. For the first time, however, the increase was less than the $5-$3 increases of 1946, 1948, and 1952.

Senate Public Assistance Amendments

The Senate adopted five other amendments relating to public assistance:

1. The Douglas amendment by a vote of 56 to 34 and 6 not voting, providing that the states might exempt up to $50 per month of net earned income from OAA. This amendment was estimated to cost the Federal government $12 million annually for 175,000 persons already on the rolls who were earning. This cost did not include any estimate for the number of persons who would become newly eligible as a result of the exemption. This amendment was deleted in Conference.

2. The Kefauver amendment to require that state plans provide that there will be no discrimination based on sex in determining the needs of individuals receiving assistance. The object of this amendment was to force each state to use the same food and clothing costs for men and women irrespective of whether a state actually determined there were differences in cost. This amendment was deleted in Conference.

3. The Douglas amendment permitting states to utilize for medical care the difference, if any, which could have been counted if each individual received the maximum matchable money payment and the total expenditures for money payments which are counted in computing the amount payable to the state. This amendment was deleted in Conference.

4. Two Lehman amendments increasing Federal funds for Puerto Rico and the Virgin Islands. These amendments were incorporated in the final law.

Research Proposal

Major credit for the cooperative research and demonstration proposal goes to Secretary Folsom. This proposal developed by the Director of the Division of Research and Statistics of the Social Security Administration, in cooperation with the Bureau of Public Assistance, was recommended by Charles I. Schottland, Commissioner of Social Security, and approved by Secretary Folsom. The proposal follows in principle similar legislation previously adopted for the Office of Vocational Rehabilitation and the Office of Education, and the example set in the Public Health Service in medical research. Recalling the vigorous controversy in the National Science Foundation bill over Federal funds for social science research, the amendment in the social security bill is all the more significant.

Child Welfare

The amendment increasing the child welfare services authorization from $10 million to $12 million is the first change in the CWS program since 1950.

Several proposals had been made by the Administration to modify and expand the child welfare services program in 1954, 1955, and 1956. Each of these proposals had some opposition and failed of enactment. Hearings were held on the 1956 proposal before the House Committee on Ways and Means but neither the House Committee nor the Senate Finance Committee took any action on the proposal nor did the Administration take action to have the proposal added to the social security bill in the Senate.

Senator Lehman introduced an amendment to the social security bill on March 7, 1956, increasing the authorization of all three title V grants to $25 million each. On June 11, 1956, Senator Lehman introduced another amendment increasing MCH to $26.5 million, CC to $25 million, and CWS to $16.5 million. No action was taken on either of these amendments. At the time of the Senate debate, however, Senator Lehman offered an amendment to increase the CWS authorization from $10 to $12 million since this was included in the Administration bill. Senator Byrd, who handled the bill on the floor of the house as Chairman of the Finance Committee, accepted this amendment and it was adopted in the Conference Committee but made effective for the fiscal year 1958 and thereafter.

General Observations

Social legislation is the product of the consciousness of social needs, conflicting points of view, cooperation among various groups, compromise and timing. The Social Security Amendments of 1956 illustrate these forces at work in the crucible of hard reality. Many persons will find fault with particular provisions of the legislation. But, as a whole, it is a blending of many points of view represented in our complex and diverse economy.

No one in the fall of 1954 or the spring of 1955 would have predicted that social security legislation would have been enacted in 1956 of such scope and importance. The 1954 amendments were of crucial importance and involved substantial administrative responsibilities. Many persons felt that additional time was necessary to "digest" the 1954 legislation. However, when control of Congress changed in 1955, the whole situation changed. Nevertheless, this fact alone did not guarantee the passage of the 1956 legislation.

What is possible at one moment of time is not always possible at another. Disability insurance probably could have been enacted in 1935 along with the original law. But it wasn't. It might have passed in 1950 if Senator George had supported it. But he didn't. But it passed in 1956 with an age limitation of 50 years because it was coupled with a proposal to reduce the age for women to 62 and because Senator George and Senator Lyndon Johnson, the majority leader, made it a major policy issue. It passed with the help of many groups who had to oppose one of the strongest coalition of forces in the history of social security legislation.

Role of Public Welfare Personnel

The APWA, its officers, and members were especially active in supplying information and viewpoint of public welfare personnel on a number of proposals to the Congressional Committees considering the 1956 legislation. The "Federal Legislative Objectives—1956," approved by the Board of Directors on November 29, 1955, was the policy statement which guided the APWA during the period of consideration of the legislation. Of the 26 points in the "Objectives," the 1956 Social Security law as adopted embodied 13 in whole or in part.

John Tramburg, President of the Association, testified before both the Senate and the House Committees on OASI, PA, and CWS legislation. He presented the "Objectives" to both Committees and amplified on them in relation to pending proposals.

Mr. Tramburg's testimony in favor of disability insurance benefits was of special significance since he was the first Commissioner of Social Security appointed by the Eisenhower Administration and he had been approved for this position by the Senate Finance Committee.

Raymond W. Houston, Chairman of the Association's Council of State Administrators, testified before both the Senate and House Committees and endorsed the "Objectives."

The APWA vigorously opposed the proposal made by the Administration for the reduction in the Federal share to 50 percent for all new cases of OAA which also received OASI. This proposal did not receive any serious consideration in either the House or the Senate. The educational activities and interest shown by state administrators and others affiliated with the APWA was instrumental in obtaining passage of the public assistance amendments offered in the Senate Finance Committee, as well as the amendments offered on the floor of the Senate on Puerto Rico, Virgin Islands, and the increase in Child Welfare Services funds.

In the opinion of the author, the comprehensive and far-reaching character of the 1956 amendments would not have been possible without the interest and cooperation of informed public welfare personnel.

Old-Age, Survivors, and Disability Insurance Provisions: Summary of Legislation, 1935–56

by Robert J. Myers

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Old-Age, Survivors, and Disability Insurance Provisions: Summary of Legislation, 1935–56

by ROBERT J. MYERS*

THE Social Security Act of 1935 established the first Federal social security system in the United States—a system that has been substantially revised by successive amendments since that year. The major features of the largest program, now old-age, survivors, and disability insurance, and the changes in coverage, benefit, and financing provisions resulting from the amendments[1] to the Act are summarized in the following pages. The detailed provisions are given in the accompanying tables.

The program established by the Social Security Act of 1935 was a relatively simple one, designed to pay (1) old-age benefits to the worker when he retired at or after 65 and (2) cash refunds to survivors when the wage earner died and to living workers aged 65 who had not been in covered employment long enough to qualify for monthly benefits. The benefit formula was weighted in favor of the worker with short service or low wages; yet at the same time significant consideration was given to those who would contribute for many years.

The program was financed completely by contributions from employer and employee, each of whom paid 1 percent of the worker's salary up to $3,000 a year; the tax rate was scheduled to rise gradually in the future. The covered group consisted essentially of all workers under age 65 in industry and commerce. Contributions were first collected in 1937, and the first monthly benefit payments were to be made in 1942.

1939 Amendments

The program, however, was substantially changed in 1939. Monthly benefits were made payable in 1940, not only to the retired worker—the only beneficiary category in the 1935 Act—but also to the dependents of retired workers and the survivors of deceased workers (whether or not the worker had retired). Except for widowed mothers and children under age 18, both dependents and survivors had to have attained age 65 to be eligible for benefits.

The method of computing the benefit amount was drastically revised so that there was less emphasis on length of contributions; the formula was still weighted in favor of workers with lower earnings. The "money-back guarantee" provision was eliminated, and only a small lump-sum death payment was provided when no monthly benefits were immediately payable. Coverage provisions were not materially changed, except that the provision excluding workers aged 65 and over was removed.

The proposed increase in the tax rate that was to have become effective in 1940 was eliminated by the 1939 amendments. The actual financing basis of the program was left unclear; under the 1935 Act it had been clear that the program was to be self-supporting from the employer-employee contributions. Many individuals believed that the 1939 amendments had changed the financing basis of the program from "full-reserve" to "pay-as-you-go," but this feeling is not substantiated by the legislative history and provisions; the original Act was not really on a full-reserve basis.

Legislation, 1940–49

During the 1940's the legislative enactments were relatively minor and related primarily to financing. Several times during the 10 years, amendments postponed the scheduled increase in the contribution rates. In other words, the tax rate was "frozen" at the initial level of 1 percent each from employer and employee until 1950, when it went up to 1½ percent each.

One of the amendments made during the decade carried a provision permitting a Government contribution to the system, but the authority was never put to use, and in 1950 the provision was removed from the law. Legislation passed in 1946 provided monthly benefits for survivors of certain World War II veterans. Another law adopted in 1946 provided for a degree of coordination of the newly established survivor benefits under the railroad retirement system with those under old-age and survivors insurance.

Legislation, 1950–52

The 1950 Act made many important changes. Coverage was considerably extended by the bringing in of such groups as the nonfarm self-employed (except members of specified professions), regularly employed farm and domestic workers, employees of nonprofit institutions (on a group elective basis), and State and local government employees not covered by a retirement system (at the option of the employer). The benefit

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[1] For fuller detail on the 1939 amendments and those that followed, see the following *Social Security Bulletin* articles: (1) "Federal Old-Age and Survivors Insurance: A Summary of the 1939 Amendments," December 1939; (2) Angela J. Murray, "Social Security Act Amendments of 1946," September 1946; (3) Wilbur J. Cohen and Robert J. Myers, "Social Security Act Amendments of 1950: A Summary and Legislative History," October 1950; (4) Wilbur J. Cohen. "Social Security Act Amendments of 1952," September 1952; (5) Wilbur J. Cohen, Robert M. Ball, and Robert J. Myers, "Social Security Act Amendments of 1954; A Summary and Legislative History," September 1954; and (6) Charles I. Schottland, "Social Security Amendments of 1956: A Summary and Legislative History," September 1956, and Robert J. Myers, "Old-Age and Survivors Insurance: Financing Basis and Policy Under 1956 Amendments," September 1956.

Table 1.—*Summary of old-age, survivors, and disability insurance*

Item	1935 Act	1939 Act	Legislation in the 1940's
	A. Coverage		
1. Compulsory	All workers in commerce and industry (except railroads) under age 65 in continental U. S., Alaska, and Hawaii and on American vessels.	Age restriction removed	Railroad workers, in effect, covered for survivor benefits.[3]
2. Elective:			
(a) By employer only	No provision		
(b) By both employer and employee	No provision		
(c) By individual only	No provision		
3. Gratuitous, for members of Armed Forces.	No provision		Insured status and average monthly wage of $160 credited for World War II veterans dying within 3 years after discharge.
	B. Type of benefit		
1. Monthly benefits:[6]			
(a) Retired worker (old-age)	Aged 65 and over		
(b) Disabled worker	No provision		
(c) Dependents of retired worker	No provision	Wife aged 65 or over and child under 18.	Child aged 16 or 17 no longer required to be attending school.
(d) Survivors of deceased worker	No provision	Widow aged 65 or over, dependent parent aged 65 or over,[8] child under 18, and widowed mother under 65 with eligible child present.	Same as above
2. Lump-sum payments:			
(a) Deceased worker (including retired worker).	For all deaths	For deaths when no one is eligible for monthly survivor benefits for month of death.	
(b) Living worker	At age 65, when not qualified for monthly benefits.	Provision eliminated	
	C. Insured-status requirements[9]		
1. Fully insured	Cumulative wage credits of $2,000, and some employment in each of 5 years.	Quarters of coverage[10] equal to at least half the quarters after 1936 (or after age 21) and up to retirement age (or death if earlier); minimum of 6 quarters required and maximum of 40 quarters.	
2. Currently insured	No provision	6 quarters of coverage in 12 quarters preceding quarter of death.	6 quarters of coverage in last 13 quarters, including quarter of death.
3. Insured for disability determination	No provision		
	D. Computation of primary insurance amount[11]		
1. Average monthly wage	Concept not used	In general, computed for period after 1936 or from age 22 up to retirement or death.	
2. Formula	½% of first $3,000 of cumulative wage credits + 1/12% of next $42,000 + 1/24% of next $84,000.	40% of first $50 of average wage + 10% of next $200, all increased by 1% for each year with $200 or more of wage credits.	
3. Minimum	$10		
4. Maximum	$85	$60 (based on 50 years of coverage)	

See footnotes at end of table.

1950 Act	1952 Act	1954 Act	1956 Act [1]
A. Coverage			
Regularly employed farm and domestic workers, nonfarm self-employed (except professional groups), Federal civilian employees not under retirement system, Americans employed outside U. S. by American employer, and Puerto Rico and Virgin Islands.	----------	Additional regularly employed farm and domestic workers, farm self-employed, and professional self-employed except lawyers and doctors, dentists, and other medical groups.	Members of uniformed services and remainder of professional self-employed except doctors of medicine.
State and local government employees not under retirement system.	----------	Americans employed outside U. S. by foreign subsidiary of American employer.	----------
Employees of nonprofit institutions (other than ministers).[2]	----------	State and local government employees under retirement system.[4]	----------
----------	----------	Ministers	----------
Military service wage credits of $160 for each month of service during World War II.	Military service wage credits provided for specified period after World War II.[5]	----------	----------
B. Type of benefit			
----------	----------	----------	Age for women lowered to 62, but with permanently reduced benefits for retirement before 65.
----------	----------	----------	Aged 50–64, after 6-month waiting period.[7]
Wife under 65 with eligible child present and dependent husband aged 65 or over.	----------	----------	Wife aged 62–64 but benefit permanently reduced. Child's benefits paid to disabled child after age 18 if disabled before 18.
Dependent widower aged 65 or over, and dependent former wife divorced (with eligible child present).	----------	----------	Minimum age for widow without child present and for female dependent parent reduced from 65 to 62. Child's benefit paid to disabled child after age 18 if disabled before 18.
For all deaths	----------	----------	----------
----------	----------	----------	----------
C. Insured-status requirements [8]			
Starting date advanced from 1936 to 1950 (but quarters of coverage credited at any time meet requirement).	----------	Alternatively, if every quarter after 1954 is quarter of coverage (minimum of 6 required).	Alternatively, if all but 4 of the quarters after 1954 are quarters of coverage (minimum of 6 required).
6 quarters of coverage in 13 last quarters, including quarter of death or retirement.	----------	6 quarters of coverage in last 13 quarters, including quarter of death, retirement, or disability.	----------
----------	----------	20 quarters of coverage in 40 quarters, including quarter of disability.	----------
D. Computation of primary insurance amount [11]			
Alternatively, can be computed for period after 1950.	----------	Lowest 4 years omitted in computing average (lowest 5 years if 20 or more quarters of coverage). Under "disability freeze," periods of extended total disability also omitted.	Lowest 5 years omitted in computing average in all cases.
50% of first $100 of average wage + 15% of next $200.[12]	55% of first $100 of average wage + 15% of next $200.[12]	55% of first $110 of average wage + 20% of next $240.[12]	----------
$20	$25	$30	----------
$80	$85	$108.50	----------

Table 1.—*Summary of old-age, survivors, and disability insurance provisions*

Item	1935 Act	1939 Act	Legislation in the 1940's
	E. Benefit amounts		
1. Old-age (retired worker)	100% of primary insurance amount		
2. Disability	No provision		
3. Wife's (or husband's)	No provision	50% of primary insurance amount	
4. Child's (child of retired worker)	No provision	50% of primary insurance amount	
5. Child's (child of deceased worker)	No provision	50% of primary insurance amouut	
6. Widow's (or widower's) and widowed mother's.	No provision	75% of primary insurance amount	
7. Parent's	No provision	50% of primary insurance amount	
8. Lump-sum death	Amount equal to 3½% of cumulative wage credits, less any monthly benefits received.	6 times primary insurance amount	
9. Lump-sum refund (to living worker)	Same as above	Eliminated	
10. Minimum family benefit	Not applicable	$10	
11. Maximum family benefit	Not applicable	Smaller of $85, 80% of average wage, or 2 times primary insurance amount.	
	F. Retirement test [14]		
1. Type of earnings to which applicable	Covered earnings		
2. Amount of earnings permitted	None from regular employment	$14.99 in a month	
3. Age at which no longer applicable	No provision		
	G. Financing provisions		
1. Maximum earnings taxable and creditable. [15]	$3,000		
2. Contribution rates: [17]			
(a) Combined employer-employee	1937–39—2%; 1940–42—3%; 1943–45—4%; 1946–48—5%; 1949 on—6%.	Same, except 2% rate extended through 1942.	2% rate extended through 1949; 1950–51—3%; 1952 on—4%.
(b) Self-employed	No provision		
3. Appropriations from general revenues	No provision		Authorized (but not made)

[1] Includes other legislation enacted in 1956 that affected the program.
[2] Railroad and other earnings are combined in determining eligibility for and amount of survivor benefit; provision extended in 1951 to place workers with less than 10 years of railroad service under old-age, survivors, and disability insurance for all benefits.
[3] Employees who vote against coverage are not covered; all new employees are covered.
[4] Firemen and policemen not covered; 1956 Act permitted their coverage in certain States.
[5] Provision first effective from July 25, 1947, to Dec. 31, 1953. Legislation in 1953 extended effective date to June 30, 1955; in 1955 to Mar. 31, 1956; and in 1956 to Dec. 31, 1956.
[6] In effect, an individual can receive only one type of monthly benefit and that, the largest for which he is eligible.
[7] Benefits are reduced by amount of any other Federal disability benefit or any workmen's compensation benefit.
[8] Benefit is payable only if worker is not survived by a widow or an eligible child.
[9] See table 3 for insured-status requirements for various types of benefits. Under the "disability freeze" provision (1954 Act), periods of extended total disability are not counted in determining insured status.
[10] In general, $50 or more of wages paid in a quarter; based on annual earnings for farm workers and self-employed persons.
[11] The term "primary insurance amount," introduced in the 1950 Act, de

amounts were roughly doubled—a reflection of the appreciable changes in wage levels and the cost of living since the 1939 amendments. The retirement test (the amount of earnings permitted beneficiaries if they are to receive benefits) was notably liberalized. Important changes were made in the financing basis. A revised long-range contribution schedule was placed in the law, the principle of self-support was clearly established, and the maximum earnings base was increased to $3,600 a year.

In 1951 the railroad retirement system was amended to provide further coordination with the old-age and survivors insurance program—affecting not only survivor and retirement benefits but also the program's financing.

The 1952 Act raised the benefit level by about 15 percent and further liberalized the retirement test. No

in the Social Security Act and its amendments, 1935–56—Continued

1950 Act	1952 Act	1954 Act	1956 Act [1]
E. Benefit amounts			
			For women retiring before 65, permanent reduction of 6⅔% for each year under 65.
			100% of primary insurance amount.[13]
			For wife claiming benefit before 65 (with no eligible child), permanent reduction of 8⅓% for each year under 65.
In effect, 75% of primary insurance amount for first child and 50% for all others.			
75% of primary insurance amount			
3 times primary insurance amount		Maximum of $255 introduced	
$15	$18.80	$30	
Smaller of $150 or 80% of average wage (but not less than $40).	Smaller of $168.75 or 80% of average wage (but not less than $45).	Smaller of $200 or 80% of average wage (but not less than the larger of $50 or 1½ times primary insurance amount).	
F. Retirement test [14]			
		All earnings	
$50 in a month [15]	$75 in a month [15]	$1,200 in a year. For each $80 (or fraction thereof) in excess of $1,200, 1 month's benefit is withheld.[16]	
75		72	
G. Financing provisions			
$3,600		$4,200	
1950–53—3%; 1954–59—4%; 1960–64—5%; 1965–69—6%; 1970 on—6½%.		1954–59—4%; 1960–64—5%; 1965–69—6%; 1970–74—7%; 1975 on—8%.	1957–59—4½%; 1960–64—5½%; 1965–69—6½%; 1970–74—7½%; 1975 on—8½% (Increase of ½% is for disability benefits.)
Self-employed pay ¾ of combined employer-employee rate.			
Authorization repealed			

notes the amount payable to a retired worker and on which the benefits of his dependents and survivors are based (also used as basis for benefits payable to survivors of worker who dies before retirement, computed as if deceased worker had attained retirement age on date of death).

[12] This formula applies to average computed from 1951 on, as indicated above; for average computed from 1937 on, the 1939 formula (somewhat modified) is used in conjunction with a conversion table. Under the 1954 Act and subsequently, an alternative computation based on the 1952 formula, plus $5, is possible.

[13] This benefit (and benefit for disabled child aged 18 or over) is reduced by amount of any other Federal disability benefit or any workmen's compensation benefit.

[14] Employment permitted without suspension of benefits. Applies to all types of benefit except disability. If retired worker's benefit is suspended, so are benefits of dependents.

[15] Provision applies only to wages; comparable provisions (but on an annual basis) for self-employment income.

[16] Benefits are not withheld for any month when wages are $80 or less and when no substantial services in self-employment are rendered. Special provisions apply to earnings from noncovered employment outside the United States.

[17] See table 2 for actual and scheduled contribution rates and maximum earnings base.

change in the financing provisions was necessary because the rise in earnings levels in the preceding few years was sufficient to pay for the benefit liberalizations. Because of the weighted benefit formula, as earnings rise, contribution income rises proportionately; benefit disbursements also increase, but more slowly.

1954 Amendments

The 1954 amendments extended coverage further to include virtually all types of employment. Brought in at this time were self-employed farmers, more domestic and farm workers, State and local government employees under retirement systems (at the option of the employer and the election of the group concerned), ministers, and many self-employed professional groups. Benefits were again raised by about 15 percent, and the retirement test

was considerably liberalized and made more flexible.

The 1954 amendments also introduced the concept of disability into the program through the "disability freeze" provision, which is essentially a "waiver of premium" clause designed to maintain both the insured status of permanently and totally disabled workers and their benefit amount. The financial provisions were also altered. The maximum earnings base was raised to $4,200, and tax rates scheduled for the years 1970 on were increased in order to finance the additional benefit costs.

Table 2.—*Summary of effective contribution rates and maximum earnings bases under old-age, survivors, and disability insurance*

Calendar year	Contribution rates (percent)			Maximum earnings base
	Employer	Employee	Self-employed	
1937–49	1	1		$3,000
1950	1½	1½		3,000
1951–53	1½	1½	2¼	3,600
1954	2	2	3	3,600
1955–56	2	2	3	4,200
1957–59	2¼	2¼	3⅜	4,200
1960–64	2⅜	2⅜	4⅛	4,200
1965–69	3¼	3¼	4⅞	4,200
1970–74	3¾	3¾	5⅝	4,200
1975 and after	4¼	4¼	6⅜	4,200

1956 Amendments

Additional coverage was provided by the 1956 amendments. They brought in members of the uniformed services on a regular contributory basis and all professional self-employed categories except doctors of medicine, and they made somewhat broader the coverage requirements for self-employed farmers and State and local government employees. Other important changes were the introduction of monthly disability benefits for insured workers aged 50–64 and the lowering of the minimum eligibility age from 65 to 62 for women workers, wives of retired workers, and widows and dependent mothers of deceased insured workers. (For women workers and wives, however, there is an actuarial reduction in the amount of the benefit.) In addition, the amendments provided that the child aged 18 or over of a retired or deceased worker may receive benefits if he became permanently and totally disabled before he reached age 18 and continues to be disabled. The financing provisions were significantly changed by an increase in the long-range contribution schedule of ½ of 1 percent for the combined employer-employee rate and of ⅜ of 1 percent for the self-employed rate. The purpose of this increase is to finance the monthly disability benefits for disabled workers.

Table 3.—*Current requirements for insured status under old-age, survivors, and disability insurance, by beneficiary category*

Beneficiary category	Insured-status requirement for worker [1]
Retired worker (old-age)	Fully.
Disabled worker	Fully, currently, and for disability determination.
Dependents of retired worker:	
Wife	Fully.
Husband	Fully and currently.
Child	Fully. [2]
Survivors of worker:	
Widow	Fully.
Widower	Fully and currently.
Widowed mother	Fully or currently.
Parent	Fully.
Child	Fully or currently. [2]
Lump-sum payment beneficiary.	Fully or currently.
"Disability freeze" beneficiary.	Currently and for disability determination.

[1] See table 1 for definitions of the different types of insured status.

[2] In certain instances (generally for married women workers) currently insured status is required.

GPO 861-630

Old-Age, Survivors, and Disability Insurance: Early Problems and Operations of the Disability Provisions

by ARTHUR E. HESS*

The disability freeze provisions of the Social Security Act became effective July 1, 1955. Their administration was still evolving when the amendments of August 1956 added provisions for cash disability benefits to insured persons aged 50–64 and for benefits to dependent children aged 18 or over who became totally disabled before they reached age 18. The experience of the Bureau of Old-Age and Survivors Insurance in administering the disability provisions is reported in the following pages.

THE Social Security Act provides three types of disability protection under the old-age, survivors, and disability insurance program: the preservation of insured status (the disability freeze), benefits for disabled workers aged 50–64, and child's benefits for persons aged 18 or older who have been continuously disabled since before they became 18.

The disability freeze has now been in operation for more than 2 years, and the cash disability benefits had their first major impact in August 1957, when more than 100,000 disability benefit checks were released. Child's benefits were first payable for January 1957. The following article describes the basic problems that had to be solved before effective operations could begin and presents a detailed picture of the present position of the Bureau of Old-Age and Survivors Insurance in administering the new provisions.

Types of Provisions

The disability freeze, enacted in 1954,[1] preserves the insurance status of workers so that absence from work because of long-term, total disability will not cause the reduction or loss of future benefit rights and payments. Before a worker can have his status frozen he must have worked in covered employment for at least 5 years out of the 10 years immediately preceding the beginning date of the disability; at least 1½ years of covered employment must be within the 3 years immediately before the beginning date of the disability. The disability must be of at least 6 months' duration. For purposes of the freeze, disability is defined as (1) "inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration," or (2) "blindness." "Blindness" is defined as visual acuity of 5/200 or less in the better eye with the use of a correcting lens or as a comparable reduction in visual field.

In February 1955 a medical advisory committee was established by the Commissioner of Social Security. One of its functions is to provide the Social Security Administration with technical advice on medical problems arising in the application of this definition.[2]

A disabled person applying for a freeze before July 1958 may have his insurance status preserved as it was on the first date on which he was both disabled and had the required work record.[3] Thus, an individual applying before July 1, 1958, can establish a continuous period of disability with a beginning date as early as the last quarter of 1941, when the work requirements of the law could first be met. Starting July 1, 1958, however, the beginning of a worker's period of disability may not be established earlier than 1 year before his application is filed. Since the work requirements must be met on the beginning date of the period of disability, workers who have been disabled and have not worked for several years may no longer be eligible if they do not apply for the freeze before the end of June 1958.

Disability insurance benefits, first payable for July 1957, are provided for workers aged 50–64 who meet the same definition of disability used for the freeze, except that statutory blindness, in itself, does not automatically constitute disability.[4] The disability benefit, payable only after a 6-month waiting period, is calculated as though the worker were of retirement age. Unlike the retirement benefit, it is not accompanied by auxiliary payments to dependents. The claimant must meet the same

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[1] See Wilbur J. Cohen, Robert M. Ball, and Robert J. Myers, "Social Security Act Amendments of 1954: A Summary and Legislative History," *Social Security Bulletin*, September 1954. pages 11-12.

[2] See the *Bulletin*, April 1955, page 7, and May 1955, page 26.

[3] Under the original provisions, disability determinations could be fully retroactive only if applications were filed by June 30, 1957. Public Law No. 109 (Eighty-fifth Congress) extended the time limit to June 30, 1958.

[4] See Charles I. Schottland, "Social Security Amendments of 1956: A Summary and Legislative History," *Social Security Bulletin*, September 1956, pages 4-5, for a more detailed description of disability insurance benefits and benefits to dependent disabled children over age 18.

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work requirements as for the disability freeze. He must also be fully insured at the beginning of his waiting period, but this additional requirement will not have any disqualifying effect upon applicants until 1961.[5]

Benefits to the children of insured workers have been extended by the 1956 amendments to include disabled children aged 18 or over whose disability began before they reached age 18. These benefits were first payable for January 1957. Disability under this provision is defined exactly as it is for disability insurance benefits. To qualify, the disabled person must be dependent, at the time his application is filed, upon a parent entitled to an old-age benefit, or, if the insured parent has died, he must have been dependent at the time of the parent's death. The disability must exist when the disabled son or daughter files application and must have continued since before he or she became age 18. The benefit is computed in the same manner as any other child's benefit under the program. The mother of a person receiving this type of benefit may qualify for mother's benefits if she has the disabled son or daughter in her care.

The 1956 amendments require that the amount of any disability insurance benefit or of any child's benefit payable to a disabled person aged 18 or over be reduced by the amount of any other periodic Federal disability benefit or any periodic Federal or State workmen's compensation benefit payable in whole or in part because of the claimant's physical or mental impairment. This provision was designed to reduce unwarranted duplication of disability benefits. In 1957 the law was amended to provide an exception; no reduction is made in the disability benefits payable under the Social Security Act to a veteran receiving compensation from the Veterans Administration because of a service-connected disability. The reduction provision continues to apply in all other cases, including veterans' pensions paid on account of non-service-connected disability.

[5] To be fully insured a person generally must have worked in covered employment at least half as many quarters as the number of calendar quarters elapsing between December 31, 1950 (or his 21st birthday, if that is later), and his attainment of age 65 (age 62 for women) or the date on which his period of disability begins. The 5 years of covered employment required for the disability freeze will be sufficient for fully insured status for disability benefits through 1960. Beginning in 1961 more than 5 years of employment will generally be necessary, since 5 years will then be less than half the time that has elapsed since 1950. (Anyone with 10 years of work in covered employment is fully insured for life.)

Administrative Problems

In enacting the disability freeze provisions in 1954, Congress specified that agreements should be negotiated with each State for making disability determinations and that these agreements should be made with the agency "administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate agency." The provision was implemented in late 1954 and in 1955. The Governor of each state designated the agency that he believed could best carry out the agency process prescribed by Congress. Agreements were also made with the District of Columbia, Alaska, Hawaii, and Puerto Rico. In 44 jurisdictions the agency designated was the State vocational rehabilitation agency; in four, the public welfare agency (which also administers the Federal-State program of aid to the permanently and totally disabled); and in four, both the agency administering the general vocational rehabilitation program and the agency administering rehabilitation provisions for the blind were named.

Organizing Within State Agencies

The provision for agreements to be negotiated with the States created a unique governmental relationship, under which State agencies play an integral part in the administration of a wholly Federal program. The working relationship under these agreements resembles in some respects the grants-in-aid relationship, although there are no State laws defining participation in program responsibility and no State funds involved. The relationship is voluntary. Federal funds are paid to the State agencies for their expenses, and in return the agencies make determinations of disability for applicants under the old-age, survivors, and disability insurance program.

In negotiating these agreements, legal questions with strong administrative policy considerations had to be resolved. What expenditures, for example, would be included in the reimbursable operating costs, and what would be considered joint costs of the Bureau and the State agency and how should they be shared? It was essential that each agreement allow the operation to fit as effectively as possible into each agency's existing structures and take into account the extent to which the agency could organize quickly to handle the new workload. Thus the agreements specified the classes of cases to be included or excluded from State jurisdiction at the option of the State. To alleviate the impact on State agencies of the heavy backlog of claims filed during 1955, the agreements with many State agencies initially restricted their disability determination activity to disabilities of recent origin. (Cases not covered by State agreements were handled directly by the Bureau of Old-Age and Survivors Insurance.)

The agreements cite uniformly the respective responsibilities of the Secretary of Health, Education, and Welfare (as they are to be carried out by the Bureau of Old-Age and Survivors Insurance) and of the State agencies. To ensure prompt and orderly processing and equality of treatment both within a State and among the States, the agreements require that uniform standards be applied in determining disability. All agreements provide that the States account for the Federal money paid to them by submitting for review and approval regular budgets and reports supporting their expenditures. All agreements also establish State responsibility for the employment of professionally qualified personnel to make the disability determinations, and the State agencies must follow Federal regulations and policies concerning the disclosure of information.

The agreements were flexible in such administrative areas as organization and staffing and the application of merit system requirements. Another example of flexibility is the provision permitting each agency to

pay for medical examinations in accordance with fee schedules in effect locally.

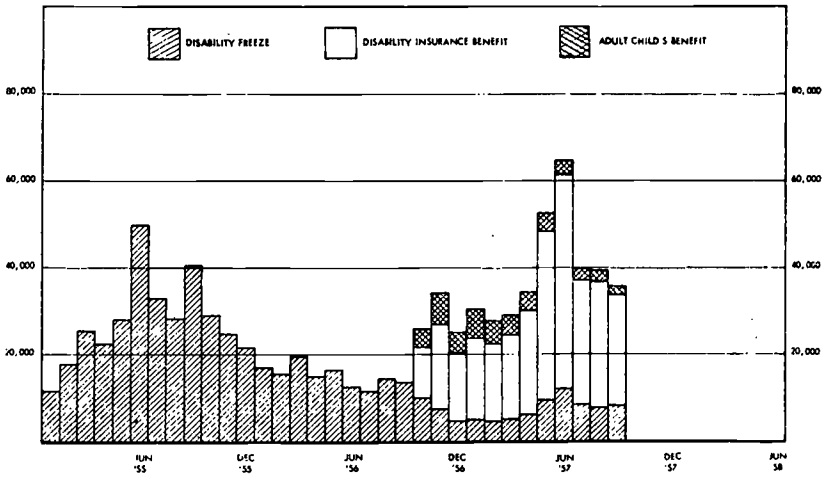
In preparing for the discussions with State agencies the Bureau of Old-Age and Survivors Insurance studied the fiscal and administrative procedures and experience of the Federal-State programs for which the Department is responsible, as well as those of the Federal-State unemployment insurance program. It also worked closely with a special committee of the Council of Vocational Rehabilitation State Directors. This committee helped considerably in developing the model agreement that was discussed with the State agencies and made recommendations for handling basic fiscal matters, such as questions that might be raised by auditors concerning specific expenditure items and the payment of administrative or overhead costs. A number of States either lacked statutory authority or required legal opinions by their attorneys general before they could enter into agreements, and a model enabling bill was prepared by the Department's Office of the General Counsel and distributed to all States by the Council of State Governments.

One difficulty encountered while the agreements were being negotiated was that all vocational rehabilitation agencies were faced with the problem of simultaneously building up their rehabilitation programs[6] and meeting the impact of the old-age, survivors, and disability insurance referrals for vocational rehabilitation services. In States where the vocational rehabilitation agency was also assuming the responsibility for making disability determinations there was the additional problem of securing and training new staff or of training existing staff for this function. Some of these agencies found it difficult to obtain the staff needed to achieve growth in both types of program activity as rapidly as necessary. Others quickly reached the point of effectiveness and asked to take on the full workload of disability applications filed in their State. In these States the original agreements were modified accordingly. The growing capacity of the State agencies to handle a large volume of cases is shown by the fact that at the beginning of the fiscal year 1955–56 only 13 of the 42 contracting agencies had accepted the entire backlog of disability cases (disabilities dating back as early as 1941) and at the end of that fiscal year 34 of the 56 contracting agencies were accepting the full backlog. The increasing acceptance of the backlog by the State agencies is also reflected in the growing proportion of cases forwarded to them by the Bureau's district offices. Cumulatively, they have been sent 52.4 percent of all cases; in the July–September 1957 quarter they received 77.5 percent.

Soon after some of the earliest agreements had been negotiated, it was clear that modifications were needed to permit the States to accept cases not covered by their original agreements when the Bureau felt that additional medical development, including medical examinations, was necessary. Extension of agreements to authorize transfer of jurisdiction in such cases was obtained gradually through further negotiations.

When the disability benefit provisions were enacted in 1956, the Bureau of Old-Age and Survivors Insurance and the State agencies were able, under the existing freeze agreements, to proceed temporarily with case processing except for cases involving benefits to dependent, disabled children aged 18 or over. The new agreements extending State jurisdiction to these cases and perfecting State authority for disability insurance benefit determinations were negotiated fairly rapidly. Only one State, Nevada, required new legislation to handle all benefit cases. For a few States, where the increased load of applications under the 1956 amendments created difficult operating situations and where it was mutually agreed that the State agency could not give as prompt attention to the cases as the Bureau could, temporary modifications were negotiated for transfer of some cases to the Bureau.

Chart 1.—*Initial disability applications received in district offices, by month. January 1955–September 1957*



Organization Within the Bureau

A corollary problem to that of organizing for State agency operations was the consideration of how best to fit into the Bureau structure the responsibility for administering the disability provisions. A Division of Disability Operations was established to pull together the special skills and resources needed for this new part of the insurance program.

Staff members with experience acquired in planning and administering the old-age and survivors insurance benefits were drawn from existing Bureau units. In addition, the

[6] The Vocational Rehabilitation Amendments of 1954 (Public Law 565, Eighty-third Congress) provided for a major expansion of the vocational rehabilitation program.

Bureau secured persons experienced in the administration of Federal-State programs. To fill out on the technical side it was necessary to employ persons skilled in evaluating disability and to blend their knowledge and abilities with those of claims adjudicative personnel. From this combination was welded a skilled group of disability examiners to review State agency disability determinations for consistent application of basic policies and procedures. These examiners were also to adjudicate the large volume of applications that the Bureau would handle until the State agencies could take on their full share of the workload.

Besides the Division of Disability Operations, the operating segments of the Bureau most affected by the disability provisions were the field organization, the district offices, and the regional staffs who supervise district office operations. These offices are the first point of contact and assistance for the disabled individual. District office staff had to learn about this new part of the program and to adapt their skills and facilities to the problems of the disabled; they also had to work with these problems in a new organizational setting, where State agencies share in the responsibilities for case processing and where rehabilitation is a closely related program. Furthermore, an entirely new area of relationships had to be developed with the medical profession. At the regional level, in particular, the negotiating and liaison functions with State agencies created significant new problems for the Bureau staff.

Coordination With Other Agencies

Organizing for disability operations required the establishment and maintenance of new relationships with agencies administering other programs. Some of these agencies—vocational rehabilitation agencies and public assistance agencies—were directly involved in the operation of the new provisions, and some, from their long experience in administering disability programs, were able to provide valuable advice and assistance.

Particularly close relations have been necessary with the Veterans Administration and the Railroad Retirement Board. Many disabled veterans filing for disability insurance benefits have as their only medical records those of the Veterans Administration. Interagency procedures were designed to make available, under proper authorization, pertinent records for use in supporting the veteran's claim for disability determinations under the social security program.

The Railroad Retirement Act guarantees to railroad employees that their annuities will not be less than the benefits that would have been payable if their railroad employment after 1936 had been creditable under the Social Security Act. Since in the calculation of the old-age, survivors, and disability insurance benefits periods of disability may be ignored, it is necessary to make disability freeze determinations even for disabled career railroad workers who may never have had work covered by the Social Security Act. At the outset, however, relatively few disabled railroad workers were aware of this "guarantee" provision, mainly because they have associated all benefits relating to their employment with the provisions administered by the Railroad Retirement Board. Accordingly, a working arrangement was reached with the Board soon after the 1954 amendments whereby it would advise disability beneficiaries under that program of the possible advantages of the freeze and accept freeze applications from those who wished to file. By June 30, 1957, the Board had received 35,000 freeze applications. Using the disability evaluation guides of the Bureau of Old-Age and Survivors Insurance, the Board is evaluating these applications and submitting disability recommendations for Bureau review. Differences of opinion are reconciled through periodic discussions between Board and Bureau disability staff.

Policies and Procedures

Development of Policy

In developing the policies essential to effective operation of these new provisions, the Bureau conducted extensive research and conferred with experts on policies and methods of operation. Study of other disability program experience proved helpful in the planning that had to be completed in the brief period between enactment of the legislation and initiation of the program.

Coordinated policies had to be rapidly prepared for use by district offices, State agencies, and the Bureau's central office. Disability applicants were to be interviewed and their case files compiled in more than 550 geographically dispersed district offices, and determinations of disability were to be made by 56 contracting agencies. It was thus essential that the basic policies for securing evidence and evaluating disability be uniformly understood.

The problem of achieving sound adjudication in the complex area of disability evaluation would have been a major one even if the decisions were to be made by a compact group of evaluators working in one central office and under uniform administrative direction. Since decisions were to be made by scattered evaluation teams representing 56 different jurisdictions, the problems of achieving uniform understanding and effective communication presented a formidable challenge.

Evaluation of Disability

Disability is defined in the Social Security Act as inability to work in any substantial gainful activity because of any medically determinable physical or mental impairment that can be expected to result in death or to last indefinitely. The definition is thus in general terms. It does not answer specifically such questions as: What is "long-continued and indefinite duration? What constitutes "substantial gainful activity?" What is "medically determinable?"

There appeared to be an implicit understanding throughout the hearings, debates, and reports on the disability legislation that Congress was concerned with impairments that could be expected to continue for so extended a period that they might well be characterized as permanent, although this term was not used in the law. As a consequence, the requirement of "long-continued and indefinite duration" has been interpreted to exclude any impairment that can be expected to improve to such an extent in the reasonably

near future that it would no longer prevent the individual from engaging in substantial work. Moreover, if by reasonable effort and with safety to himself the individual could achieve recovery or substantial reduction of the symptoms of the condition,[7] the impairment would not meet the "long-continued and indefinite" requirement.

"Inability to engage in substantial gainful activity" is the most difficult element in the definition. This phrase is not construed to mean that complete and irrevocable helplessness must be demonstrated. Congressional deliberation indicated, however, that the definition was intended to mean "total," in the sense that it refers to inability to engage in substantial gainful work of any type, not merely the kind of work the applicant has usually engaged in. Thus, an individual who has been advised to give up his particular kind of work in order to make his medical treatment more effective or who can no longer meet the physical or mental demands of his job is not necessarily disabled under the definition of disability under the Social Security Act. Although a prediction that the individual will never regain an ability to work is not required, there must be (1) a reasonable expectation that a medically determinable condition of serious proportions exists that will continue indefinitely and (2) a finding of a present inability to engage in any substantial gainful work because of such impairment.

This concept of disability differs in several respects from those underlying some of the other disability programs in this country. Industrial programs, for example, in their approach to the problem of retirement because of disability understandably tend to emphasize the employee's inability to continue at his regular job or to work satisfactorily at other jobs available in the company, rather than his inability to do any kind of substantial work. Disability determinations under the Social Security Act sometimes differ, also, from those made under private insurance contracts, which often presume extended duration of the disability if it has lasted at least 6 months, or from decisions under workmen's compensation programs and other public programs, primarily because of statutory differences.

A handicapped person may find it difficult or impossible to engage in substantial gainful work even though his condition is not so severe as to prevent him from doing many kinds of work. Social and economic factors affect the individual's ability to obtain and to retain employment in a competitive setting. Among these factors are fluctuations in the level of business activity, variations in the ability of an individual to find job openings, pre-employment physical requirements, hiring policies, and restrictions in employers' insurance contracts. Those who apply for disability benefits are usually not working and are under some employment handicap because of a physical or mental impairment. A finding of "disability" cannot be made, however, unless the impairment is found to be the *primary* cause of the individual's separation from the labor market.

Faced with the problems of evaluating disability on a large scale, the Bureau found it essential to develop and to keep refining evaluation guides —a tool that helps to get the job done with facility and uniformity. Guides that contain clinical descriptions of the most common disabling conditions have been prepared with the assistance of the Medical Advisory Committee and participating State agencies. These guides describe more than 130 impairments and show the symptoms and clinical and laboratory findings that usually exist when the condition has become so severe that most persons so afflicted would be unable to engage in substantial gainful work. Not all persons so afflicted will be equally disabled, but the impairments described are set at a level of severity that will be presumptively disabling in the absence of conflicting evidence.

Examples of some impairments that, if the claimant is not actually working, would be considered severe enough to prevent substantial gainful activity are:

1. The loss of the use of two limbs.

2. Certain progressive diseases that have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.

3. Disease of the heart, lungs, or blood vessels that has resulted in a major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings and that, despite medical treatment, produces breathlessness, pain, or fatigue on slight exertion, such as walking several blocks, using public transportation, or doing small chores.

4. Cancer that is inoperable and progressive.

5. Damage to the brain or a brain abnormality that has resulted in severe loss of judgment, intellect, orientation, or memory.

6. Mental disease (psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the affected individual.

7. The loss or diminution of vision to the extent that the affected individual has central visual acuity of no better than 20/200 in the better eye after best correction or has an equivalent concentric contraction of his visual fields.

8. Permanent and total loss of speech.

9. Total deafness uncorrectible by a hearing aid.

The guides greatly facilitate the handling of cases in which, from the standpoint of medical evidence alone, the impairment is clearly disabling, and there is no evidence to the contrary. The guides serve also as a training device and a standardization tool. They do not, however, represent a rating schedule, nor would an applicant be denied simply because his impairment was not severe enough to be presumptively disabling.

In determining if an individual's impairment makes him unable to engage in substantial work—whether or not the condition is presumptively disabling—primary consideration is given to the severity of the impairment as established by medical evidence, but consideration is also given in all cases to such other factors as the individual's education, training, and work experience. Thus, an im-

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7 House Report No. 1698, Eighty-third Congress, second session; also *Social Security Amendments of 1954: Report of the Committee on Ways and Means, House of Representatives, to accompany H.R. 9366*, page 23.

pairment that approaches but does not meet the level of presumptive disability is not the basis for denial of the application. In such cases the impairment is carefully evaluated to determine whether, for the particular applicant, it so severely limits his ability to perform significant functions—such as moving about, handling objects, hearing or speaking, reasoning or understanding—that he is unable, with his training, education, and work experience, to engage in any kind of substantial gainful activity.

In only a small proportion of cases has a disabled person filed his claim while still engaged in some kind of gainful activity or returned to work after having had a period of disability established. The Bureau's experience in determining capacity for substantial gainful activity, when the disabled person is actually working, indicates that generally the work and earnings involved are either clearly substantial or clearly insignificant. In the great majority of cases, however, the individual has performed no work of any kind since his disability caused him to stop work, and one of the most difficult aspects of the disability determination is deciding if there is a capacity for substantial gainful activity even though the individual is not working.

Some individuals with seriously handicapping impairments find it possible to work in a sheltered setting or under special conditions in which the employer grants significant concessions or sets up special working conditions. Sheltered employment is generally defined as productive, remunerative work especially suited to the impairment of a handicapped individual and having as its objective his physical restoration, psychological readjustment, and subsequent participation in the regular labor force. The principal sources of such work are nonprofit voluntary agencies, organized to assist the handicapped.

Under the disability provisions of the Social Security Act, an individual in sheltered work might be found "able to engage in substantial gainful activity" if he were, in fact, actually doing substantial work on a reasonably regular basis and for substantial pay. When work under sheltered conditions ends, however, the individual often cannot find work in the competitive labor market and may not again be able to secure the advantage of special working conditions. Generally, therefore, an individual who would be found disabled if he were not working under special conditions is not considered to have demonstrated a capacity for other work.

Work on a trial basis is not considered as substantial gainful activity until there has been time to evaluate adequately the success or failure of the employment attempt. Work attempts that are of short duration and end because of the worker's health are generally considered unsuccessful and thus do not constitute substantial gainful activity. In effect, the governing factor in determining ability or inability to "engage in substantial gainful activity" is the actual capacity for gainful work as shown by the physical and mental demands of the job, the hours of work, the nature of the duties, the amount of earnings, and the continuity and duration of the effort.

Claims Process

The disabled individual usually first learns about the new disability protection through one of the many sources reached by the Bureau's district offices in their public informational activities. He may learn about it from his doctor, the newspaper or radio, his employer or union, or his friends. The individual—or, if he is unable to do so, his representative—gets in touch with the local district office.

Here he receives information as to his rights and obligations. He may decide to file an application, or he may decide not to file an application for a disability determination if he finds he did not work long enough in covered employment to meet the earnings requirements of the law or if his disability is temporary, partial, or otherwise less severe than it would have to be for him to qualify. If he decides to apply, he receives assistance from the district office in filing his application and in securing necessary proofs. The applicant supplies basic information on the nature and extent of his impairment, the medical treatment he has received, his education and work experience, and other facts needed for a sound determination of disability—his age, for example, the extent of his physical mobility, and the receipt of rehabilitation services or disability benefits under another program.

The applicant is responsible for presenting sufficient medical evidence to establish a reasonable likelihood that he has an impairment that meets the requirements of the law. This evidence includes medical and hospital reports giving the history of his condition, the diagnosis, and supporting clinical findings. Not only the nature of the impairment must be shown but also its severity. The medical evidence is handled in a way that protects the doctor-patient relationship and the individual's rights. Regulations prohibit disclosure except in specific situations, such as for use in vocational rehabilitation considerations. The district office provides the applicant with one or more report forms, which he usually takes to his physician for completion. The physician returns the form directly to the district office. Although the individual is encouraged to take the forms himself to the physician if the current status of his disability is involved, in some instances he may need medical evidence of earlier treatments or examinations; he will then be assisted in requesting information by mail from the doctor, hospital, or other source.

The medical report form, used by applicants to request information from their physicians or other medical sources, was designed with the assistance of the Medical Advisory Committee and was modeled after the standard forms used by most insurance companies to simplify doctors' reporting problems. Some special forms have been developed for use by mental hospitals where the applicant is hospitalized for a chronic mental impairment. The physician or hospital may, however, furnish the report in any convenient form—such as a narrative summary or a photocopy of records. If the records are being held by a government agency or a public or private institution, the district office may request a report directly from the source.

When the file is complete, it is forwarded by the district office to

the contracting agency in the individual's State or to the Division of Disability Operations for a determination of disability. In the State agency the case is assigned to a special disability determination unit, where the determinations are made by the State evaluation team (consisting of at least one doctor and one other person skilled in disability evaluation). All the evidence the individual has submitted is reviewed, and, if necessary, the State agency takes further steps to document the case more fully. Agency personnel may ask the applicant for additional information and may obtain, from appropriate sources, needed supplementary medical information, reports of psychological or vocational tests and studies, and information on employment and other matters.

Although the evidence in a particular case may indicate a reasonable likelihood that a claimant is disabled, more definitive clinical reports or other medical evidence is sometimes necessary to arrive at a sound decision or to resolve conflicts in the evidence. The State agency may, in such cases, authorize consultative examinations at Federal expense. Selection of consulting examiners and payment of fees are governed by State practices.

The State agency team makes its determination and fixes the date of onset (and termination, if any) of the disability. This determination is sent, with the complete file, to the Bureau's central office in Baltimore for review. Legally the State agency decisions that are unfavorable to the applicant cannot be reversed by the Bureau; his recourse in such instances is a request for reconsideration by the State agency or a hearing before a referee of the Appeals Council of the Social Security Administration. The Bureau corresponds with the State agency whenever it has a question about the handling of any individual case. All determinations are reviewed to ensure consistency of understanding of the disability requirements and reasonable uniformity in results among the State agencies; proper adjudication and equitable treatment of each applicant's rights under title II of the Social Security Act are thus assured. When State agency determinations have been examined and approved, they become by law the decisions of the Secretary of Health, Education, and Welfare. General consistency is achieved through a system for communicating policy and procedural decisions and through training and conference techniques. The same instructions, guides, and training materials governing determinations made by the Bureau are applied in the review of State agency cases.

The Bureau formally notifies the applicant of the final determination made in his case. If the application is denied, or a date different from that alleged for the onset of the disability is established and the applicant wishes to request reconsideration, he may submit supporting evidence or information. If the initial determination was made by a State agency, the Bureau returns the file to that agency for reconsideration. After reconsideration a new notice, affirming or reversing the previous action, is sent to the applicant by the Bureau. If an individual whose claim is denied chooses to request a hearing before a referee of the Appeals Council and the original decision is upheld by the referee, he may then ask that the case be reviewed by the Appeals Council. If the referee's decision is upheld by the Appeals Council, the individual may request judicial review in a United States District Court.

When a determination of disability has been made for an individual applying for a benefit on disability, his case file is sent to one of the Bureau's six payment centers in different parts of the country. There such nondisability aspects of the claim as age, insured status, and dependency are adjudicated, and benefits are certified for allowed claims.

A period of disability once allowed may be terminated in certain circumstances. Most common are the improvement of the impairment so that the individual is again able to work and the actual return of the individual to substantial gainful work. An applicant who has been found disabled is responsible for notifying the Bureau if either of these events occurs. Possible improvement in medical condition is periodically checked by means of reexaminations, scheduled in accordance with the nature of the impairment and the likelihood of significant change for the better. When a disabled individual returns to work, the Bureau may be put on notice by the individual's own report, by the employer's quarterly report showing earnings posted to his account after the disability had been established, and from other sources, such as a report of successful rehabilitation by a State agency. The continuance or termination of a period of disability is determined under the same rules as are the original determinations of disability.

To become entitled to disability insurance benefits, an application must be filed for such benefits. Thus, persons who have been allowed a period of disability under the freeze provisions do not automatically qualify for benefits upon attainment of age 50. At that time, the continuance of the disability must be affirmed or reestablished. It may be necessary to furnish additional medical evidence with the application for benefits.

Vocational Rehabilitation Services

Disability evaluation is closely associated with steps for vocational rehabilitation. Congress placed in the 1956 amendments to the Social Security Act the following statement of policy for referral for rehabilitation services:

> It is hereby declared to be the policy of the Congress . . . that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

Following this policy the Office of Vocational Rehabilitation and the Bureau of Old-Age and Survivors Insurance, consulting with State agency officials, set up procedures so that persons inquiring about their rights under the disability provisions could be considered for rehabilitation serv-

ices by the vocational rehabilitation agency in the State in which they reside. Initially, the signed consent of disabled individuals was necessary before referral could be made. A revision of regulations in 1956, however, eliminated this requirement.

Every disabled person applying for a determination of disability receives a full and complete evaluation of the medical and nonmedical facts in his file for old-age, survivors, and disability insurance purposes. At the same time his potentialities for rehabilitation are assessed, on the basis of this evidence, under criteria furnished by the vocational rehabilitation agency. If, from the initial screening, rehabilitation seems possible, copies of pertinent medical or other evidence in the individual's disability file accompany a formal referral to a vocational rehabilitation counselor. The counselor then studies the case to determine whether services may be offered to the individual under the State rehabilitation program. For those who are identified as having vocational rehabilitation prospects, this policy of close coordination makes it possible for the vocational rehabilitation agencies to promptly consider them for services. Ability to provide the needed medical and vocational services for all the disabled persons who are referred may, of course, be limited by the agency's lack of funds, facilities, and skilled personnel.

The vocational rehabilitation agency also reports to the Bureau of Old-Age and Survivors Insurance on whether it accepts each referred case for further consideration. When an applicant is accepted, subsequent reports are also made on whether he has been offered services and, if so, on the outcome of the rehabilitation plan. Any refusal to accept services is also reported. These reports are an important factor in helping the Bureau of Old-Age and Survivors Insurance to carry out its responsibility for determining whether disability still continues after services are completed and whether the issue of refusal of services without good cause needs to be investigated.

The policies governing the development of evidence for the disability program require that full medical and nonmedical information be secured concerning each disabled individual's impairment and residual capacities. Thus the disability determination process produces information that is directly pertinent in assessing the applicant's rehabilitation potentialities and in the rehabilitative process itself. The rehabilitation activities of the agencies are, however, financed by the regular funds of the rehabilitation program. The Bureau of Old-Age and Survivors Insurance pays only the costs incurred by the contracting agencies in determining whether an applicant is and continues to be disabled for purposes of the Social Security Act.

The 1956 amendments require that disability benefit payments be suspended so long as the individual refuses, without good cause, to accept available rehabilitation services under a State plan. A State agency report that services have been declined does not, in itself, mean the loss of right to payments but does put the Bureau on notice that it may be necessary to suspend benefit payments. Each case is carefully investigated before a decision is made that an individual who has refused rehabilitation services—knowing the value of vocational rehabilitation services and the effect on his benefit rights of such refusal—has refused the services without good cause. The law, however, provides that refusal to accept rehabilitation services shall be deemed to be for "good cause" if the individual belongs to a church that teaches reliance on prayer as the sole treatment for physical or mental impairments.

Another provision in the 1956 amendments states that an individual who is receiving disability benefits and who is working under an approved State plan for his rehabilitation may still be considered as meeting the definition of disability for 12 months after he begins such work. This provision and the one imposing benefit suspensions for refusal of rehabilitation services without good cause are designed to encourage rehabilitation; the Bureau feels that their administration should be as compatible as possible with rehabilitation objectives and is developing policies to this end. State agencies have asked that policies be developed collaterally and in accordance with dual program requirements and objectives. As the Bureau moves forward in carrying out both provisions, it is taking advantage of the knowledge and advice of professional personnel from State and other rehabilitation organizations and from the Office of Vocational Rehabilitation in the Department of Health, Education, and Welfare.

Relationships With Medical Groups

The Medical Advisory Committee presents the viewpoints of medical and other professional groups on proposed policies relating to the operation of the disability provisions. One of its main functions has been to provide professional guidance in the formulation of medical criteria for evaluating disability. In addition, the Committee aids in promoting mutual understanding and working relationships among the Social Security Administration, cooperating State agencies, and physicians generally, and it interprets to the medical profession the problems and objectives of the disability determination process.

The Committee membership was drawn from all parts of the country and represents medical and related professions having a common interest in the problems of the disabled. The unbroken service of all of the original members and the Committee's continued functioning after disability insurance benefits had been established by the 1956 amendments have resulted in especially effective working relationships with Bureau staff. The Committee has met six times—three times in 1955, twice in 1956, and once in the first half of 1957. It has published one report,[8] and a second report is in preparation. Specific Committee recommendations are made directly and informally to the Bureau.

The Board of Trustees of the American Medical Association in September 1956 appointed a committee on medical rating of physical impairment. One of this committee's important functions is to provide liaison between the Association and

[8] *Medical Advisory Committee Report and Recommendations on the Administration of the OASI Disability Freeze Provision*, July 1955.

the Bureau of Old-Age and Survivors Insurance.

In administering the disability program, the Bureau and participating State agencies consider the promotion of sound and effective relationships with physicians to be a function of major importance. Informational materials prepared by Bureau and State agency staff and by the Medical Advisory Committee have been published and used by various professional medical associations, including State and county medical societies. The American Medical Association also has developed and published its own informational materials to assist physicians in cooperating in the disability program.[9]

Operations in State Agencies

Each contracting agency, although performing disability operations for the Bureau of Old-Age and Survivors Insurance, must operate within the framework of its State laws, organization, and administrative practices. Accordingly, the Bureau has had to develop management guides, policies, and procedures that permit some adaptation to individual State needs. Basic instructions to the States on administration cover such areas as accountability for funds, the propriety of expenditures, the distribution of costs when more than one program is involved, submittal of budgets and reports, and case controls. Procedures for evaluation and for case flow are also set forth, with their implications for staffing and organization. In addition, the Bureau carries on a survey program, arranges for technical and administrative training and conferences, and provides on-the-spot management assistance as requested by the State or as the need is detected in operational reviews.

The costs that the State agencies incur in making disability determinations are paid from appropriations made by Congress for the administrative expenses of the old-age, survivors, and disability insurance program. On the basis of budget estimates the Bureau advances money to the States. Any unexpended balance of these advances existing at the end of the budget period is used to finance costs in succeeding budget periods.

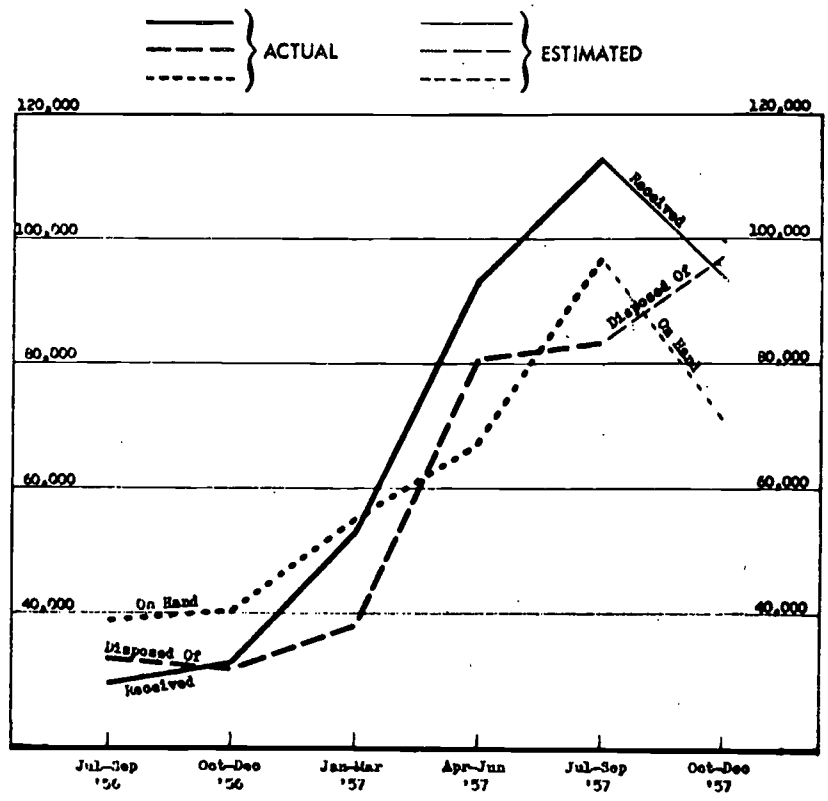
Existing State practices for handling Federal funds and the State's choice of a depository for funds are usually acceptable to the Bureau. Funds must be identifiable, however, on the State's records. Accounting records and reports and supporting documents permit verification by Federal fiscal audit and by the Bureau in its administrative review.

The Bureau works closely with the State agencies in the preparation of their budget estimates. The agencies submit budgets, item by item, for specific objects of expenditure such as personnel, equipment, and medical costs. Their expenditures are not subject, however, to control on that basis. State agencies must keep within the limitation of the total funds advanced for any period on the basis of an approved budget, although they may request and justify an increase for any period.

Although most States were able to establish an organization for handling freeze cases by the end of 1955, few achieved full operation in that year. Some agencies continued to have difficulty during 1956 because of large workloads. Inability to staff the program as fast as the workload developed resulted in heavy pending claims loads and long delays in the processing of some cases. Priority in processing was given to freeze cases that would result in immediate old-age and survivors insurance benefit increases and to claims in which disability benefits could immediately be paid.

The quality of the determinations has not, however, been a problem. In most agencies quality was achieved

Chart 2.—*State agency operations: Disability cases received, disposed of and on hand, by quarter, July 1956–December 1957*[1]



[1] Data for July 1956-September 1957 from State agency reports, for October-December 1957 estimated.

[9] See the *Journal of the American Medical Association*, June 1, 1957, pages 566-571.

at an early point. Where difficulties have been encountered they were primarily in achieving full productivity with new personnel and with procedures and policies—Bureau as well as State—that required refinement in the light of experience. In some instances existing State laws, regulations, or practices have tended to limit the agencies' administrative flexibility—for example, in the use of overtime or in the recruitment of the necessary personnel as rapidly as workloads demanded.

In 1957, State agencies significantly increased overall production while continuing to emphasize quality. The disability staff of State agencies more than doubled in number from December 1956 through September 1957, primarily because of the added workloads created by the 1956 amendments.

Current Program Operations

By the end of September 1957, more than 900,000 initial applications for the disability protection provided by the 1954 and 1956 amendments had been filed in the district offices; of these 52,000 were for child's benefits for disabled persons aged 18 or over. The overwhelming proportion of disability applications have been filed by workers aged 50–64. Since October 1, 1956, when application could first be made for monthly disability insurance benefits, more than three-fourths of all new applications filed by disabled workers have been for cash benefits. This relationship is illustrated in chart 1, which shows, by type, the number of disability applications filed in district offices for each month since the beginning of the program.

Final determinations have been made on about 620,000 applications, including almost 34,000 for child's benefits from disabled children aged 18 or over.[10] Of the latter almost 30,000 have been found to be disabled. Of the disabled workers of all ages, approximately 324,000 or about 55 percent have been allowed periods of disability. In about three-fourths of the denials, it was found that the severity of the applicant's physical or mental condition was not great enough to prevent him from engaging in gainful work; the other applications were denied because of lack of work sufficient under the Social Security Act to meet the program requirements, failure to provide evidence or to prosecute the claim, or other technical reasons.

In about 50,000 cases—approximately 1 out of every 6 denials—the applicant has requested reconsideration. More than one-fourth of the completed reconsideration actions have resulted in a subsequent allowance. The principal reason for these reversals was the additional documentation of the case with information that was not supplied or was not available when the application was first filed; in many of these cases independent medical examinations at Government expense subsequently established that the individual's disability was more serious than the original evidence showed.

More than 12,000 applicants have carried their disagreement with the decision to a request for hearing before a referee. In more than 2,800 of these requests the Bureau has reversed the original decision before the hearing on the basis of additional evidence presented. In the approximately 2,900 cases on which the referees completed the hearings actions, about 4 percent were changed to a favorable decision. In the remaining cases awaiting a hearing, almost a third are still being developed in the Bureau or State agencies for additional or clarifying evidence.

The large number of applications filed since the enactment of the 1956 disability provisions has resulted in exceptionally high pending loads. Continued heavy workloads are anticipated for another year at least. Chart 2 depicts the progress of receipts and dispositions and shows pending loads at various dates.

At the end of September 1957 there were 120,000 disabled workers aged 50–64 receiving monthly benefits under the old-age, survivors, and disability insurance program at a monthly rate of $8.7 million. Additional disabled workers will become beneficiaries in succeeding months. The average disability insurance benefit for September 1957 was $72.24, after reductions because of the receipt of other disability pensions or benefits.

In addition to the monthly benefits payable because of disability, nearly 47,000 old-age insurance beneficiaries had increases that averaged $9.72 a month during July 1955–February 1957 as a result of the disability freeze. This increase was attributable to the exclusion of a period of disability and/or the dropout of up to 5 years of lowest earnings (when eligibility for the dropout stemmed from the disability freeze) in computing the worker's average monthly wage. In addition, about 23,000 monthly benefits payable to dependents of these retired workers, as well as to survivors of workers who had established a period of disability before death, were increased because of the freeze. For the same reason, lump-sum death benefits payable on the earnings records of about 11,000 deceased workers were increased by an average amount of $21.81 per worker.

The great majority of the disability insurance beneficiaries, as well as of applicants for a period of disability at all ages, are disabled by chronic diseases rather than by crippling injuries. Preliminary tabulations[11] show that, among applications approved so far, about one-fourth were from workers disabled by heart ailments and diseases of the blood vessels. Another one-fourth were disabled by diseases of the nervous system and impaired sight or hearing. One-eighth were suffering from mental disorders. Most of the applicants who have been turned down were suffering from similar ailments but not of the permanence or severity of those allowed.

Conclusion

The disability insurance provisions of 1954 and 1956 have added a new

[10] Data on benefit payments will not correspond with figures on disability applications filed, processed, and allowed or denied, since the payment figures do not include cases where the disability freeze is applicable but there is no immediate eligibility for benefits and since both disabled workers' and disabled children's applications may have been denied for other reasons of eligibility, such as age or dependency.

[11] See *Annual Statistical Supplement, 1955*, and *Annual Statistical Supplement, 1956* (in process).

dimension to the protection the old-age, survivors, and disability insurance program provides. The early administration of these provisions required that the Bureau establish an effective working basis for a new and unique governmental relationship with the States; that it bring into being an administrative framework and assemble the technical skills needed to handle the complex problem of disability evaluation; and that it establish policies and procedures that would lead to uniform treatment of all applicants regardless of where they filed their claims. The period ahead will be one of refinement of basic policies and processes, of operational improvements, and of continuing evaluation of the program.

GPO 861-630

Long-Range Cost Estimates for Old-Age, Survivors, and Disability Insurance under 1956 Amendments

by Robert J. Myers

U.S. Department of Health, Education, and Welfare
Social Security Administration . . . . . Division of the Actuary

ACTUARIAL STUDY NO. 48

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This study has been prepared for the use of the staff of the Social Security Administration and for limited circulation to other persons in administration, insurance, and research concerned with the subject treated. It has not been submitted to the Commissioner of Social Security for official approval.

FOREWORD

This Actuarial Study presents detailed cost estimates for the Old-Age, Disability, and Survivors Insurance system as it was following the significant amendments to the Social Security Act made in 1956 (and also taking into account certain minor amendments made in 1957). These cost estimates have, of course, been rendered out-of-date by the recently enacted Social Security Amendments of 1958, which considerably modify the provisions of the system. This Actuarial Study is, nonetheless, released since it is of definite historical value in giving the detailed cost estimates underlying the summarized ones in the 18th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Fund (House Document 401, 85th Cong.). Furthermore, the cost estimates for the 1958 Amendments were built up essentially from those contained in this Actuarial Study. It is contemplated that in the near future another Actuarial Study will be prepared paralleling this one but applying to the 1958 Amendments.

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LONG-RANGE COST ESTIMATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER 1956 AMENDMENTS

A. Introduction

This report is the seventh in a series of Actuarial Studies dealing with the actuarial costs of the Old-Age and Survivors Insurance program, and the first to give detailed actuarial cost estimates for the disability insurance program established by the 1956 Amendments. The estimates given here relate to the program as it was after the significant amendments of 1956.

The first cost estimates for the Old-Age and Survivors Insurance program were developed at the time the legislation was enacted (1939) and were subsequently presented in Actuarial Study No. 14. In the second of this series (developed in 1942 and presented in Actuarial Study No. 17), estimates were made on the basis of a certain amount of actual operations data, as well as more complete demographic data from the 1940 census and the 1935 Family Composition Study.

The third in this series of cost estimates was developed in 1943-44, and published as Actuarial Study No. 19. This differed from the previous study in that not only were there available more experience data, but also a differential average wage between the low-cost and high-cost illustrations was introduced. Because Actuarial Study No. 19 considered the terms "low-cost" and "high-cost" as indicating absolute dollar costs rather than percentage costs relative to payroll, certain difficulties of interpretation and analysis arose. Thus, for both estimates the average cost of the benefits from 1945 to 2000 without interest was 5.6% of payroll which led some to believe erroneously that, although the dollar costs might have a range, the relative costs were fairly closely predictable, a matter of importance in estimating the necessary contribution rates.

The fourth in this series of estimates, Actuarial Study No. 23, was published in 1947 and used more current data on population, wage levels, etc. Two further studies were prepared for and printed by the Committee on Ways and Means, dated July 27, 1950 and July 21, 1952, relating to the 1950 Amendments and 1952 Amendments, respectively.

The cost estimates presented in Actuarial Study No. 36 relate to the 1952 Amendments and correspond to those in the committee print of July 21, 1952, but differ considerably because of the use of the new population projections (Actuarial Study No. 33) and revised cost factors. In order to have appropriate ranges in benefit costs, both as to dollar amounts and relative to payroll, there were developed, in effect, four separate cost illustrations. On the one hand, the low-employment assumptions basis used was somewhat lower than full employment and corresponded roughly on the average to 1940-41 conditions as to proportion of population in covered employment, combined with wage rates prevailing in the same period. On the

other hand, the high-employment assumptions basis was near-full employment (corresponding closely to conditions just before the current recession).

When cost estimates were made for the 1954 legislation as it was being considered by the Congress, only the high-employment assumptions were used because the low-employment assumptions were so much below actual experience. The following discussion will relate only to cost estimates based on high-employment assumptions, but the reader may consult Actuarial Study No. 36 to see the cost effect of somewhat lower employment assumptions.

Following the Conference Committee agreement on the 1954 Amendments, cost estimates were developed in the short time available and were published as a committee print of the Committee on Ways and Means ("Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified By the Social Security Amendments of 1954", Robert J. Myers, August 20, 1954). Subsequently, these cost estimates were carried out on a more complete basis, rather than using certain approximations and short cuts necessary in the rapid development of the original cost estimates. The figures in this more complete cost estimate differed only slightly from the original estimates and were presented in Actuarial Study No. 39.

A history of actuarial cost estimates relating to the 1956 Amendments followed a similar pattern. Cost estimates were developed on an approximate basis in the short time available after agreement was reached by the Conference Committee and were published as a committee print of the Committee on Ways and Means ("Actuarial Cost Estimates for the Old-Age, Survivors, and Disability Insurance System as Modified by Amendments to the Social Security Act in 1956," Robert J. Myers, July 23, 1956). The more refined cost estimates presented here differ from the earlier ones to a greater extent than was the case in 1954 because of the use of revised population projections (Actuarial Study No. 46), the use of somewhat higher earnings assumptions (reflecting approximately 1956 earnings levels, whereas the figures in the committee print assumed earnings at about the level prevailing in 1955), and a considerable number of other changes in basic assumptions and methodology.

Within the high-employment assumptions there are two separate estimates: (1) using "low-cost" factors (i.e. low cost relative to payroll) as to fertility, mortality, retirement rates, etc.; and (2) using "high-cost" factors. As in the previous studies, the terms "low-cost" and "high-cost" apply in the aggregate since in some of the component parts (e.g. child's and mother's benefits) the costs are shown to be higher for "low-cost" than for the "high-cost" factors.

An important element affecting Old-Age, Survivors, and Disability Insurance (OASDI) costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a coordination of Railroad Retirement compensation and OASDI covered earnings in determining not

only survivor benefits but also retirement benefits for those with less than 10 years of railroad service. In fact, all future survivor and retirement cases involving less than 10 years of railroad service are to be paid by the OASDI system.

Financial interchange provisions are established such that the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund are to be placed in the same financial position as if there never had been a separate Railroad Retirement program, and railroad employment had been covered under OASDI. It is estimated that the net effect of these provisions will be a relatively small net gain to the OASDI system since the reimbursements from the Railroad Retirement system will be somewhat larger than the net additional benefits paid on the basis of railroad earnings. The long-range costs developed here are for the operation of the Trust Funds on the basis, as provided in current law, that all railroad employment will be (and beginning with 1937 has been) covered employment. The balance in the fund thus corresponds exactly to the actual situation arising.

B. Basic Assumptions

Throughout the cost estimates the various assumptions have been selected so as to be consistent with the actual operating data and with the other assumptions, and at the same time so as to represent a reasonable range for the element under consideration. As in previous studies, the figures developed do not represent the widest possible range that could reasonably be anticipated, but rather our studied opinions as to a plausible range. For more detailed analysis of items (1), (2), (3), and (4) below see Actuarial Study No. 46. The various basic assumptions are:

(1) Mortality.

The low-cost and high-cost estimates are both based on decreasing rates of mortality to the year 2000 and level thereafter with greater decrease in the high-cost estimate. Assumptions as to mortality declines are based on analysis of recent mortality data by major groups of causes of death. Prior to Actuarial Study No. 36, no decrease in mortality has been assumed for the low-cost estimates.

(2) Birth Rates.

The low-cost estimates assume age-specific birth rates which decline gradually from about 105% of the 1954-55 level in 1955-60 to rates for 2045-50 which produce a gross reproduction rate of 1, while for the high-cost estimates the assumed age-specific birth rates decline from about the 1950-53 level to a gross reproduction rate of 1 in 2005-10 and thereafter.

(3) Migration.

For both the low-cost and high-cost estimates, it was assumed that survivors of net immigrants at the end of each 5-year period would amount to 1.2 million for 1955-60 and 1.0 million for each subsequent 5-year period up to 2005-10.

(4) Population.

The above assumptions as to fertility, mortality, and migration when applied to the existing population yield the basic population projections. At the time this study was begun, there were available estimates of the U.S. population as of July 1, 1955 subdivided by age and sex. These were used as the starting point for the projections.

Table 1 summarizes the two population projections. It will be observed that the population for all ages combined does not show a very wide range as between the low-cost and high-cost assumptions

in the early years, but ultimately the low-cost population is 50% greater than the high-cost. In the high-cost projection there are nearly the same number of aged persons as in the low-cost projection and considerably fewer in the productive ages because of the lower fertility assumed in the former. For the year 2050 those aged 65 and over represent 13.7% of the total population for the low-cost projection as contrasted with 18.8% for the high-cost assumptions. Thus in contrast with 1950, when the corresponding figure was 7.9%, there is a relative increase in the proportion of the aged of about 73% for the low-cost projection and 138% for the high-cost one. In the 100-year period preceding 1950 the actual relative increase was about 225%.

(5) Employment.

In developing bases for estimating both payrolls and insured populations, it is necessary to have the proportion of the total population who are in covered employment in a given year by age and sex. Valuable guides toward developing assumed ratios exist in the form of the actual earnings data for recent years, and labor force data published by the Bureau of the Census. As mentioned previously, the high-employment assumptions are supposed to correspond to nearly full employment. In addition it is hypothesized that in the future women will continue to occupy a greater place in the covered labor force.

Table 2a shows the assumed ratio of persons with earnings credits in the year to total population for quinquennial age groups from 15 to 60 for three illustrative years (there are no changes after the year 2000). Table 2b shows corresponding figures for persons aged 60 and over. For the latter group, there are given low-cost and high-cost figures as representing the range due to possible variations in retirement rates. Under high-employment assumptions the favorable employment opportunities, combined with good health and a philosophy of desiring to continue at work, might result in a considerable postponement; conversely, the increasing availability of supplementary old-age benefits from private pension plans might hasten retirement even under high-employment conditions.

Likewise, in developing estimates of covered payroll and insured populations, it is necessary to subdivide persons with covered earnings in a year into 4-quarter workers and those with covered earnings in less than 4 quarters of the year. Since the self-employed are credited with either 4 quarters of coverage or none in any calendar year, they are included among 4-quarter workers. The actual operating data furnish certain current information as to such distributions. The assumed percentages, which are the same for both estimates and all future years, are shown in Table 3.

(6) Credited Wages for 4-Quarter Workers.

Four-quarter male employees are assumed to have average annual credited earnings of $3420 while other male workers are assumed to have average annual earnings of $970. For women the corresponding figures are $2430 and $620. As in previous studies, no age differential in earnings for 4-quarter workers is used because the relatively small variations existing for the vast majority of employees (those between ages 25 and 65) do not warrant the additional computation.

The above earnings are assumed to be level into the future. In a subsequent section, the use of an increasing earnings assumption will be discussed.

(7) Credited Payroll.

By applying the previous assumptions as to covered employment and earnings to the population projections, there are obtained the total number of persons with credited earnings in various years and the aggregate amount of such earnings. The resulting data for selected years are shown in Table 4, along with the developed average credits for persons with any earnings in the year. The number of persons with earnings in the year is somewhat lower for the high-cost assumptions than for the low-cost ones. This results from the fact mentioned previously, namely that under the low-cost assumptions there is assumed higher fertility which produces eventually a greater number of persons in the productive ages.

(8) Insured Population.

From the most recent actual data on insured workers, the assumptions as to the proportions of the population in covered employment and the proportions of 4-quarter workers, there may be developed by diagonal projection and general reasoning the assumed proportions of the total population who are insured. As used hereafter the term "insured" includes both "fully insured" and "currently insured only". Below age 65, currently insured status gives eligibility for most of the benefits that fully insured status does. Moreover, at ages 65 and over, the category "currently insured only" is and will be relatively small.

Although only a single set of assumptions was made as to covered employment at most ages, a range is necessary in the proportions insured, representing the cumulative effect of employment, because of the uncertainty involved in the extent of year by year progression of covered employment as between individuals. Table 5 shows for three selected years the resulting ratios of insured persons to total population. The lower figure of the range in each case applies to the low-cost estimate, while the higher figure is used in the high-cost estimate. A constant figure is reached at all ages by 2015 for males

and 2050 for females. The percentages of insured women in the middle age groups are somewhat higher currently than they are expected to be in the next few decades because of the liberal short-range eligibility provisions introduced by the 1950, 1954, and 1956 Amendments. These percentages are expected to rise again in the more distant future, as more women become permanently insured through acquiring 40 quarters of coverage.

By applying the assumed proportions insured to the total population projections, there are obtained the estimated insured populations shown in Table 6. Although the insured population for all ages combined roughly doubles in the next half century, the insured population aged 65 and over roughly quadruples in the high-cost estimate, with the increase being greater for females than for males.

(9) Marital Status.

Assumptions as to marital status are necessary in estimating the costs of the various supplementary and survivor benefits. The various assumptions both for men and women are based on census data and material from the 1940-55 claims. The proportion married in the future is adjusted upward at the older ages to allow for the effect of assumed improved mortality (resulting in fewer early broken marriages); the adjustment in the high-cost estimate is greater. Assumptions as to relative ages of husband and wife are based on census data.

(10) Remarriage Rates.

Widow's benefits terminate on remarriage, and widows of insured workers who were under age 62 at the death of their husbands are eligible for widow's benefits only when they attain that age without having remarried. Thus the remarriage rates assumed have a significant effect on the estimates of the cost of widow's benefits. In the cost estimates presented here, these were based on an aggregate remarriage table derived from the experience of widows receiving mother's benefits between 1948 and 1954. Remarriage rates vary by duration of widowhood as well as by age, but data in the form needed for constructing a select table were not available at the time these cost estimates were prepared. Select remarriage rates based on OASDI experience of mother's benefits are now in preparation.

(11) Child's and Mother's Benefits.

Projected numbers of survivor child beneficiaries were obtained from projections of the population under age 18 by estimating the proportion of such children in each future quinquennial

year who will be orphans of insured workers. The method used for estimating benefit payments to child survivors and their mothers involves the implicit assumption that the distribution of family patterns reflected in recent claims statistics, and current remarriage rates of mothers, will continue to prevail in the future. Mother beneficiaries were obtained by multiplying the child beneficiaries by a factor which is a little greater than the current ratio in the high-cost estimate and a little less in the low-cost estimate.

(12) Parent's Benefits.

This relatively minor category is difficult to estimate. As more and more of the aged become eligible for old-age, wife's or widow's benefits, the number eligible for parent's benefits will be relatively less. Because of the relative unimportance of this category, its size has been roughly estimated by assuming that the number of parent beneficiaries will bear a constant ratio to the number of aged persons not eligible for any other OASDI benefit.

(13) Proportion of Potential Beneficiaries at Work.

For the various beneficiary categories a considerable saving in disbursements occurs because individuals otherwise eligible are engaged in substantial employment. In some instances benefits are withheld, while in other cases the potential beneficiary never files (notably in the case of mother's benefits in families where there are sufficient children to obtain a maximum or near-maximum benefit anyhow).

The effect of employment in reducing benefit costs is most important in connection with old-age benefits and wife's benefits. Table 7 shows the percentages of aged insured workers receiving old-age benefits in selected years, and Table 8 shows similar percentages for a few of these years by separate age groups. The increase in these percentages is due primarily to a larger proportion of persons not currently in covered employment but insured on the basis of earnings in the past. It was assumed that all eligible aged widows and all children receive benefits and that no wives lose benefits because of their own work (wives who have larger benefits based on their own earnings record than wife's benefits are not shown as receiving wife's benefits, and it is this category that is most likely to be working beyond the minimum retirement age). Implicitly it was assumed that the percentage of eligible mothers who receive benefits remains at the present level.

(14) Alternative Receipt of Benefits.

An important cost element several decades hence, although not very important currently, is the provision that women may not receive full old-age benefits in their own right and full wife's, widow's, or parent's benefits (also applicable to men in respect to the corresponding benefits). In effect, in such cases the larger of the two benefits is payable. As a practical matter, it is to the advantage of the individual to claim the full primary benefit and to obtain the other benefit as a supplement since the latter may be suspended for a number of reasons not applicable to the former (namely employment of the spouse, divorce, remarriage, etc.). For this reason it has been assumed in these cost estimates that all women eligible for old-age benefits file for them even though qualified for another larger benefit. It is assumed they receive the excess of such benefits over their old-age benefits as a supplement.

The number of women qualified for both old-age benefits and wife's or widow's benefits has been estimated by assuming that the probability of a wife or widow being eligible for benefits on the basis of her own earnings as well as on the basis of her husband's earnings is the same as the probability of a woman of that same marital status in the total aged population being an old-age beneficiary. For instance, for a certain year if the married female old-age beneficiaries represent 25% of the married aged female population, then it is assumed that 25% of the aged wives of male old-age beneficiaries (in current payment status) are old-age beneficiaries, or in other words that 75% of such wives are not old-age beneficiaries in their own right but solely wife beneficiaries. Then, based on claims data, with certain modifications to allow for changes in future distributions, estimates have been made as to the proportions of the cases in which the female old-age benefit would be smaller than the widow's benefit or the wife's benefit, as the case may be, and for such cases what the average excess over the primary benefit would be.

(15) Average Benefits.

An estimate was made of the average career wage of insured workers who retire far enough in the future so that the 1956 earnings level and the ultimate percentages of the population in covered employment will have been in effect throughout their working life. The effect of the dropout and disability freeze was taken into account. Because of the weighted nature of the benefit formula the ultimate average primary insurance amount (PIA) is a little less than the figure obtained by substituting the average earnings in the PIA formula. These averages are as follows:

	Low Cost		High Cost	
	Average Career Earnings	Average Annual PIA	Average Career Earnings	Average Annual PIA
Males	$3280	$1106	$3199	$1088
Females	1481	695	1328	663

The high-cost figures are slightly lower because the relatively larger number of insured workers in the high-cost estimate must have a smaller average amount of coverage. In obtaining the ultimate average benefits from the average PIA, the reductions in benefits because of the family maximum and because of early retirement (between 62 and 65) of wives and female workers have been taken into account. Average benefits are graded from presently prevailing figures into the ultimate ones.

(16) Administrative Expenses.

After study of the various elements involved, it is believed desirable to base the assumed administrative cost on two factors--the number of persons having any covered employment in a given year and the number of monthly beneficiaries. The estimated administrative expenses for a given year were obtained from the following relationships:

Low-cost estimate--$5 per monthly beneficiary plus $1.10 per covered person;

High-cost estimate--$5.40 per monthly beneficiary plus $1.30 per covered person,

except that in 1960 the low-cost figures are $5.20 and $1.20. The high-cost formula reproduces the actual administrative expenses in 1957, and a relative decrease in administrative expenses is likely in the future.

(17) Contributions.

The previous discussion as to earnings and payroll dealt solely with credited earnings which are used in determining benefits. However, the effective payroll on which contributions are based is slightly higher because of the provision that wages earned in a year in excess of $4200 when from several employers (with no more than $4200 from any one employer) are subject to contributions but are not credited towards benefits. In such cases the employee contributions for wages in excess of $4200 are refundable, but those from the employers are not. Study of recent actual data indicates that the taxable payroll in respect to employees is about 2.4%

greater than their credited payroll. The credited payroll of the self-employed, who pay 1½ times the employee rate, is assumed to remain at the current level of about 12% of the total credited payroll. Allowance is also made for the fact that part of the contributions of a given year (all contributions in respect to self-employment) are based on the earnings of the preceding year.

(18) Disability Incidence and Termination Rates.

Estimates of the future cost of the Disability Insurance program have been based on the same general assumptions as were used in the estimates prepared at the time of the 1956 Amendments, as there are not yet sufficient data available from the actual operation of the program to suggest with any degree of certainty what changes should be made in these assumptions.

In the high-cost estimates, disability incidence rates for men are based on the so-called 165% modification of Class 3 rates (which includes increasingly higher percentages for ages above 45); this 165% modification corresponds roughly to life insurance company experience during the early 1930's. Incidence rates assumed for women are 100% higher than for men. Termination rates are Class 3 rates (relatively high--to be consistent with the high incidence rates assumed).

For the low-cost estimates, disability incidence rates for men have been taken at 25% of those used in the high-cost estimates, or in other words, about 45% of the Class 3 rates. Incidence rates assumed for women are 50% higher than for men. Termination rates are based on German social security experience for 1924-27, which is the best available experience as to relatively low disability termination rates, which are to be anticipated in conjunction with low incidence rates.

The incidence rates actually used for both estimates are 10% below the above rates because, unlike the general definition in insurance company policies, disability is not presumed to be total and of expected long-continued duration after 6 months' duration, but rather permanence must be proved at that time.

It will be noted that the low-cost estimate includes low incidence rates (which, taken by themselves, produce low costs) and also low termination rates (which, taken by themselves, produce higher costs, but which are considered to be necessary since with low incidence rates there would tend to be low termination rates because there would be few recoveries). On the other hand, the high-cost estimate contains high incidence rates that are somewhat offset by high termination rates.

It is believed that these cost estimates for the monthly disability benefits are as good an indication of such costs as

is now possible. Nevertheless, it is recognized that in a new field such as this, more valid estimates are possible only after operating experience has developed from the program being in effect for several years. Disability incidence and termination rates can vary widely--much more so than the mortality rates which underlie retirement and survivor benefit cost calculations.

The present cost estimates make allowance for the savings due to offset of workmen's compensation benefits and other Federal disability benefits (other than veterans' service-connected benefits) against the social security disability benefits. This is a significant factor in the next 30 years (but less so thereafter when veterans' non-service-connected disability benefits will cease to be of importance for persons under age 65).

C. Results of Cost Estimates under Level Earnings Assumption

Table 9 shows the estimated aged monthly beneficiaries (including females 62-64 in 1956 and after) in current payment status and also the actual data for 1950-54 (without any allowance for the effect of the railroad retirement "coverage"--see page 2). During the next 40 years such beneficiaries are shown to increase from the present level of more than 9 million to a range of from 26 to 34 million. At that time, male old-age beneficiaries (retired workers) are shown to make up about 35-40% of the total, female old-age beneficiaries about 35%, wife beneficiaries not eligible for old-age benefits about 10%, widow beneficiaries not eligible for old-age benefits about 10-15%, and parent beneficiaries less than .1%. The percentage of female old-age beneficiaries increases from 22% in 1957 to over 40% in 2050.

In Tables 9-12 projected numbers of beneficiaries in current payment status are based on the assumption that in the future all claims for benefits will be filed and adjudicated promptly. Currently, the benefit payments in each month include substantial amounts of retroactive payments to beneficiaries to whom awards were made subsequent to the month of entitlement to benefits. Thus, current data as to the number of beneficiaries in current payment status in a given month understate the number of persons who will eventually receive benefits for that month. In this respect Tables 9-12 differ from Tables 7 and 8, in which projected numbers of beneficiaries have not been adjusted to allow for prompt filing and adjudication of claims.

Table 10 relates the estimated total aged monthly beneficiaries as shown in Table 9 to the total aged population by sex. Whereas at the present time 59% of all aged men and 46% of all aged women are actually drawing benefits, eventually this proportion is shown to range from 75 to 90% for men and 85 to 90% for women. The proportion is higher for men than for women now, and lower ultimately, for the following reasons:

(a) Since many women do not work during the entire period from the younger ages to retirement age, but rather often only at the younger ages, currently relatively fewer women qualify on the basis of their own earnings.

(b) Currently many widows are not receiving benefits because their husbands died some years ago before the OASI system was inaugurated (or before some types of employment were covered).

(c) In the ultimate condition, the lower retirement rates of men workers as contrasted with female workers and widow beneficiaries will be controlling.

Table 11 shows for various future years the estimated monthly beneficiaries under retirement age in current payment status, as well as the actual data for 1950-57 (again, without allowance for the railroad retirement "coverage"). All categories show a decided increase in future years except mother and child survivor beneficiaries under the high-cost assumptions; these categories remain relatively level after 1960 due to the lower fertility and mortality assumptions, which mean fewer survivor children created. Table 11 also gives the estimated number of lump-sum death payments, which for both estimates increase steadily as the insured population grows and becomes older on the average.

Table 12 shows the estimated possible amount of overlapping for female beneficiaries as between old-age benefits and wife's or widow's benefits. In the early years there are not many cases of such overlapping since relatively few of the current married, older women worked sufficiently in covered employment to become insured for old-age benefits. However, in later years many aged married women will possess insured status for old-age benefits on account of employment at the younger ages, either before or shortly after marriage. Likewise, eventually many widows will qualify for old-age benefits by reason of employment while single or after the death of their husbands.

Ultimately about 25 to 35% of the female old-age beneficiaries (as in Table 9) are estimated to be also qualified for wife's benefits. However, since the wife's benefit is only 50% of the husband's old-age benefit, in only about $\frac{1}{3}$ of such cases is the wife's benefit estimated to be larger than her old-age benefit.

Ultimately about 40 to 45% of the female old-age beneficiaries are estimated as also qualified for widow's benefits. Since the widow's benefit is 75% of the husband's old-age benefit, a relatively large proportion of such women (somewhat more than $\frac{1}{2}$) have a widow's benefit larger than their old-age benefit. It should be emphasized again that these figures are particularly subject to fluctuations and uncertainty.

Table 13 gives the estimated average annual benefits in current payment status for old-age beneficiaries and their dependents. Also shown are the average additional wife's benefits payable for those women who receive a full old-age benefit which is smaller than the full wife's benefit otherwise payable. The averages tend to be slightly higher under the low-cost assumptions than under the high-cost assumptions because the latter assume a greater proportion insured; thus spreading the total covered wages among more persons results in lower average benefits. The average old-age benefits for males gradually rise as the effect of lower earnings levels prior to 1956 diminishes. Average old-age benefits for females decrease slowly, because of an increasing proportion of females of retirement age who are insured by virtue of having had 40 quarters of coverage at some time in the past,

but have been out of the labor force for long periods, and the increasing proportion of women who retired under age 65 with reduced benefits. After 1980 the average wife's benefit declines somewhat due to an increased proportion of wives claiming actuarially reduced benefits at ages between 62 and 65. Before 1980 this is more than offset by the gradual increase in average earnings on which benefits are computed.

Table 14 shows estimated average survivor and disability benefits and lump-sum death payments. As in the case of the average old-age and supplementary benefits in Table 13, the average benefits are somewhat higher under the low-cost assumptions. The gradual slow decrease in the size of the average lump-sum payments is due to an increasing proportion of females in lump-sum awards. For the first few decades, average disability benefits also decline somewhat for a similar reason, and because of the fact that an increasing percentage of benefits are partially offset by payments from the Veterans Administration.

Table 15 summarizes the estimated benefit payments, along with the actual data for the years 1950-57. The benefit payments increase from the level of about $7½ billion in 1957 to $25 to $31 billion in the year 2000. Old-age benefits constitute from 65 to 70% of the total benefit payments in the year 2000, and together with the other benefits for those who have reached retirement age, make up all but about 10% of the total. In the actual 1957 data old-age benefits were 66%, other benefits for the aged were 19%, and younger survivor, disability, and lump-sum death benefits were 15%.

In addition to the figures for the low-cost and high-cost estimates, there have been developed intermediate cost estimates which are merely the average of the low-cost and high-cost estimates and are not intended to represent "most probable" figures. Rather, they have been set down as a convenient and readily available single set of figures to be used for comparative purposes.

Furthermore, since the Congress has adopted the principle of establishing in the law a contribution schedule designed to make the system self-supporting, it was necessary at the time the legislation was enacted to select a single set of estimates as the basis for the contribution schedule. The intermediate estimate was used for this purpose. Quite obviously any specific schedule may require modification in the light of experience, but the establishment of the schedule in the law does make clear the congressional intent that the system be self-supporting. Further, exact self-support cannot be obtained from a specific set of integral or rounded fractional rates, but rather this principle of self-support has been aimed at as closely as possible by the Congress in 1950 and subsequently when developing the tax schedule in the law.

The low-cost and high-cost estimates result from two carefully considered series of assumptions. The intermediate-cost estimate represents an average of the low-cost and high-cost estimates of beneficiaries, benefit disbursements, and total taxable payroll. The corresponding estimates of benefits relative to payroll are developed from these dollar figures.

The chart presents graphically the trend of the actual and estimated benefit costs relative to payroll from 1937 on, along with the contribution rates specified in the law. Under the low-cost example, benefit costs are somewhat below contributions for almost the entire period up to 2033. On the other hand, under the high-cost example, the benefit cost exceeds the contribution rate at intervals during the next 25 years and continuously thereafter.

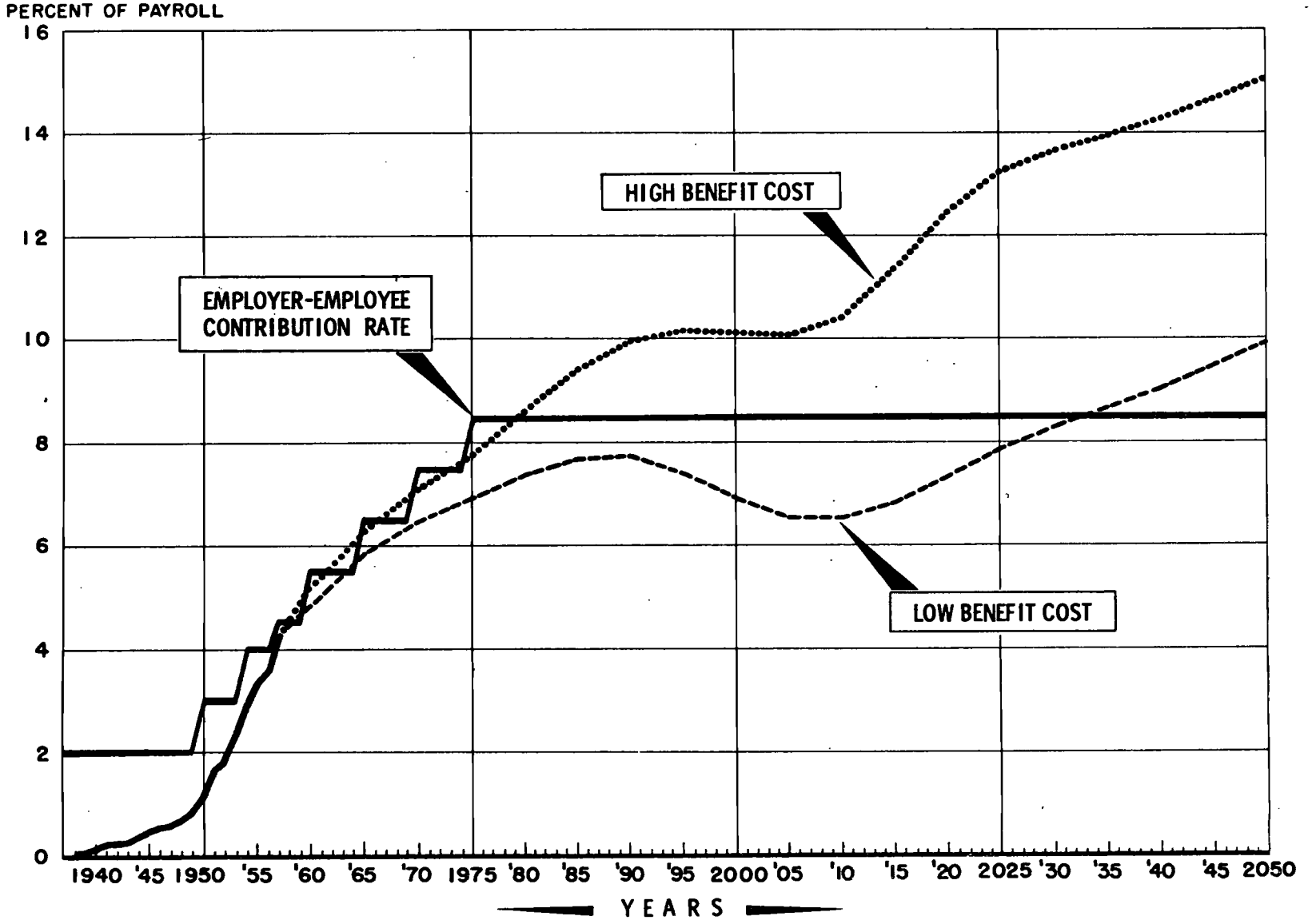
Table 16 relates the estimated benefits to taxable payroll by type of benefit. The total cost for the ultimate condition ranges from 9.9 to 15.0% of payroll.

Another concept of long-range cost is the level-premium contribution rate required to support the system into perpetuity based on discounting at interest and assuming that benefit payments and taxable payrolls remain level after the year 2050. If such a level rate were adopted, relatively large accumulations in the trust fund would result, and in consequence also sizable eventual income from interest. Even though such a method of financing is not followed, this concept may nevertheless be used as a convenient measure of long-range costs. This cost concept takes into account the heavy deferred load; on the other hand, some may consider it unrealistic because it deals with periods beyond the year 2050, and also because it is dubious to assume a leveling off or stabilization at any time.

Tables 17 and 17a (for the OASI and Disability Insurance systems, respectively) deal with level-premium costs of the benefits in perpetuity by further taking into account administrative expenses and the accumulated fund on hand at the end of 1957. The resulting "net cost" level-premium would, if actual experience is the same as the particular estimate, be the level contribution rate payable by the employer and employee combined (with the self-employed paying only $\frac{3}{4}$ of this rate), which if in effect hereafter would result in an exactly self-supporting system; then funds accumulating at interest would supply income eventually sufficient to offset the excess of benefit payments over contributions. The resulting figures are shown for three interest rates--2.6% (the rate used in the cost estimates made for the 1956 Amendments when they were being considered by the Congress and about the average yield of the investments of the OASI Trust Fund as of December 31, 1957), 3% (close to the open-market yield-rate on long-term Government bonds as of December 31, 1957), and $3\frac{1}{2}$%.

OASDI BENEFIT COSTS AS PERCENT OF PAYROLL

HIGH-EMPLOYMENT ASSUMPTIONS



At 3% interest the net cost level-premium for the OASI system ranges from 7.0 to 9.0% of payroll. In other words, for the present system a level employer-employee contribution rate (self-employed paying $\frac{3}{4}$) of as little as 7% might be sufficient or, on the other hand, a rate of 9% might be necessary under adverse circumstances. Using a higher interest rate naturally results in somewhat lower costs and vice versa. A differential of $\frac{1}{2}$% in the interest rate has a net effect on the level-premium of about .4% of payroll.

Table 17 also shows the level-premium equivalents of the present contributions to the OASI system based on the graded schedule in the 1956 Act. These figures are on a comparable basis with the net cost level-premium figures for benefits and show the relative suffciency (or insufficiency) of the contribution schedule. The 2.6% interest figures in Table 17 are not entirely comparable with the corresponding figures in the cost estimates made at the time the 1956 legislation was enacted because the latter were as of the end of 1955, and these are as of the end of 1957 (and thus are slightly higher as to both benefit costs and contributions). However, the increase in the "insufficiency" on the intermediate-cost basis from .2% to almost .8% is due primarily to the use of revised assumptions rather than to the change in the date of computation.

Table 17a presents similar data for the Disability Insurance system. Here the effect of the interest rate assumed is slight, and there is an actuarial sufficiency of about .15% of payroll on all three interest bases under the intermediate-cost estimates.

Table 18 presents the estimated progress of the OASI Trust Fund at 3% interest under the contribution schedule in the 1956 Act. The contribution income figures shown in this table represent the payments which will actually be made directly to the Trust Fund by contributors. They also include reimbursements to the Trust Fund by the Federal Treasury for the cost of the "free" wage credits allowed for military service between September 15, 1940 and December 31, 1956, as provided by Public Law No. 84-881. Similarly, the benefit disbursement figures shown reflect only the payments which will actually be made from the Trust Fund to individual beneficiaries. The effect (positive or negative) of the Railroad Retirement financial interchange provisions is shown separately. Thus, the figures for benefit payments are not comparable with those given in Table 15, which are based on the assumption that all railroad employment will be (and, beginning with 1937, has been) covered employment.

Under the low-cost estimate, the Trust Fund continues to grow in the future, reaching $159 billion in the year 2000. However, under the other estimates the Fund grows for a time and then declines until it is eventually exhausted. Under the high-cost estimate the Fund reaches

a peak in 1980 of $29 billion and is exhausted in 1992. Under the intermediate-cost assumptions the Fund reaches $50 billion in 1985, remains at about this level for the next 15 years, then rises to a peak of $84 billion in 2016 and finally declines to exhaustion in 2032. The actuarial balance shown in Table 17 is positive only for the low-cost assumption. Thus, it would be anticipated that the Trust Fund would continue to grow only under this assumption and would be ultimately exhausted under the other assumptions.

Table 18a gives projected figures on the same assumptions at 2.6% interest and at 3.5% interest.

Table 19 shows the progress of the Disability Insurance Trust Fund at 3% interest. This Fund continues to grow indefinitely under all three cost assumptions, although of course more slowly under the high-cost assumption. This is to be expected, since Table 17a showed that the Disability Insurance system, even under the high-cost assumptions has a small positive actuarial balance. Of course, if actual operating experience were only a little less favorable than under the high-cost assumptions, the Fund would rise to a peak and eventually become exhausted.

Table 20 shows the progress of the OASI Trust Fund, based on 3% interest, under the intermediate-cost assumptions for a contribution schedule the same as in the 1956 Act except that the ultimate rate (1975 and after) is such that the system is exactly self-supporting (under these cost assumptions). Such ultimate combined employer-employee rate is 8.79% (vs. the 8% actually in the 1956 Act).

D. Accrued Liability as of January 1, 1958

Estimates have been made of the accrued liability of the OASDI system under two different concepts of that term. In each case the present value of the contributions to be paid by the present adult population is subtracted from the present value of benefits to be paid on the basis of the earnings records of this population and of persons who died before 1958, including applicable administrative expenses. Under the "deficit for present members" concept the contributions are computed at the actual rates in the present law. Under the "entry-age normal cost" method they are computed at the normal cost rate, which is the level rate that would have to be paid by persons who become adults after the valuation date in order to exactly pay for their benefits. The "unfunded accrued liability" is obtained in either case by subtracting the existing fund of $23 billion.

The estimates have been obtained by making separate cost estimates for present members (workers aged 20 and over at the beginning of 1958) and new entrants (workers who attain age 20 in 1958 and later). The results are shown for the intermediate-cost estimate at 3% interest in Table 21. The level-premium cost, after allowing for the existing fund, is 16.10% for present members as compared with 4.93% for new entrants (the latter figure is the normal cost). The sum of the present value of the contributions to be paid under the present schedule by present members and the existing fund is $269 billion less than the present value of benefits to be paid to them and their dependents and survivors; this is the unfunded accrued liability under the "deficit for present members" concept. On the other hand, there is a "surplus" of $228 billion for new entrants.

Under the "entry-age normal cost" concept, the unfunded accrued liability is $321 billion. It is greater than under the "deficit for present members" concept because the normal cost of 4.93% is less than the level-premium equivalent of 6.74% to be actually paid by present members. The $321 billion unfunded accrued liability is equivalent to a level contribution rate payable both by present members and new entrants of 3.32%. Adding the normal cost of 4.93%, the net level-premium cost of 8.25% is obtained. Under the financing method of normal cost plus interest on unfunded accrued liability, which is sometimes used in private pension plans, the first-year cost to pay interest on the unfunded accrued liability would be about 5.13%, making a total cost of 10.06%; this would gradually decrease to 7.06% in 2050 and after since the cost of paying interest on the initial (and unchanging) unfunded accrued liability would stay the same in dollars and thus would be a decreasing percentage of the rising total payroll.

It should be noted, however, that the concept of unfunded accrued liability does not have the same significance for a social insurance system as it does for a private insurance system. In a private insurance program, the insurance company must have sufficient funds available so that if the business is terminated, the company will be in a position to pay off the accrued liabilities. However, this is not the basis of a national compulsory social insurance system. It can be presumed that under Government auspices such a system will continue, and the test of financial soundness is not a question of sufficient reserve funds to pay off all accrued liabilities, but rather the test is whether the proposed future income from taxes and investments plus the fund on hand will be sufficient to pay anticipated expenditures. Thus, it is quite proper to count on both receiving contributions from new entrants to the system in the future and paying benefits to this group. These additional assets and liabilities must be considered in determining the actuarial position of the system.

E. The Effect of an Increasing Earnings Assumption

A factor mentioned earlier, but not assumed in the actuarial projections, is the trend observed in the past, of an irregular but upward movement in earnings, both on a dollar basis and in the form of real wages. If this secular trend continues, then--other things being equal--the curves of benefits and contributions would both be more steeply ascending than shown. The upward trend in the contribution curves, however, would be far more accentuated than would be such trend in the benefit curves. The main reasons are--

(1) The benefits are determined by the average monthly earnings up to the maximum of $350; 55% is applied to the first $110 thereof and 20% to that part above $110. As average earnings increase and as more persons approach or reach the $350 maximum, a larger portion of such earnings falls in that bracket of the benefit formula to which the 20% rather than the 55% rate applies. Thus benefits are smaller in relation to earnings, and consequently in relation to contributions.

(2) Any year's contributions are substantially based on the covered earnings of that year, while any year's benefits in force are based on weighted composite earnings of all previous years in which the insured persons on whose account the benefits are paid worked in covered employment, thus including--in far distant future years--earnings of as much as 80 years previous.

The assumption of steadily rising earnings in conjunction with an unamended benefit formula would have an important bearing in considering the long-range cost of the program. With such an assumption, the future rise in earnings would seem to offer significant financial help in the financing of benefits because contributions at a fixed percentage rate would increase steadily relative to benefit disbursements; but the benefits paid to beneficiaries would steadily diminish in relation to current earnings levels. In such a case, offsetting this apparent savings in cost, it is likely that from the long-range point of view the present benefit formula would not be maintained. Rather, revisions would probably be made by the Congress (perhaps with some delay) which would make average benefits as adequate relative to the then-existing earnings level as average benefits under the present formula are in relation to the level prevailing when the 1954 Amendments were enacted.

In revising the benefit schedule to conform with the altered earnings level, the changed cost and contribution picture would have to be considered. This is especially true as to changes resulting from the fact that benefits would be based on earnings prevailing at the time of such change and thereafter, while the accumulated

Trust Fund at that time would have developed from contributions on the lower earnings prevailing during the past. The fund thus would not play as important a role in financing the program as would have been the case if the earnings level had not changed. Accordingly, because of the diminution of the value of the existing fund toward financing of the program, the level-premium cost of the program would be increased if the benefit level were adjusted in exact proportion with the increase in the earnings level. For small rates of increase in the earnings level, the increase in cost may be partially counterbalanced by the time lag which would undoubtedly occur between the rise in earnings level and the amendment of the benefit provisions. However, for large rates of increase in earnings levels (i.e., for rates equal to or in excess of the assumed valuation interest rate), the level-premium cost would be the ultimate cost, since the fund would ultimately not play any role in the financing of the benefits.

In addition to excluding the assumption of increasing earnings in the future, the detailed cost estimates given have avoided dealing with various other important secular trends. These have diverse effects on costs which cannot now be adequately extrapolated into the future. One illustration is the lengthening of the period of childhood or preparation for work. Another possibility is a drastic change in the average age of retirement, either to a considerably lower effective age so that practically all persons would retire at the minimum age of 65 for men and 62 for women, or conversely to a higher effective age under circumstances of greatly improved health conditions combined with good employment opportunities, such that few would retire before age 72.

F. Comparison with Previous Estimates

The cost estimates prepared from 1939 until 1953 had always contained the assumption that the system would mature in the year 2000 or, in other words, that benefit payments and contributions would be level thereafter. In the cost estimates of 1953, a different assumption was made by maturing any trends, such as mortality, in the year 2000 but going on with the estimates for another 50 years. In one sense, this seems necessary because the aged population itself cannot mature by the year 2000. The reason for this is that the number of births in the 1930's was very low as compared with subsequent and previous periods. As a result, a dip in the relative proportion of the aged occurs from 1995 to about 2010, which, in itself, would be reflected in OASI benefit costs for that period. Accordingly, the year 2000 is by no means a typical "ultimate year."

Table 22 compares benefit costs related to payroll for various years for all the major long-range cost estimates that have been made for the program, beginning with the 1935 Act and for each of the major Amendments. No figures are shown after 1980 for the earliest estimates, and after 2000 for all but the most recent estimates. In those instances, the cost was assumed to level off after that point.

It is not appropriate to compare level-premium costs because of several factors, such as different interest rates, different assumptions as to when "maturity" would occur, and the different time elements involved. In regard to the latter point, the level-premium cost in a given estimate for a particular plan will shift over the course of time if a graded contribution schedule is involved. Thus, for instance, consider a plan beginning in 1937 and remaining unchanged thereafter, with the experience exactly following the cost assumptions originally used. Under such circumstances, if the level-premium cost were 5% at the inception of the plan, and if a graded contribution schedule beginning at 2% and running up to 6% over a period of years were established such as to be equivalent to the level rate of 5%, then the level-premium cost determined in later years would be higher than 5% because this amount had not been collected in the early years of operation. In fact, ultimately the level-premium cost would be 6% of payroll (by the time the contribution schedule reached 6%).

In 1960, the current estimates indicate a cost of roughly 5% of payroll. By coincidence this is within the range of the original cost estimates for the 1935 Act and well below the $5\frac{1}{2}$ to $6\frac{1}{2}$% range shown for the 1939 Amendments in the estimates made at the time of their enactment. Subsequent 1960 estimates made for the 1939 Act show lower costs than this, as do also the corresponding estimates for the 1950 and 1952 Amendments made at the time of their enactment.

As to ultimate costs, the estimates for the present Act indicate a range from about 10% for the low-cost estimate to 15% for the high-cost estimate. This is not far from the range shown in the original estimates for the 1935 Act, namely somewhat over 9% to somewhat over 13%. These ultimate costs for the present Act, according to the current estimates, are above the level of other cost estimates made at various times--but so too is the ultimate contribution rate.

Table 1

ACTUAL AND PROJECTED U. S. POPULATION[a], 1950-2050
(in millions)

Calendar Year	Aged 20-64			Aged 65 and Over			All Ages		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Actual Data[a]									
1950[b]	44.2	44.9	89.1	5.8	6.5	12.3	77.2	77.6	154.9
1955[c]	47.0	47.9	95.0	6.8	7.8	14.6	86.0	86.6	172.6
Projection for Low-Cost Assumptions									
1960	48.4	49.8	98.2	7.4	8.9	16.3	93	94	188
1970	55	56	111	9	11	20	108	110	218
1980	64	66	130	10	14	24	125	128	254
1990	75	75	150	12	17	28	145	148	293
2000	90	90	180	12	17	29	165	168	332
2025	122	122	244	19	26	45	209	213	422
2050	137	137	274	27	37	65	232	239	471
Projection for High-Cost Assumptions									
1960	48.5	49.8	98.3	7.5	9.0	16.4	91	93	184
1970	55	57	112	9	12	21	101	104	206
1980	63	64	127	11	15	26	113	116	230
1990	69	70	139	14	19	32	125	128	252
2000	78	77	155	15	20	35	135	137	272
2025	88	87	174	23	28	51	152	155	307
2050	88	87	176	27	32	59	156	158	314

a/ These data relate to the total United States and not merely to the continental United States. Figures for 1955 and after incorporate a correction for under-enumeration (see Actuarial Study No. 46).
b/ From 1950 Census (as of April 1).
c/ As of July 1, estimated.

Note: Figures are individually rounded, and in some instances do not add exactly to totals shown.

Table 2a

ASSUMED RATIOS OF PERSONS UNDER AGE 60 WITH EARNINGS CREDITS IN YEAR TO TOTAL POPULATION IN AGE GROUP[a/]

Age Group	Male			Female		
	1960	1980	2000	1960	1980	2000
15-19	67-69%	65-69%	65-69%	49%	49%	50%
20-24	90	90	90	59	59	60
25-29	94	94	94	44	44	45
30-34	94	94	94	42	42	43
35-39	94	94	94	44	45	45
40-44	92%	92%	92%	48%	50%	54%
45-49	91	91	91	49	51	56
50-54	87	87	87	46	48	53
55-59	81	81	81	36	37	40

a/ When two figures are shown, the larger figure was used in the low-cost assumptions and the smaller figure in the high-cost assumptions.

Table 2b

ASSUMED RATIOS OF PERSONS AGED 60 AND OVER WITH EARNINGS CREDITS IN YEAR TO TOTAL POPULATION IN AGE GROUP

Age Group	Male			Female		
	1960	1980	2000	1960	1980	2000
			Low-Cost Assumptions			
60-64	75%	76%	76%	28%	28%	29%
65-69	58	59	62	18	19	21
70-74	33	34	35	10	10	11
75 and over	12	13	13	3	3	3
			High-Cost Assumptions			
60-64	74%	74%	74%	27%	26%	26%
65-69	56	50	46	17	15	15
70-74	31	27	26	9	8	8
75 and over	11	10	10	3	3	3

Table 3

ASSUMED PERCENTAGE DISTRIBUTIONS OF PERSONS WITH COVERED EARNINGS IN YEAR BY 4-QUARTER WORKERS AND ALL OTHERS

Age Group	Male		Female	
	4-Quarter Workers	Other Workers	4-Quarter Workers	Other Workers
15-19	39%	61%	32%	68%
20-24	72	28	54	46
25-29	85	15	56	44
30-34	88	12	60	40
35-39	89	11	64	36
40-44	89	11	70	30
45-49	89	11	74	26
50-54	89	11	77	23
55-59	87	13	77	23
60-64	83	17	77	23
65-69	73	27	71	29
70-74	70	30	66	34
75 and Over	70	30	61	39

Table 4

ESTIMATED PERSONS WITH EARNINGS CREDITS, TOTAL CREDITED EARNINGS, AND AVERAGE CREDITABLE EARNINGS

Calendar Year	Persons with Earnings Credits in Year (in millions)			Total Credited Earnings in Year (in billions)	Average Credited Earnings
	Male	Female	Total		
			Actual Data[a/]		
1950	32.6	15.7	48.3	$85.4	$1769
1951	38.7	19.5	58.1	118.5	2039
1952	39.2	20.4	59.6	125.7	2109
1953	39.9	20.9	60.8	132.5	2178
1954	39.1	20.5	59.6	130.4	2187
1955	44.0	22.0	66.0	155.0	2360
1956	45.0	23.0	68.0	166.0	2400
			Low-Cost Assumptions		
1960	51.1	26.6	77.7	$196.5	$2529
1980	69.1	36.8	105.9	263.5	2489
2000	95.6	52.8	148.4	369.9	2493
2025	128.1	69.4	197.5	498.5	2524
2050	144.5	77.5	222.0	563.0	2536
			High-Cost Assumptions		
1960	50.8	26.6	77.4	$195.8	$2530
1980	65.7	34.5	100.2	252.6	2523
2000	80.4	43.8	124.2	314.1	2528
2025	90.8	48.2	139.0	353.9	2547
2050	92.0	48.3	140.3	357.9	2551

a/ Preliminary. Not adjusted to reflect effect of (1) provisions that coordinate the Old-Age, Survivors and Disability Insurance and Railroad Retirement programs and (2) earnings credits for military service.

Table 5

ASSUMED RATIOS OF INSURED[a/] PERSONS TO TOTAL POPULATION

Age Group	Male			Female			
	1960	1980	2000 and After	1960	1980	2000	2050
15-19	18-22%	18-22%	18-22%	11-12%	11-12%	11-13%	11-13%
20-24	81-85	81-85	81-85	56-57	56-58	56-59	56-59
25-29	88-92	88-92	88-92	51-55	50-54	51-55	51-55
30-34	92-95	92-95	92-95	51-55	48-53	49-54	49-54
35-39	92-95	92-95	92-95	53-57	46-52	47-53	47-53
40-44	92-95	92-95	92-95	52-56	47-53	47-54	47-54
45-49	90-93	92-96	92-96	50-54	48-55	50-57	51-59
50-54	87-90	92-96	92-96	45-49	49-56	52-60	55-63
55-59	83-86	92-96	92-96	40-44	49-56	53-61	58-67
60-64	79-81	92-95	92-96	35-39	47-54	53-61	60-69
65-69	83-88	90-94	92-97	30-34	43-50	53-62	60-70
70-74	87-90	87-91	92-97	25-28	39-45	51-60	60-70
75-79	79-82	83-87	92-97	20-23	37-43	49-57	60-70
80-84	62-65	81-83	92-96	12-15	35-39	47-54	60-70
85 and Over	37-40	80-84	87-91	7- 9	25-29	39-46	60-70

a/ Includes both those fully insured and those currently insured only. At older ages and in future years latter category is relatively negligible.

Note: In each case the smaller figure was used in the low-cost estimates and the larger figure in the high-cost estimates.

Table 6

ESTIMATED INSURED[a] POPULATION
(in millions)

Calendar Year	All Ages			Aged 65 and Over		
	Male	Female	Total	Male	Female	Total
	Actual Data (as of January 1)[b]					
1950	30.7	15.0	45.7	1.9	.3	2.2
1951	37.9	21.9	59.8	2.6	.6	3.2
1952	39.6	23.2	62.8	2.8	.7	3.5
1953	42.2	26.0	68.2	3.4	.9	4.3
1954	43.5	27.5	71.0	3.7	1.1	4.8
1955	43.7	27.0	70.7	4.0	1.2	5.2
1956	44.0	26.9	70.9	4.3	1.4	5.7
1957	45.4	27.1	72.5	5.1	1.6	6.7
	Low-Cost Assumptions					
1960	49.6	27.2	76.8	5.9	2.1	8.0
1980	68.3	39.0	107.3	8.8	5.4	14.2
2000	94.2	55.9	150.1	11.0	8.6	19.6
2025	130.0	80.4	210.4	17.4	15.1	32.5
2050	151.8	96.2	248.0	24.9	22.5	47.4
	High-Cost Assumptions					
1960	51.8	29.4	81.2	6.2	2.4	8.6
1980	71.0	42.7	113.7	10.1	6.7	16.8
2000	89.9	56.8	146.7	14.7	11.4	26.1
2025	107.0	71.3	178.3	22.5	19.0	41.5
2050	111.2	75.4	186.6	25.8	22.7	48.5

a/ Includes both fully insured and currently insured only. In future years relatively few of those aged 65 and over will be currently insured only.

b/ Not adjusted to reflect effect of (1) provisions that coordinate Old-Age, Survivors, and Disability Insurance and Railroad Retirement programs and (2) earnings credits for military service.

Table 7

ESTIMATED OLD-AGE BENEFICIARIES IN CURRENT PAYMENT STATUS AS PERCENT OF AGED[a] INSURED POPULATION

Calendar Year	Male	Female	Total
		Actual Data[b]	
1950	59%	61%	59%
1951	57	55	56
1952	64	70	65
1953	60	64	61
1954	66	71	67
1955	71	78	72
1956	76	86	79
1957	70	87	74
		Low-Cost Assumptions	
1960	78%	74%	77%
1980	80	85	82
2000	83	89	86
2050	81	90	86
		High-Cost Assumptions	
1960	80%	78%	79%
1980	84	88	86
2000	89	93	91
2050	89	94	91

a/ In this table, this implies persons aged 65 and over for actual data, and men aged 65 and over and women aged 62 and over for projected data.

b/ At beginning of year, excluding effect of railroad coverage under financial interchange provisions.

Table 8

ESTIMATED OLD-AGE BENEFICIARIES IN CURRENT PAYMENT STATUS AS PERCENT OF INSURED POPULATION, BY AGE AND SEX

Calendar Year	Aged 62-64	Aged 65-69		Aged 70-71		Aged 72 and Over	
	Female	Male	Female	Male	Female	Male	Female
			Actual Data[a]				
1956	-	59%	80%	74%	84%	97%	98%
			Low-Cost Estimates				
1960	35%	56%	81%	74%	83%	99%	100%
1980	53	58	86	73	90	99	100
2000	57	57	87	74	91	99	100
2050	62	57	89	74	93	99	100
			High-Cost Estimates				
1960	42%	59%	84%	76%	87%	100%	100%
1980	61	66	90	79	92	100	100
2000	67	70	92	80	94	100	100
2050	71	70	93	80	95	100	100

a/ At beginning of year, excluding effect of railroad coverage under financial interchange provisions.

Table 9

ESTIMATED AGED[a] MONTHLY BENEFICIARIES IN CURRENT PAYMENT STATUS[b]
(in thousands)

Calendar Year	Old-Age[c]		Wife's[d]	Survivors		Total Aged
	Male	Female		Widow's[e]	Parent's	
			Actual Data[f] (as of December)			
1950	1,469	302	499	314	15	2,584
1951	1,819	459	618	384	19	3,273
1952	2,052	592	690	434	21	3,789
1953	2,438	784	823	511	22	4,578
1954	2,803	972	932	595	24	5,326
1955	3,252	1,222	1,084	701	25	6,284
1956	3,572	1,540	1,316	913	27	7,368
1957	4,198	1,999	1,703	1,095	29	9,024
			Low-Cost Assumptions			
1960	4,830	2,205	1,931	1,397	31	10,394
1970	5,824	3,888	2,223	2,618	26	14,579
1980	7,322	5,990	2,608	3,421	23	19,364
2000	9,456	9,295	2,849	4,287	17	25,904
2050	20,968	24,726	5,211	8,554	25	59,484
			High-Cost Assumptions			
1960	5,205	2,619	2,053	1,323	30	11,230
1970	6,565	4,758	2,466	2,392	25	16,206
1980	8,897	7,636	3,091	2,896	21	22,541
2000	13,529	12,591	3,696	3,684	12	33,512
2050	23,756	25,097	4,290	4,937	12	58,092

a/ Before 1956 this implies persons aged 65 and over; in 1956 and after, men aged 65 and over and women aged 62 and over.

b/ For projected data, this corresponds to average monthly number in current payment status, assuming prompt filing of claims.

c/ I.e., retired workers. Persons qualified both for old-age benefits and for other benefits are shown only as old-age beneficiaries, except in 1950 and 1951.

d/ Including husband's benefits.

e/ Including widower's benefits.

f/ Excluding effect of railroad coverage under financial interchange provisions. Wife's, widow's and parent's figures for 1950 and 1951 include persons also receiving old-age benefits.

Table 10

ESTIMATED AGED[a] BENEFICIARIES IN CURRENT PAYMENT STATUS AS PERCENT OF TOTAL AGED POPULATION

Calendar Year	Male	Female	Total
	Actual Data[b] (as of December)		
1950	24%	16%	20%
1951	29	21	25
1952	32	24	28
1953	37	29	33
1954	42	33	37
1955	48	38	43
1956	51	37	43
1957	59	46	51
	Low-Cost Assumptions		
1960	65%	50%	56%
1970	68	63	64
1980	72	70	70
2000	79	80	80
2050	77	85	83
	High-Cost Assumptions		
1960	70%	54%	60%
1970	74	67	69
1980	79	74	76
2000	89	86	87
2050	89	91	90

a/ Before 1956 this implies persons aged 65 and over; in 1956 and after, men aged 65 and over and women aged 62 and over.

b/ Excluding effect of railroad coverage under financial interchange provisions.

Table 11

ESTIMATED MONTHLY BENEFICIARIES UNDER RETIREMENT AGE IN CURRENT PAYMENT STATUS[a/] AND LUMP-SUM DEATH PAYMENTS IN YEAR
(in thousands)

Calendar Year	Supplementary Benefits[b/]		Survivor Benefits		Disability Benefits[d/]	Lump-sum Payments[e/]
	Wife's[c/]	Child's	Mother's	Child's		
			Actual Data[f/]			
1950	9	46	169	653	--	200
1951	29	68	204	778	--	414
1952	34	75	229	864	--	438
1953	41	90	254	963	--	512
1954	49	107	272	1,054	--	516
1955	57	122	292	1,154	--	567
1956	62	131	301	1,210	--	547
1957	81	180	328	1,322	150	689
			Low-Cost Assumptions			
1960	72	159	363	1,537	300	877
1970	79	176	425	1,901	563	1,110
1980	105	232	462	2,064	702	1,348
2000	118	265	544	2,429	866	1,870
2050	281	627	591	2,639	1,896	4,121
			High-Cost Assumptions			
1960	79	173	380	1,456	500	890
1970	92	204	406	1,488	1,130	1,066
1980	130	288	362	1,325	1,408	1,258
2000	171	384	328	1,201	1,753	1,822
2050	302	678	319	1,167	2,545	3,267

a/ For projected data, this corresponds to average monthly number in current payment status, assuming prompt filing of claims.
b/ Payable to dependents of old-age beneficiaries (retired workers).
c/ Wife is under age 65, with dependent child under 18 in her care.
d/ First payable in 1957. Includes women at ages 62-64.
e/ Number of decedents on whose account payments are made.
f/ For monthly benefits, as of December. Excluding effect of railroad coverage under financial interchange provisions.

Table 12

ESTIMATED FEMALE BENEFICIARIES QUALIFIED FOR BOTH OLD-AGE BENEFITS[a] AND WIFE'S OR WIDOW'S BENEFITS[b], IN CURRENT PAYMENT STATUS[c]
(in thousands)

Calendar Year	Qualified for Old-Age and Wife's: Total Eligible	Qualified for Old-Age and Wife's: With Smaller Old-Age Benefit	Qualified for Old-Age and Widow's: Total Eligible	Qualified for Old-Age and Widow's: With Smaller Old-Age Benefit
		Low-Cost Assumptions		
1960	290	113	528	211
1980	889	257	2,580	1,496
2000	1,954	567	4,366	2,663
2050	6,815	1,977	11,215	6,841
		High-Cost Assumptions		
1960	347	135	618	247
1980	1,193	381	3,243	1,978
2000	3,205	1,025	5,397	3,562
2050	9,010	2,883	10,191	6,726

a/ I.e., retired workers.
b/ Number eligible for both old-age and parent's benefits is negligible.
c/ This corresponds to average monthly number in current payment status, assuming prompt filing of claims.

Table 13

ESTIMATED AVERAGE ANNUAL BENEFITS FOR OLD-AGE BENEFICIARIES AND THEIR DEPENDENTS IN CURRENT PAYMENT STATUS

Calendar Year	Old-Age[a]			Supplementary: Wife's[b]		Supplementary: Child's
	Male	Female	Total	With No Old-Age Benefit	With Smaller Old-Age Benefit	
	Actual Data[c] (as of December)					
1950	$548	$421	$526	$283[d]	[d]	$205
1951	533	396	506	273[d]	[d]	160
1952	626	470	591	312[d]	[d]	176
1953	654	488	613	331	$99	189
1954	760	565	710	391	107	222
1955	797	590	740	409	117	240
1956	819	604	754	419[f]	125	248
1957	[e]	[e]	[e]	412[f]	132	263
	Low-Cost Assumptions					
1960	$925	$634	$834	$456	$138	$321
1980	1,097	631	887	501	151	353
2000	1,106	613	862	489	148	351
2050	1,106	599	832	488	148	354
	High-Cost Assumptions					
1960	$912	$599	$808	$450	$158	$318
1980	1,079	588	852	494	174	347
2000	1,088	574	840	481	169	349
2050	1,088	562	818	478	169	350

a/ I.e., benefit for retired worker.
b/ Including husband's benefits.
c/ Excluding effect of railroad coverage under financial interchange provisions.
d/ Subdivision not available; figure shown is for all wife's and husband's benefits.
e/ Not available.
f/ Estimated.

Table 14

ESTIMATED AVERAGE ANNUAL SURVIVOR AND DISABILITY BENEFITS IN CURRENT PAYMENT STATUS AND LUMP-SUM DEATH PAYMENTS

Calendar Year	Widow's[a] With No Old-Age Benefit	Widow's[a] With Smaller Old-Age Benefit	Mother's	Child's	Parent's	Disability	Lump-Sum Death Payments[b]
			Actual Data[c] (as of December)				
1950	$438[d]	[d]	$411	$341	$440	--	$164
1951	432[d]	[d]	399	337	440	--	139
1952	488[d]	[d]	434	376	496	--	145
1953	509	$179	450	387	504	--	171
1954	581	195	534	444	569	--	179
1955	584	199	551	457	599	--	199
1956	602	206	568	472	609	--	200
1957	613	216	589	490	622	$873	201
			Low-Cost Assumptions				
1970	$786	$252	$737	$628	$786	$858	$219
1980	823	263	737	628	823	823	216
2000	830	266	737	628	830	904	210
2050	830	266	737	628	830	904	206
			High-Cost Assumptions				
1970	$774	$286	$725	$618	$774	$869	$213
1980	809	299	725	618	809	839	207
2000	816	302	725	618	816	884	201
2050	816	302	725	618	816	884	196

a/ Including widower's benefits.
b/ Based on number of decedents on whose account payments are made.
c/ Excluding effect of railroad coverage under financial interchange provisions.
d/ Subdivision not available; figure shown is for all widow's and widower's benefits.

Table 15

ESTIMATED BENEFIT PAYMENTS
(in millions)

Calendar Years	Monthly Benefits to the Aged				Monthly Benefits to Younger Persons			Lump Sum Death Payments	Total Benefits
	Old-Age[a]	Wife's[b]	Widow's[c]	Parent's	Child's	Mother's	Disability[d]		
Actual Data[e]									
1950	$557	$88	$89	$4	$142	$49	-	$33	$961
1951	1,135	175	156	9	271	82	-	57	1,885
1952	1,328	200	191	10	310	92	-	63	2,194
1953	1,884	275	248	12	385	114	-	88	3,006
1954	2,340	338	304	13	451	135	-	92	3,670
1955	3,253	466	396	16	561	163	-	113	4,968
1956	3,793	536	469	17	614	177	-	109	5,715
1957	4,888	756	653	19	694	198	$57	139	7,404
Low-Cost Assumptions									
1960	$5,865	$929	$1,014	$21	$850	$225	$265	$167	$9,336
1980	11,814	1,398	3,208	19	1,578	340	578	291	19,026
2000	16,161	1,534	4,266	14	1,618	401	783	393	25,170
2050	38,009	2,975	8,920	21	1,879	436	1,714	847	54,801
High-Cost Assumptions									
1960	$6,320	$980	$964	$20	$808	$234	$456	$165	$9,927
1980	14,094	1,656	2,934	17	919	262	1,181	261	21,324
2000	21,942	2,032	4,082	10	876	238	1,550	366	31,096
2050	39,940	2,684	6,060	10	958	251	2,250	639	52,772
Intermediate-Cost Assumptions									
1960	$6,092	$954	$989	$20	$829	$230	$350	$166	$9,630
1980	12,954	1,527	3,071	18	1,148	301	880	276	20,175
2000	19,052	1,785	4,174	12	1,247	320	1,166	380	28,134
2050	38,975	2,830	7,490	16	1,418	334	1,982	743	53,788

a/ I.e., for retired workers.
b/ Including husband's and young wife's benefits.
c/ Including widower's benefits.
d/ First payable in 1957.
e/ Excluding effect of railroad coverage under financial interchange provisions.

Note: Where persons are qualified both for old-age benefits and for other benefits, the full old-age benefit is assumed to be paid, with supplementary payment of the excess of the other benefit if larger, except that in 1955-57 some of such supplementary payments are included with old-age benefits.

Table 16

ESTIMATED BENEFIT PAYMENTS AS PERCENT OF TAXABLE PAYROLL[a/]

Calendar Year	Monthly Benefits to the Aged				Monthly Benefits to Younger Persons			Lump-Sum Death Payments	Total Benefits
	Old-Age	Wife's	Widow's	Parent's	Child's	Mother's	Disability		
Actual Data[c/]									
1950	.65%	.10%	.10%	.01%	.16%	.06%	--	.04%	1.10%
1951	.97	.15	.13	.01	.23	.07	--	.05	1.61
1952	1.06	.16	.15	.01	.25	.07	--	.06	1.76
1953	1.43	.21	.19	.01	.29	.09	--	.07	2.28
1954	1.81	.26	.23	.01	.35	.10	--	.07	2.84
1955	2.13	.31	.26	.01	.37	.11	--	.07	3.26
1956	2.31	.33	.29	.01	.37	.11	--	.07	3.49
1957	2.76	.43	.37	.01	.39	.11	.03%	.08	4.18
Low-Cost Assumptions									
1960	3.05%	.48%	.53%	.01%	.44%	.12%	.14%	.09%	4.86%
1970	3.89	.53	1.02	.01	.57	.14	.22	.11	6.49
1980	4.58	.54	1.24	.01	.53	.13	.22	.11	7.38
1990	4.93	.51	1.30	.01	.52	.13	.22	.11	7.71
2000	4.47	.42	1.18	*	.45	.11	.22	.11	6.96
2050	6.89	.54	1.62	*	.34	.08	.31	.15	9.93
Level-Premium[b/]									
2.6% interest	4.92	.48	1.21	.01	.44	.11	.24	.12	7.52
3% interest	4.76	.48	1.17	.01	.45	.11	.24	.12	7.33
3.5% interest	4.59	.48	1.13	.01	.46	.11	.23	.11	7.13
High-Cost Assumptions									
1960	3.30%	.51%	.50%	.01%	.42%	.12%	.23%	.09%	5.18%
1970	4.38	.58	.96	.01	.45	.13	.45	.10	7.07
1980	5.70	.67	1.19	.01	.37	.11	.48	.11	8.63
1990	6.91	.72	1.31	.01	.34	.09	.47	.11	9.95
2000	7.14	.76	1.33	*	.28	.08	.50	.12	10.11
2050	11.38	.75	1.73	*	.27	.07	.64	.18	15.03
Level-Premium[b/]									
2.6% interest	7.08	.65	1.24	.01	.34	.09	.50	.13	10.03
3% interest	6.72	.64	1.20	.01	.35	.10	.49	.12	9.62
3.5% interest	6.34	.63	1.15	.01	.36	.10	.47	.12	9.17
Intermediate-Cost Assumptions									
1960	3.17%	.50%	.52%	.01%	.43%	.12%	.18%	.09%	5.01%
1970	4.14	.56	.99	.01	.51	.14	.33	.11	6.78
1980	5.13	.60	1.22	.01	.45	.12	.35	.11	7.99
1990	5.87	.61	1.30	.01	.43	.11	.34	.11	8.78
2000	5.69	.53	1.25	*	.37	.10	.35	.11	8.41
2050	8.63	.63	1.66	*	.31	.07	.44	.16	11.92
Level-Premium[b/]									
2.6% interest	5.90	.56	1.22	.01	.40	.10	.36	.12	8.66
3% interest	5.66	.55	1.18	.01	.41	.10	.35	.12	8.38
3.5% interest	5.40	.55	1.14	.01	.41	.11	.34	.12	8.08

* Less than .005%.

a/ Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

b/ Level-premium contribution rate for benefit payments after 1957 and in perpetuity, not taking into account accumulated funds through 1957 or administrative expenses (see Table 17). These level-premium rates assume benefits and payrolls remain level after the year 2050.

c/ Excluding effect of railroad coverage under financial interchange provisions.

Table 17

ANALYSIS OF ESTIMATED LEVEL-PREMIUM COST (AS OF JANUARY 1, 1958) OF OLD-AGE AND SURVIVORS INSURANCE SYSTEM AS PERCENT OF PAYROLL[a]

Level-Premium Equivalent of	Estimate		
	Low-Cost	High-Cost	Intermediate-Cost
Interest at 2.6%			
Benefit Payments	7.28%	9.53%	8.30%
Administrative Expenses	.09	.12	.10
Interest on 1957 Trust Fund[b]	.18	.21	.19
Net Cost[c]	7.19	9.44	8.21
Contributions[d]	7.48	7.37	7.43
Actuarial Balance[e]	.29	-2.07	-.78
Interest at 3%			
Benefit Payments	7.09%	9.13%	8.03%
Administrative Expenses	.09	.11	.10
Interest on 1957 Trust Fund[b]	.21	.25	.23
Net Cost[c]	6.97	8.99	7.90
Contributions[d]	7.38	7.28	7.33
Actuarial Balance[e]	.41	-1.71	-.57
Interest at 3.5%			
Benefit Payments	6.90%	8.70%	7.74%
Administrative Expenses	.09	.11	.10
Interest on 1957 Trust Fund[b]	.26	.30	.28
Net Cost[c]	6.73	8.51	7.56
Contributions[d]	7.26	7.16	7.21
Actuarial Balance[e]	.53	-1.35	-.35

a/ Effective taxable payroll (adjusted to take into account that the self-employed pay $\frac{3}{4}$ of the combined employer-employee tax rate).

b/ Interest on Trust Fund existing at end of 1957 as earned in future years (in percent of effective taxable payroll).

c/ Level-premium equivalent of benefit payments plus administrative expenses less interest on existing Fund at end of 1957.

d/ Level-premium contribution rate for employer and employee combined equivalent to the graded rates in the 1956 Act (assuming that the self-employed pay $\frac{3}{4}$ as much).

e/ A negative figure indicates the extent of lack of actuarial sufficiency.

Table 17a

ANALYSIS OF ESTIMATED LEVEL-PREMIUM COST (AS OF JANUARY 1, 1958) OF DISABILITY INSURANCE SYSTEM AS PERCENT OF PAYROLL[a]

Level-Premium Equivalent of	Estimate: Low-Cost	High-Cost	Intermediate-Cost
Interest at 2.6%			
Benefit Payments	.24%	.50%	.36%
Administrative Expenses	.01	.01	.01
Interest on 1957 Fund[b]	.01	.01	.01
Net Cost[c]	.24	.50	.36
Contributions[d]	.50	.50	.50
Actuarial Balance	.26	.00	.14
Interest at 3%			
Benefit Payments	.24%	.49%	.35%
Administrative Expenses	.01	.01	.01
Interest on 1957 Fund[b]	.01	.01	.01
Net Cost[c]	.24	.49	.35
Contributions[d]	.50	.50	.50
Actuarial Balance	.26	.01	.15
Interest at 3.5%			
Benefit Payments	.23%	.47%	.34%
Administrative Expenses	.01	.01	.01
Interest on 1957 Fund[b]	.01	.01	.01
Net Cost[c]	.23	.47	.34
Contributions[d]	.50	.50	.50
Actuarial Balance	.27	.03	.16

a/ Effective taxable payroll (adjusted to take into account that the self-employed pay $\frac{3}{4}$ of the combined employer-employee tax rate).

b/ Interest on Trust Fund existing at end of 1957 as earned in future years (in percent of effective taxable payroll).

c/ Level-premium equivalent of benefit payments plus administrative expenses less interest on existing Fund at end of 1957.

d/ Level-premium contribution rate for employer and employee combined equivalent to the graded rates in the 1956 Act (assuming that the self-employed pay $\frac{3}{4}$ as much).

Table 18

ESTIMATED PROGRESS OF OASI TRUST FUND UNDER CONTRIBUTION SCHEDULE IN 1956 ACT[a], 3% INTEREST
(in millions)

Calendar Year	Contributions	Benefit Payments	Administrative Expenses	Railroad Retirement Financial Interchange[b]	Net Income	Interest on Fund[c]	Fund at End of Year
				Actual Data			
1949	$1,670	$667	$54	--	$949	$146	$11,816
1950	2,671	961	61	--	1,649	257	13,721
1951	3,367	1,885	81	--	1,401	417	15,540
1952	3,819	2,194	88	--	1,537	365	17,442
1953	3,945	3,006	88	--	851	414	18,707
1954	5,163	3,670	92	--	1,401	468	20,576
1955	5,713	4,968	119	--	626	461	21,663
1956	6,172	5,715	132	--	325	531	22,519
1957	6,826	7,347	162	--	-683	557	22,393
				Low-Cost Assumptions			
1965	$11,744	$11,089	$167	-$154	$334	$701	$24,226
1970	14,755	13,391	186	- 110	1,068	830	29,037
1980	20,220	18,076	228	+ 28	1,944	1,693	59,085
1990	23,801	22,394	273	+ 127	1,261	2,778	90,020
2000	28,534	24,178	310	+ 191	4,237	4,575	139,186
2025	38,650	36,862	441	+ 191	1,538	15,477	532,158
2050	43,741	52,878	562	+ 191	-9,508	29,416	995,910
				High-Cost Assumptions			
1965	$11,683	$11,597	$195	-$182	-$291	$590	$20,108
1970	14,674	14,065	216	- 148	245	587	20,282
1980	19,382	19,723	263	- 20	- 624	847	28,776
1990	21,577	25,731	315	+ 79	-4,390	279	7,386
2000	24,198	29,291	354	+ 145	-5,302	(Fund exhausted in 1992)	
				Intermediate-Cost Assumptions			
1965	$11,714	$11,342	$181	-$168	$23	$646	$22,167
1970	14,714	13,729	201	- 129	655	708	24,660
1975	18,151	16,143	222	- 66	1,720	908	32,048
1980	19,801	18,899	246	+ 4	660	1,270	43,930
1990	22,689	24,062	294	+ 103	-1,564	1,528	51,703
2000	26,366	26,736	332	+ 168	-534	1,605	54,835
2015	30,964	32,484	394	+ 168	-1,746	2,458	83,529
2025	33,002	40,193	453	+ 168	-7,476	1,727	55,560
2050	35,710	51,574	536	+ 168	-16,232	(Fund exhausted in 2032).	

a/ Combined rate of 4% in 1957-59, 5% in 1960-64, 6% in 1965-69, 7% in 1970-74 and 8% thereafter.

b/ A positive figure indicates payment to the Trust Fund from the Railroad Retirement Account, and a negative figure indicates the reverse.

c/ In projected data, interest is taken at 3% (except 2.6% in 1958, 2.7% in 1959, 2.8% in 1960, and 2.9% in 1961) on fund at end of previous year plus 1/2 of the net income of the current year.

Table 18a

ESTIMATED PROGRESS OF OASI TRUST FUND UNDER CONTRIBUTION SCHEDULE IN 1956 ACT[a] AT 2.6% INTEREST AND AT 3.5% INTEREST
(in millions)

Calendar Year	Net Income[b]	At 2.6% Interest: Interest on Fund[c]	At 2.6% Interest: Fund at End of Year	At 3.5% Interest: Interest on Fund[d]	At 3.5% Interest: Fund at End of Year
		Low-Cost Assumptions			
1965	$334	$596	$23,694	$838	$24,946
1970	1,068	693	27,884	1,016	30,589
1980	1,944	1,388	55,762	2,120	63,650
1990	1,261	2,223	88,337	3,592	106,857
2000	4,237	3,591	143,834	6,066	181,506
2025	1,538	11,657	460,777	21,719	643,017
2050	-9,508	19,387	760,281	47,405	1,397,067
		High-Cost Assumptions			
1965	- $291	$501	$19,625	$709	$20,763
1970	245	486	19,315	726	21,592
1980	- 624	678	26,449	1,093	32,021
1990	-4,390	142	3,397	522	13,247
2000	-5,302	(Fund exhausted in 1991)		(Fund exhausted in 1993)	
		Intermediate-Cost Assumptions			
1965	$23	$548	$21,660	$774	$22,854
1970	655	590	23,600	871	26,090
1975	1,720	745	30,262	1,138	34,484
1980	660	1,033	41,106	1,606	47,836
1990	-1,564	1,182	45,867	2,057	60,052
2000	- 534	1,146	44,976	2,364	69,628
2015	-1,745	1,648	64,142	3,912	114,823
2025	-7,476	783	27,154	3,646	104,080
2050	-16,232	(Fund exhausted in 2029)		(Fund exhausted in 2039)	

a/ Combined rate of 4% in 1957-59, 5% in 1960-64, 6% in 1965-69, 7% in 1970-74 and 8% thereafter.

b/ For analysis of net income figures, see Table 18.

c/ Interest at 2.6% on fund at end of previous year plus ½ of the net income of the current year.

d/ Interest at 3.5% (except 2.6% in 1958, 2.9% in 1959, 3.1% in 1960, and 3.3% in 1961) on fund at end of previous year plus ½ of the net income of the current year.

Table 19

ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND UNDER 1956 ACT, 3% INTEREST
(in millions)

Calendar Year	Contributions[a]	Benefit Payments	Administrative Expenses	Railroad Retirement Financial Interchange[b]	Net Income	Interest on Fund[c]	Fund at End of Year
				Actual Data			
1957	$702	$57	$17	--	$628	$7	$635
				Low-Cost Assumptions			
1965	$1,003	$362	$22	-$15	$604	$187	$6,734
1970	1,080	445	23	- 13	599	313	11,044
1980	1,264	550	27	- 3	684	640	22,306
1990	1,488	640	30	+ 2	820	1,113	38,617
2000	1,783	765	36	+ 7	989	1,811	62,691
2025	2,416	1,303	53	+ 9	1,069	4,885	168,265
2050	2,734	1,698	63	+ 9	982	11,341	389,859
				High-Cost Assumptions			
1965	$997	$735	$28	-$18	$216	$134	$4,700
1970	1,074	941	30	- 16	87	179	6,205
1980	1,211	1,149	35	- 7	20	259	8,905
1990	1,349	1,266	38	- 2	43	352	12,123
2000	1,512	1,528	44	+ 3	-57	486	16,665
2025	1,710	2,046	52	+ 5	-383	642	21,858
2050	1,730	2,230	55	+ 5	-550	782	26,585
				Intermediate-Cost Assumptions			
1965	$1,000	$548	$25	-$17	$410	$160	$5,717
1970	1,077	692	27	- 15	343	246	8,624
1975	1,159	776	30	- 11	342	340	11,844
1980	1,237	850	30	- 5	352	450	15,606
1990	1,419	953	34	0	432	732	25,370
2000	1,647	1,146	40	+ 5	466	1,148	39,678
2025	2,063	1,674	53	+ 7	343	2,764	95,062
2050	2,232	1,964	59	+ 7	216	6,062	208,222

a/ At ¼% each from employer and employee and 3/8% from the self-employed.
b/ A positive figure indicates payment to the Trust Fund from the Railroad Retirement Account, and a negative figure indicates the reverse.
c/ In projected data, interest is taken at 3% (except 2.6% in 1958, 2.7% in 1959, 2.8% in 1960, and 2.9% in 1961) on fund at end of previous year plus ½ of the net income of the current year.

Table 20

ESTIMATED PROGRESS OF OASI TRUST FUND UNDER A THEORETICAL CONTRIBUTION SCHEDULE UNCHANGED FROM SCHEDULE IN 1956 ACT EXCEPT THAT ULTIMATE RATE IS SUCH THAT SYSTEM WILL BE IN BALANCE[a], INTERMEDIATE-COST ASSUMPTIONS, 3% INTEREST
(in millions)

Calendar Year	Contributions	Benefit Payments	Administrative Expenses	Railroad Retirement Financial Interchange[b]	Net Income	Interest on Fund[c]	Fund at End of Year
1965	$11,714	$11,342	$181	-$168	$23	$646	$22,167
1970	14,714	13,729	201	- 129	655	708	24,660
1980	21,765	18,899	246	+ 44	2,664	1,601	56,299
2000	28,981	26,736	332	+ 208	2,123	4,037	139,653
2050	39,253	51,574	536	+ 208	-12,649	12,649	427,873

a/ Combined rate of 8.79% in 1975 and thereafter.
b/ A positive figure indicates payment to the Trust Fund from the Railroad Retirement Account, and a negative figure indicates the reverse.
c/ Interest taken at 3% (except 2.6% in 1958, 2.7% in 1959, 2.8% in 1960, 2.9% in 1961).

Table 21

COST ANALYSIS OF OASDI SYSTEM FOR PRESENT MEMBERS AND NEW ENTRANTS, INTERMEDIATE-COST AT 3% INTEREST

Item	Amount (billions)	Equivalent Level Percent of Payroll
Present Value of Payrolls:		
Present Members	$2,876	
New Entrants	6,795	
Total	9,671	
Present Value of Benefits and Expenses:		
Present Members	486	16.90%
New Entrants	335	4.93
Total	821	8.49
Present Value of Benefits and Expenses Less Existing Fund:		
Present Members	463	16.10
New Entrants	335	4.93
Total	798	8.25
Present Value of Contributions:		
Present Members	194	6.74
New Entrants	563	8.30
Total	757	7.83
Surplus (+) or Deficit (-):		
Present Members	-269	-9.36
New Entrants	+228	+3.37
Total	- 41	- .42
"Entry-Age Normal Cost" Accrued Liability:		
Funded	23	.24
Unfunded	321	3.32
Total	344	3.56

Table 22

COMPARISON OF ESTIMATES OF LONG-RANGE COSTS AS PERCENT OF PAYROLL FOR VARIOUS ACTS

Act	Actuarial Study No.	Employment Assumption	Benefit Cost in Year 1955	1960	1970	1980	2000	2050
			Low-Cost Assumptions					
1935	12	a/	2.81%	4.18%	6.38%	9.35%		
1939	14	a/	4.46	5.36 c/	6.33 c/	7.22 c/		
1939	17	a/	2.58 c/	3.35	4.71	6.13	7.55%	
1939	19	a/	2.51	3.45	5.19	7.29	8.98	
1939	23	Low	2.54	3.20	4.14	5.13	5.87	
1939	23	High	1.36	1.81	2.63	3.41	4.28	
1950	b/	a/	2.21	2.83	4.00	4.93	5.80	
1952	b/	a/	2.14	2.87	4.03	4.93	5.77	
1952	36	Low	3.31	4.41	5.57	6.57	6.99	7.63%
1952	36	High	2.80	3.76	4.85	5.86	6.29	6.88
1954	39	High	2.78	4.04	5.57	6.79	7.24	7.89
1956	48	High	-	4.86	6.49	7.38	6.96	9.93
			High-Cost Assumptions					
1935	12	a/	3.46%	5.13%	8.41%	13.36%		
1939	14	a/	5.45	6.72 c/	8.54 c/	10.60 c/		
1939	17	a/	3.70 c/	4.75	6.77	9.55	12.66%	
1939	19	a/	2.14	3.00	4.68	6.94	10.64	
1939	23	Low	3.12	3.85	5.35	7.37	10.76	
1939	23	High	1.95	2.55	3.77	5.32	8.31	
1950	b/	a/	2.69	3.74	5.34	7.14	10.20	
1952	b/	a/	2.45	3.74	5.33	7.08	10.08	
1952	36	Low	3.76	4.97	6.27	7.58	9.33	12.07%
1952	36	High	3.29	4.44	5.66	6.95	8.42	10.93
1954	39	High	3.10	4.63	6.39	7.90	9.31	11.92
1956	48	High	-	5.18	7.07	8.63	10.11	15.03

a/ Only one employment assumption was made, and it was not characterized as to level of employment.
b/ Prepared at time of enactment.
c/ Not shown in Actuarial Study; taken from worksheets.

Actuarial Studies Available from the Division of the Actuary*

10. Various Methods of Financing Old-Age Pension Plans--September 1938.

14. An Analysis of the Benefits and Costs under Title II of the Social Security Act Amendments of 1939--December 1941.

16. Estimated Amount of Life Insurance Value in Force under Survivors Benefits of the Old-Age and Survivors Insurance System--January 1941.

17. New Cost Estimates for the OASI System, with the Assumption of a Static Future Wage Level--December 1942.

19. OASI 1943-44 Cost Studies--May 1944.

21. Analysis of Long-Range Cost Factors--September 1946.

22. Cost Study for Complete Coverage Program of Old-Age, Survivors, and Disability Insurance--August 1945.

23. Long-Range Cost Estimates for OASI, 1946--April 1947.

26. Present Values of OASI Benefits Awarded and in Current Payment Status, 1940-46--May 1948.

28. Long-Range Cost Estimates for Expanded Coverage and Liberalized Benefits Proposed to the OASI System by H.R. 2893--February 1949.

29. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI System--April 1949.

30. Analysis of the Benefits under Title II of the Social Security Act Amendments of 1950--February 1951.

31. Estimated Amount of Life Insurance in Force as Survivor Benefits under Social Security Act Amendments of 1950--September 1951.

32. Analysis of 346 Group Annuities Underwritten in 1946-50--October 1952.

33. Illustrative U.S. Population Projections, 1952--November 1952.

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* Numbers not listed are out of print.

34. Analysis of the Benefits under the OASI Program as Amended in 1952--December 1952.

35. Present Values of OASI Benefits in Current Payment Status 1940-52--May 1953.

36. Long-Range Cost Estimates for OASI 1953--June 1953.

37. Estimated Amount of Life Insurance in Force as Survivor Benefits under Social Security Act Amendments of 1952--August 1953.

38. Long-Range Cost Estimates for Changes Proposed in the OASI System by H.R. 7199, with Supplementary Estimates for Universal Coverage--March 1954.

39. Long-Range Cost Estimates for OASI 1954--December 1954.

40. The Financial Principle of Self-Support in the OASI System--April 1955.

41. Analysis of Benefits, OASI Program, 1954 Amendments--May 1955.

42. Present Values of OASI Benefits in Current Payment Status 1940-54--July 1955.

43. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI--1955--September 1955.

44. Analysis of 157 Group Annuity Plans Amended in 1950-54--July 1956.

45. Present Values of OASI Benefits in Current Payment Status 1940-56--May 1957.

46. Illustrative United States Population Projections--May 1957.

47. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI--1957--July 1958.

GPO 861-630

84TH CONGRESS
1ST SESSION

H. R. 7225

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 1955

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Amendments of 1955".

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

CONTINUATION OF CHILD'S INSURANCE BENEFITS FOR CHILDREN WHO ARE DISABLED BEFORE ATTAINING AGE EIGHTEEN

SEC. 101. (a) Section 202 (d) (1) of the Social Security Act (relating to child's insurance benefits) is amended by striking out "or attains the age of eighteen" and inserting in lieu thereof "attains the age of eighteen and is not under a disability (as defined in section 223 (c) (2) and determined under section 221) which began before the day on which he attained such age, or ceases to be under a disability (as so defined and determined) on or after the day on which he attains the age of eighteen".

(b) The first sentence of section 203 (a) of such Act (relating to maximum benefits) is amended by striking out "after any deductions under this section," each place it appears and inserting in lieu thereof "after any deductions under this section, after any deductions under section 222 (b), and after any reduction under section 224,".

(c) Section 203 (b) of such Act (relating to deductions from benefits on account of certain events) is amended by adding after paragraph (5) the following:

"For purposes of paragraphs (3), (4), and (5), a child shall not be considered to be entitled to a child's insurance

benefit for any month in which an event specified in section 222 (b) occurs with respect to such child. In the case of any child who has attained the age of eighteen and is entitled to child's insurance benefits, no deduction shall be made under this subsection from any child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month."

(d) Section 203 (d) of such Act (relating to occurrence of more than one event) is amended by inserting after "(c)" the following: "and section 222 (b)".

(e) Section 203 (h) of such Act (relating to circumstances under which deductions not required) is amended to read as follows:

"CIRCUMSTANCES UNDER WHICH DEDUCTIONS AND REDUCTIONS NOT REQUIRED

"(h) In the case of any individual—

"(1) deductions by reason of the provisions of subsection (b), (f), or (g) of this section, or the provisions of section 222 (b), shall, notwithstanding such provisions, be made from the benefits to which such individual is entitled, and

"(2) any reduction by reason of the provisions of section 224 shall, notwithstanding the provisions of such section, be made with respect to the benefits to which such individual is entitled,

only to the extent that such deductions and reduction reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to such individual and the other individuals living in the same household."

(f) The amendment made by subsection (a) shall apply only in the case of a child (as defined in section 216 (e) of the Social Security Act) who attained the age of eighteen after 1953, and then only with respect to monthly benefits under section 202 of such Act for months after December 1955; except that—

(1) in the case of such a child whose entitlement (without regard to the amendment made by subsection (a), but with regard to the last sentence of this subsection) to child's insurance benefits under such section 202 ended with a month before January 1956 solely by reason of having attained the age of eighteen, such amendment shall apply—

(A) only if an application for monthly insurance benefits by reason of such amendment is filed by such child after the month in which this Act is enacted and such child is under a disability (as defined in section 223 (c) (2) of the Social Security Act and determined as provided in section

221 of such Act) at the time he files such application, and

(B) only with respect to such benefits for months after whichever of the following is the later: December 1955 or the month before the month in which such application was filed, and

(2) for purposes of title II of such Act (other than section 202 (d) (1)), a child referred to in paragraph (1) of this subsection shall not, by reason of the amendment made by subsection (a), be deemed entitled to child's insurance benefits before the month determined as provided in paragraph (1) (B) of this subsection.

For purposes of the amendment made by subsection (a), and for purposes of applying this subsection, a child who attained the age of eighteen after 1953 and before 1956 and who did not file application for child's insurance benefits under section 202 of such Act before he attained such age shall be deemed to have filed an application for child's insurance benefits under such section on the last day of the month preceding the month in which he attained such age.

RETIREMENT AGE FOR WOMEN

SEC. 102. (a) Section 216 (a) of the Social Security Act is amended to read as follows:

"Retirement Age

"(a) The term 'retirement age' means—

"(1) in the case of a man, age sixty-five, or

"(2) in the case of a woman, age sixty-two."

(b) (1) Except as provided in paragraphs (2) and (4), the amendment made by subsection (a) shall apply only in the case of monthly benefits under title II of the Social Security Act for months after December 1955 and in the case of lump-sum death payments under subsection (i) of such section with respect to deaths after December 1955.

(2) In the case of any individual whose entitlement to wife's or mother's insurance benefits under section 202 of the Social Security Act (as in effect prior to the enactment of this Act) ended with a month before January 1956, the amendment made by subsection (a) shall apply, for purposes of subsection (b) or (c) of such section 202, only in the case of monthly benefits under such subsection for months after December 1955 and then only if an application is filed by such individual after December 1955.

(3) For purposes of section 215 (b) (3) (B) of the Social Security Act—

(A) a woman who attained age sixty-two prior to

1956 shall be deemed to have attained age sixty-two in 1956; and

(B) a woman shall not, by reason of the amendment made by subsection (a), be deemed to be a fully insured individual before January 1956 or the month in which she died, whichever month is the earlier.

(4) For purposes of section 209 (i) of such Act, the amendment made by subsection (a) shall apply only with respect to remuneration paid after December 1955.

DISABILITY INSURANCE BENEFITS FOR CERTAIN DISABLED INDIVIDUALS WHO HAVE ATTAINED AGE FIFTY

SEC. 103. (a) Title II of the Social Security Act is amended by inserting after section 222 the following new sections:

"DISABILITY INSURANCE BENEFIT PAYMENTS

"Disability Insurance Benefits

"SEC. 223. (a) (1) Every individual who—

"(A) is insured for disability insurance benefits (as determined under subsection (c) (1)),

"(B) has attained the age of fifty and has not attained retirement age (as defined in section 216 (a)),

"(C) has filed application for disability insurance benefits, and

"(D) is under a disability (as defined in subsection

(c) (2) and determined under section 221) at the time such application is filed,

shall be entitled to a disability insurance benefit for each month, beginning with the first month after his waiting period (as defined in subsection (c) (3)) in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: his disability ceases, he dies, or he attains retirement age.

"(2) Such individual's disability insurance benefit for any month shall be equal to his primary insurance amount for such month determined under section 215 as though he became entitled to old-age insurance benefits in the first month of his waiting period.

"Filing of Application

"(b) No application for disability insurance benefits which is filed more than nine months before the first month for which the applicant becomes entitled to such benefits shall be accepted as a valid application for purposes of this section; and no such application which is filed in or before the month in which the Social Security Amendments of 1955 are enacted shall be accepted.

"Definitions

"(c) For purposes of this section—

"(1) An individual shall be insured for disability insurance benefits in any month if—

"(A) he would have been a fully and currently insured individual (as defined in section 214) had he attained retirement age and filed application for benefits under section 202 (a) on the first day of such month, and

"(B) he had not less than twenty quarters of coverage during the forty-quarter period ending with the quarter in which such first day occurred, not counting as part of such forty-quarter period any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage.

"(2) The term 'disability' means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required.

"(3) The term 'waiting period' means, in the case

of any application for disability insurance benefits, the earliest period of six consecutive calendar months—

"(A) throughout which the individual who files such application has been under a disability, and

"(B) (i) which begins not earlier than with the first day of the sixth month before the month in which such application is filed if such individual is insured for disability insurance benefits in such sixth month, or (ii) if he is not so insured in such month, which begins not earlier than with the first day of the first month after such sixth month in which he is so insured.

Notwithstanding the preceding provisions of this paragraph, no waiting period may begin for any individual before July 1, 1955; nor may any such period begin for any individual before the first day of the sixth month before the month in which he attains the age of fifty.

"REDUCTION OF BENEFITS BASED ON DISABILITY

"SEC. 224. (a) If—

"(1) any individual is entitled to a disability insurance benefit for any month, or to a child's insurance benefit for the month in which he attained the age of eighteen or any subsequent month, and

"(2) either (A) it is determined under any other

law of the United States or under a system established by any agency of the United States (as defined in subsection (e)) that a periodic benefit is payable by any agency of the United States for such month to such individual, and the amount of or eligibility for such periodic benefit is based (in whole or in part) on a physical or mental impairment of such individual, or (B) it is determined that a periodic benefit is payable for such month to such individual under a workmen's compensation law or plan of a State on account of a physical or mental impairment of such individual,

then the benefit referred to in paragraph (1) shall be reduced (but not below zero) by an amount equal to such periodic benefit or benefits for such month. If such benefit referred to in paragraph (1) for any month is a child's insurance benefit and the periodic benefit or benefits referred to in paragraph (2) exceed such child's insurance benefit, the monthly benefit for such month to which an individual is entitled under subsection (b) or (g) of section 202 shall be reduced (but not below zero) by the amount of such excess, but only if such individual would not be entitled to such monthly benefit if she did not have such child in her care (individually or jointly with her husband, in the case of a wife).

"(b) If any periodic benefit referred to in subsection (a) (2) is determined to be payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the benefits under this section shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in subsection (a).

"(c) In order to assure that the purposes of this section will be carried out, the Secretary may, as a condition to certification for payment of any monthly insurance benefit payable to an individual under this title (if it appears to him that there is a likelihood that such individual may be eligible for a periodic benefit which would give rise to a reduction under this section), require adequate assurance of reimbursement to the Trust Fund in case periodic benefits, with respect to which such a reduction should be made, become payable to such individual and such reduction is not made.

"(d) Any agency of the United States which is authorized by any law of the United States to pay periodic benefits, or has a system of periodic benefits, which are based in whole or in part on physical or mental impairment, shall (at the request of the Secretary) certify to him, with respect to any individual, such information as the Secretary deems necessary to carry out his functions under subsection (a).

"(e) For purposes of this section, the term 'agency of the United States' means any department or other agency of the United States or any instrumentality which is wholly owned by the United States.

"SUSPENSION OF BENEFITS BASED ON DISABILITY

"SEC. 225. If the Secretary, on the basis of information obtained by or submitted to him, believes that an individual entitled to benefits under section 223, or that a child who has attained the age of eighteen and is entitled to benefits under section 202 (d), may have ceased to be under a disability, the Secretary may suspend the payment of benefits under such section 223 or 202 (d) until it is determined (as provided in section 221) whether or not such individual's disability has ceased or until the Secretary believes that such disability has not ceased. In the case of any individual included under an agreement with a State under section 221 (b), the Secretary shall promptly notify the State of his action under this subsection and shall request a prompt determination of whether such individual's disability has ceased. For purposes of this section, the term 'disability' has the meaning assigned to such term in section 223 (c) (2)."

(b) Section 222 of such Act is amended to read as follows:

"REHABILITATION SERVICES

"Referral for Rehabilitation Services

"SEC. 222. (a) It is hereby declared to be the policy of the Congress that disabled individuals applying for a determination of disability, and disabled individuals who are entitled to child's insurance benefits, shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of such individuals may be rehabilitated into productive activity.

"Deductions on Account of Refusal To Accept Rehabilitation Services

"(b) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under sections 202 and 223 for any month in which such individual, if a child who has attained the age of eighteen and is entitled to child's insurance benefits or if an individual entitled to disability insurance benefits, refuses without good cause to accept rehabilitation services available to him under a State plan approved under the Vocational Rehabilitation Act.

"Service Performed Under Rehabilitation Program

"(c) For purposes of sections 216 (i) and 223, an individual shall not be regarded as able to engage in substantial gainful activity solely by reason of services rendered by him pursuant to a program for his rehabilitation carried on under a State plan approved under the Vocational Rehabilitation Act. This subsection shall not apply with respect to any such services rendered after the eleventh month following the first month during which such services are rendered."

(c) (1) Section 202 (a) (3) of such Act (relating to old-age insurance benefits) is amended to read as follows:

"(3) has filed application for old-age insurance benefits or was entitled to disability insurance benefits for the month preceding the month in which he attained retirement age,".

(2) Section 202 (k) (2) (B) of such Act (relating to entitlement to more than one benefit) is amended by striking out "who under the preceding provisions of this section" and inserting in lieu thereof "who, under the preceding provisions of this section and under the provisions of section 223,".

(3) Section 202 (n) (1) (A) of such Act (relating to denial of benefits in certain cases of deportation) is amended by inserting "or section 223" after "this section".

(4) Section 215 (a) of such Act (relating to computation of the primary insurance amount) is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding paragraphs (1) and (2), in the case of any individual who in the month before the month in which he attains retirement age or dies, whichever first occurs, was entitled to a disability insurance benefit, his primary insurance amount shall be the amount computed as provided in this section (without regard to this paragraph) or his disability insurance benefit for such earlier month, whichever is the larger."

(5) Section 215 (g) of such Act (relating to rounding of benefits) is amended by striking out "section 202" and inserting in lieu thereof "section 202 or 223".

(6) The first sentence of section 216 (i) (1) of such Act (defining "disability" for purposes of preserving insurance rights during periods of disability) is amended by striking out "The" at the beginning and inserting in lieu thereof "Except for purposes of sections 202 (d), 223, and 225, the".

(7) The first sentence of section 221 (a) of such Act (relating to determinations of disability by State agencies) is amended by striking out "(as defined in section 216 (i))" and inserting in lieu thereof "(as defined in section 216 (i) or 223 (c))".

(8) Section 221 (c) of such Act (relating to review by Secretary of determinations of disability) is amended by striking out "a disability" the two places it appears and inserting in lieu thereof "a disability (as defined in section 216 (i) or 223 (c))" the first place it appears and "a disability (as so defined)" the second place it appears.

(d) (1) The amendment made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after December 1955.

(2) For purposes of determining entitlement to a disability insurance benefit for any month after December 1955 and before June 1956, an application for disability insurance benefits filed by any individual after January 1956 and before July 1956 shall be deemed to have been filed during the first month after December 1955 for which such individual would (without regard to this paragraph) have been entitled to a disability insurance benefit had he filed application before the end of such month.

EXTENSION OF COVERAGE

Service In Connection With Gum Resin Products

SEC. 104. (a) Section 210 (a) (1) of the Social Security Act is amended to read as follows:

"(1) Service performed by foreign agricultural workers (A) under contracts entered into in accord-

ance with title V of the Agricultural Act of 1949, as amended, or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

Employees of Federal Home Loan Banks and of the Tennessee Valley Authority

(b) (1) Section 210 (a) (6) (B) (ii) of such Act is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 210 (a) (6) (C) (vi) of such Act is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

Share-Farming Arrangements

(c) (1) Section 210 (a) of such Act is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) Service performed by an individual under

an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 211 (a) (1) of such Act is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land (if) (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural

or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 211 (c) (2) of such Act is amended to read as follows:

"(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (14) (B) performed by an individual who has attained the age of eighteen, service described in section 210 (a) (16), and service described in paragraph (4) of this subsection);".

Professional Self-Employed

(d) Paragraph (5) of section 211 (c) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a physician (determined without regard to section 1101 (a) (7)) or as a Christian Science practitioner; or the performance of such service by a partnership."

Effective Dates

(e) The amendments made by paragraph (1) of subsection (c) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendments made by sub-

sections (a) and (b) shall apply with respect to service performed after 1955. The amendment made by subsection (d) shall apply with respect to taxable years ending after 1955.

TIME FOR FILING REPORTS OF EARNINGS AND FOR CORRECTING SECRETARY'S RECORDS

SEC. 105. (a) The second sentence of section 203 (g) (1) of the Social Security Act (relating to report of earnings to Secretary) is amended by striking out "third" and inserting in lieu thereof "fourth". The amendment made by the preceding sentence shall apply in the case of monthly benefits under title II of such Act for months in any taxable year (of the individual entitled to such benefits) beginning after 1954.

(b) Section 205 (c) (1) (B) of such Act (relating to period of limitation for correcting records) is amended by striking out "two" and inserting in lieu thereof "three".

COMPUTATION OF AVERAGE MONTHLY WAGE

SEC. 106. (a) Section 215 (b) (1) of the Social Security Act is amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the number

of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months—

"(A) the months in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, and

"(B) the months in any year any part of which was included in a period of disability except the months in the year in which such period of disability began if their inclusion in such elapsed months (together with the inclusion of the wages paid in and self-employment income credited to such year) will result in a higher primary insurance amount.

Notwithstanding the preceding provisions of this paragraph when the number of the elapsed months computed under such provisions (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen."

(b) Section 215 (d) (5) of such Act is amended by striking out "any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was a quarter of coverage, and any wages paid in any such quarter shall not be counted." and inserting in lieu thereof "all quarters, in any year prior to 1951 any part of which was included in a

period of disability, shall be excluded from the elapsed quarters and any wages paid in such year shall not be counted. Notwithstanding the preceding sentence, the quarters in the year in which a period of disability began shall not be excluded from the elapsed quarters and the wages paid in such year shall be counted if the inclusion of such quarters and the counting of such wages result in a higher primary insurance amount."

(c) Section 215 (e) (4) of such Act is amended to read as follows:

"(4) in computing an individual's average monthly wage, there shall not be counted—

"(A) any wages paid such individual in any year any part of which was included in a period of disability, or

"(B) any self-employment income of such individual credited pursuant to section 212 to any year any part of which was included in a period of disability,

unless the months of such year are included as elapsed months pursuant to section 215 (b) (1) (B)."

(d) The amendments made by this section shall apply in the case of an individual (1) who becomes entitled (without the application of section 202 (j) (1) of the Social Security Act) to benefits under section 202 (a)

of such Act after the date of enactment of this Act, or (2) who dies without becoming entitled to benefits under such section 202 (a) and on the basis of whose wages and self-employment income an application for benefits or a lump-sum death payment under section 202 of such Act is filed after the date of enactment of this Act, or (3) who becomes entitled to benefits under section 223 of such Act, or (4) who files, after the date of enactment of this Act, an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such Act.

ADVISORY COUNCIL ON SOCIAL SECURITY FINANCING

SEC. 107. (a) There is hereby established an Advisory Council on Social Security Financing for the purpose of reviewing the status of the Federal Old-Age and Survivors Insurance Trust Fund in relation to the long-term commitments of the old-age and survivors insurance program.

(b) The Council shall be appointed by the Secretary after February 1957 and before January 1958 without regard to the civil-service laws and shall consist of the Commissioner of Social Security, as chairman, and of twelve other persons who shall, to the extent possible, represent employers and employees in equal numbers, and self-employed persons and the public.

(c) (1) The Council is authorized to engage such tech-

nical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(2) Members of the Council, while serving on business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding $50 per day; and shall be entitled to receive actual and necessary traveling expenses and per diem in lieu of subsistence while so serving away from their places of residence.

(d) The Council shall make a report of its findings and recommendations (including recommendations for changes in the tax rates in sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954) to the Secretary of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund, such report to be submitted not later than January 1, 1959, after which date such Council shall cease to exist. Such findings and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than March 1, 1959.

(e) Not earlier than three years and not later than two years prior to January 1 of the first year for which each

ensuing scheduled increase (after 1960) in the tax rates is effective under the provisions of sections 3101 and 3111 of the Internal Revenue Code of 1954, the Secretary shall appoint an Advisory Council on Social Security Financing with the same functions, and constituted in the same manner, as prescribed in the preceding subsections of this section. Each such Council shall report its findings and recommendations, as prescribed in subsection (d), not later than January 1 of the year preceding the year in which such scheduled change in the tax rates occurs, after which date such Council shall cease to exist, and such report and recommendations shall be included in the annual report of the Board of Trustees to be submitted to the Congress not later than the March 1 following such January 1.

DEFINITION OF SECRETARY

SEC. 108. As used in this Act and in the provisions of the Social Security Act set forth in this Act, the term "Secretary" means the Secretary of Health, Education, and Welfare.

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 109. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1954" and inserting in lieu thereof "1955".

(b) Section 5 (f) (2) of the Railroad Retirement Act of 1937, as amended, is amended—

(1) by striking out "age sixty-five" each place it appears and inserting in lieu thereof "retirement age (as defined in section 216 (a) of the Social Security Act)"; and

(2) by striking out "section 202" each place it appears and inserting in lieu thereof "title II".

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

DISTRICT OF COLUMBIA CREDIT UNIONS

SEC. 201. (a) Subchapter B of chapter 21 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 3113. DISTRICT OF COLUMBIA CREDIT UNIONS.

"Notwithstanding the provisions of section 16 of the Act of June 23, 1932 (D. C. Code, sec. 26–516; 47 Stat. 331), or any other provision of law (whether enacted before or after the enactment of this section) which grants to any credit union chartered pursuant to such Act of June 23, 1932, an exemption from taxation, such credit union shall not be exempt from the tax imposed by section 3111."

STAND-BY PAY

(b) Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which—

"(A) in the case of a man, he attains the age of 65, or

"(B) in the case of a woman, she attains the age of 62,

if such employee did not work for the employer in the period for which such payment is made; or".

SERVICE IN CONNECTION WITH GUM RESIN PRODUCTS

(c) Section 3121 (b) (1) of such Code is amended to read as follows:

"(1) service performed by foreign agricultural workers (A) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (B) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

EMPLOYEES OF FEDERAL HOME LOAN BANKS AND OF THE TENNESSEE VALLEY AUTHORITY

(d) (1) Section 3121 (b) (6) (B) (ii) of such Code is amended by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank,".

(2) Section 3121 (b) (6) (C) (vi) of such Code is amended to read as follows:

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 (46 Stat. 470; 5 U. S. C. 693) does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);".

SHARE-FARMING ARRANGEMENTS

(e) (1) Section 3121 (b) of such Code is amended by striking out "or" at the end of paragraph (14), by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; or", and by adding after paragraph (15) the following new paragraph:

"(16) service performed by an individual under an arrangement with the owner or tenant of land pursuant to which—

"(A) such individual undertakes to produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land,

"(B) the agricultural or horticultural commodities produced by such individual, or the proceeds therefrom, are to be divided between such individual and such owner or tenant, and

"(C) the amount of such individual's share

depends on the amount of the agricultural or horticultural commodities produced."

(2) Section 1402 (a) (1) of such Code is amended by adding at the end thereof the following: "except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production of such agricultural or horticultural commodities, and (B) there is material participation by the owner or tenant with respect to any such agricultural or horticultural commodity;".

(3) Section 1402 (c) (2) of such Code is amended to read as follows:

"(2) the performance of service by an individual as an employee (other than service described in section 3121 (b) (14) (B) performed by an individual who has attained the age of 18, service described in section 3121 (b) (16), and service described in paragraph (4) of this subsection);".

PROFESSIONAL SELF-EMPLOYED

(f) Section 1402 (c) (5) of such Code is amended to read as follows:

"(5) the performance of service by an individual in the exercise of his profession as a physician or as a Christian Science practitioner; or the performance of such service by a partnership."

FILING OF SUPPLEMENTAL LISTS BY NONPROFIT ORGANIZATIONS

(g) The third sentence of section 3121 (k) (1) of such Code is amended by inserting "or at any time prior to January 1, 1958, whichever is the later," after "the certificate is in effect,".

EFFECTIVE DATE FOR WAIVER CERTIFICATES FILED BY NONPROFIT ORGANIZATIONS

(h) The fifth sentence of section 3121 (k) (1) of such Code is amended by striking out "the first day following the close of the calendar quarter in which such certificate is filed," and inserting in lieu thereof "the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate,".

EFFECTIVE DATES

(i) (1) The amendments made by subsections (a)

and (b) shall apply with respect to remuneration paid after 1955. The amendments made by subsections (c) and (d) shall apply with respect to service performed after 1955. The amendments made by paragraph (1) of subsection (e) shall apply with respect to service performed after 1954. The amendments made by paragraphs (2) and (3) of such subsection shall apply with respect to taxable years ending after 1954. The amendment made by subsection (f) shall apply with respect to taxable years ending after 1955. The amendment made by subsection (h) shall apply with respect to certificates filed after 1955 under section 3121 (k) of the Internal Revenue Code of 1954.

(2) Any tax under chapter 2 of the Internal Revenue Code of 1954 which is due, solely by reason of the enactment of paragraph (2) of subsection (e) of this section, for any taxable year ending on or before the date of the enactment of this Act shall be considered timely paid if payment is made in full on or before the last day of the sixth calendar month following the month in which this Act is enacted. In no event shall interest be imposed on the amount of any tax due under such chapter solely by reason of the enactment of paragraph (2) of subsection (e) of this section for any period before the day after the date of the enactment of this Act.

CHANGES IN TAX SCHEDULES

SEC. 202. (a) Section 1401 of the Internal Revenue Code of 1954 is amended to read as follows:

"SEC. 1401. RATE OF TAX.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) in the case of any taxable year beginning after December 31, 1955, and before January 1, 1960, the tax shall be equal to $3\frac{3}{4}$ percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to $4\frac{1}{2}$ percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to $5\frac{1}{4}$ percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning

after December 31, 1974, the tax shall be equal to 6¾ percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of such Code is amended to read as follows:

"SEC. 3101. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages received during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages received after December 31, 1974, the rate shall be 4½ percent."

(c) Section 3111 of such Code is amended to read as follows:

"SEC. 3111. RATE OF TAX.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121 (a)) paid by him with respect to employment (as defined in section 3121 (b))—

"(1) with respect to wages paid during the calendar years 1956 to 1959, both inclusive, the rate shall be 2½ percent;

"(2) with respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be 3 percent;

"(3) with respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3½ percent;

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 4 percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4½ percent."

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after Decem-

ber 31, 1955. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1955.

84TH CONGRESS
1ST SESSION

H. R. 7225

A BILL

To amend title II of the Social Security Act to provide disability insurance benefits for certain disabled individuals who have attained age fifty, to reduce to age sixty-two the age on the basis of which benefits are payable to certain women, to provide for continuation of child's insurance benefits for children who are disabled before attaining age eighteen, to extend coverage, and for other purposes.

By Mr. COOPER

JULY 11, 1955

Referred to the Committee on Ways and Means

STANDARD FORM NO. 64

SSA-OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A:K
DATE: July 29, 1955

TO : Administrative, Supervisory, and Technical Employees

FROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 222
Hearing Before Senate Committee on Finance on Bill to Amend the Social Security Act (H.R. 7225)

The Senate Committee on Finance held a public hearing on July 26, 1955, on the bill to amend the Social Security Act (H.R. 7225) which was passed by the House of Representatives on July 18, 1955. The purpose of the hearing was to get the Department's views on the bill.

The Secretary presented testimony for the Department. In brief, her statement pointed out that the Department endorses the extension of old-age and survivors insurance protection to the additional groups that would be covered by the bill, but that the other changes proposed raise questions which require careful study. The Secretary stressed the fact that there has not been sufficient time to evaluate these questions in the light of experience under the 1954 legislation on social security and vocational rehabilitation or to obtain the views of groups and individuals outside of Government on the proposed changes. For these reasons, the Secretary indicated, the Department cannot recommend enactment of the bill.

In the brief discussion which followed the Secretary's statement, the Committee appeared to be inclined to agree with her recommendation for further study of H.R. 7225. We expect the Committee on Finance to take no further action on the bill until the second session of this Congress.

I believe you will be interested in reading the Secretary's statement. A copy is enclosed.

Victor Christgau

Victor Christgau

Enclosure

For Release Upon Delivery

STATEMENT
by
Oveta Culp Hobby
Secretary of Health, Education, and Welfare
Before the Senate Committee on Finance
July 26, 1955
10:00 A.M., EDT

We appreciate the opportunity to appear before your Committee to present the views of the Department of Health, Education, and Welfare with respect to H.R. 7225. In addition to expressing our views we wish to offer to the Committee any assistance the Department can provide to facilitate the Committee's review and study of this measure.

As our testimony will indicate, H.R. 7225 is a bill which raises many basic and complex issues with respect to the future of the old-age and survivors insurance system. We strongly believe it is both desirable and necessary to give all interested persons and groups an opportunity to study the proposed changes in OASI, to formulate their views, and to give testimony.

It is hardly necessary for me to restate the Administration's basic policy with respect to the old-age and survivors insurance system. In his first State of the Union message, and even prior thereto, President Eisenhower clearly and emphatically called for broad improvements in the contributory, self-supporting system of old-age and survivors insurance. In the spring of 1953, a group of expert consultants was called together by the Department of Health, Education, and Welfare to consider the extension of the protection of the OASI system to additional groups of workers and self-employed persons. Late in the first session of the 83rd Congress a bill was introduced embodying the recommendations of this consultant group. During the fall of 1953 an intensive study was conducted within the Department of the benefit structure of the OASI system.

In January of 1954 President Eisenhower transmitted to the Congress, in his State of the Union and special social security messages, a series of recommendations for the expansion and improvement of the OASI system. These recommendations were translated into a new bill.

As you will recall, your Committee, as well as the Committee on Ways and Means of the House of Representatives, gave the bill thorough scrutiny. Your Committee conducted weeks of public hearings during 1954, even though many of the elements of the Administration bill had, at one time or another, been considered previously by the Committee. We regard the action of this Committee last year, as well as that of the House Ways and Means Committee, as a model of careful and thorough joint legislative effort, and we particularly valued the important contributions made by members of the Committee.

The 1954 amendments made the following important changes in the OASI system:

1. Extended coverage to about 10 million more workers (including 3½ million self-employed farmers and many additional farm workers), thus bringing the system to near universality of coverage.
2. Increased benefit payments substantially for all present and future retired workers and for other beneficiaries.
3. Adopted a more advantageous basis for calculating benefits by (a) permitting a worker to drop as many as 5 years of low or no earnings from his wage record, and (b) by increasing to $4,200 the amount of annual earnings that can be counted toward benefits.

4. Preserved the rights of totally disabled workers to any benefit they may have earned.

5. Liberalized the retirement test by (a) permitting employed and self-employed beneficiaries to have earnings up to $1,200 in a year without loss of benefits, and (b) by reducing from 75 to 72 the age at which a beneficiary will be able to receive the payments regardless of the amount he is earning.

6. Provided benefits for the families of workers who had credit for a year and a half in social security jobs but who died uninsured prior to September 1950.

In brief, Mr. Chairman, the 1954 amendments, which were adopted by an overwhelming bipartisan vote in both Houses of Congress, reflect the deep concern of the Administration for improving the welfare of our people by strengthening and improving the OASI system.

We come now to consider how the Administration policy for strengthening the OASI system applies in the situation presented by the bill before your Committee. While the coverage provisions in H.R. 7225 were, in general, contained in the bill sponsored last year by the Administration, and therefore were the subject of careful study last year by the House Ways and Means Committee and this Committee, the same is not true of the provisions of the bill for cash disability benefits and for lowering the eligibility age for women. The disability proposal would add to the OASI system an entirely new category of benefits, based upon an individual's physical or mental condition. The second proposal would substantially revise, for the purposes of the system, the definition of old age, and would introduce a significant difference in the treatment of men and women under the system.

It is our firm conviction that thoroughgoing review and inquiry into the issues raised by these provisions of the bill now before you are essential—as was the case in the review and inquiry undertaken by this Committee prior to the enactment of the 1950 and 1954 amendments. Such study would assure that no important consideration is overlooked and the views of all are taken into account. We are convinced that a full inquiry is needed with respect to these proposals contained in the bill for the following reasons:

1. The Social Security system is a system of the people. It represents the source of security for many millions of Americans, and it also has a tremendous significance for our economy. It is almost universal in coverage of employment. Any legislation dealing with a structure of such impact and significance should be considered and discussed thoroughly by all concerned—employers, employees, and self-employed and other interested groups; all such groups should have an opportunity to be heard.

2. There are many alternative approaches to even the provisions in the bill. For example, as to cash disability benefits, the terms of eligibility, the administrative provisions and the question of what agency makes the determinations of disability are all matters of key importance. Under the bill, the determinations of disability would be made by State vocational rehabilitation and welfare agencies, rather than by the Federal Government—which has the real financial interest in the decisions. Without any significant experience under the disability "freeze," we are not in a position to give the Congress our considered judgment at this time on these and other alternatives.

3. The OASI system is becoming a more costly one (with 8% combined employer-employee tax already projected at the end of 20 years). Under H.R. 7225, the combined tax would be 9% at the end of 20 years. Thus, as pointed out in Supplemental Views in the House Committee report accompanying H.R. 7225, the social security tax projected under the bill for the self-employed---6 3/4%--- will, in the case of a self-employed person with a wife and two children who earns $4,200 or less annually, actually exceed the Federal income tax imposed on such an individual. The system could lose its attractiveness, particularly for many self-employed persons, if additional cost items are added without the most careful evaluation of the benefits they confer. The OASI system cannot be expected to provide fully against all insurable risks if the tax is to be kept at a rate which can be borne by persons in the lower income brackets. Every additional item of cost must be considered with the greatest care.

4. Numerous proposals for amendment of the OASI benefit structure, other than the proposals included in the bill, have been made; many have praiseworthy objectives. There should be full opportunity carefully to consider which of the many proposals have the greatest merit. The effect of enactment of the present bill could well be to preclude other changes which upon analysis may be considered to be more desirable than the provisions of the present bill.

5. The OASI system, as well as private pension and insurance plans have undergone many basic changes since the time, in 1950, when the Committee received some testimony on cash disability benefits. OASI coverage has been extended to many millions of persons, and the benefit and eligibility provisions of the program have been completely revised, with resulting substantial increases in costs. Also, in the years since 1950 there has been a tremendous growth in non-governmental insurance, pension and welfare plans covering the risk of disability.

There has not yet been time to permit us within the Administration to make a detailed analysis of the proposals contained in the bill, and we have particularly not had an opportunity to obtain the advice of groups and individuals outside of government.

Furthermore, sufficient time has not elapsed to assess and determine the results of the 1954 amendments. Last year the President proposed and the Congress enacted a dual approach in the field of disability. First, there was a greatly expanded Vocational Rehabilitation program. Under this program the Federal Government makes grants to the States, matched by them, for providing services to restore disabled individuals to gainful employment. Second, there was the OASI disability freeze. The underlying objective of this dual approach was an integrated attack on disability — a coordinated effort involving early finding of cases of disability, prompt referral to rehabilitation agencies, and speedy action toward restoration to jobs. This integrated approach is still in its infancy.

Through July 15, only 374 State determinations of disability under the disability "freeze" provision enacted last year have been received by the

Department; such determinations have come in from only seven States. The best interests of the OASI system and the American people, in our opinion, would be served if we obtain more experience under the "freeze" and have that experience evaluated carefully before we come to far-reaching decisions which have important implications for the OASI Trust Fund. Similarly, it is too early to determine the full effect of the Vocational Rehabilitation Act of 1954, or the effect of the referral to State rehabilitation agencies mentioned above. We regard consideration of these matters and their interrelationships as a first prerequisite to the development of sound legislation.

There are many specific issues which a study undertaken by this Committee might fruitfully consider. For example, the following important questions are raised by the proposals in the bill:

Cash Disability Benefits

1. Recognizing that self-sufficiency and independence through rehabilitation are more important goals for the individual than dependence on cash payments: What are the implications of cash disability benefits with respect to rehabilitation efforts?
   a. Has experience under veterans' programs, workmen's compensation or other programs indicated any lessening of incentive toward rehabilitation as a result of payments of cash benefits?
   b. Do we yet know the full potential of the expanding Federal-State vocational rehabilitation program?

c. Could greater social gain be achieved by backing rehabilitation efforts with additional funds rather than paying the same funds in cash benefits to selected disabled workers on the condition that they continue to be disabled?

d. To what extent could the desired objectives be better achieved by making more liberal maintenance payments during rehabilitation?

2. What are the actuarial problems involved in cash disability benefits? What is the recent experience of insurance companies, labor union funds, and the like? What experience is there with respect to disabilities of women in middle and upper age brackets?

3. Do we need a broad "health census" to better ascertain the incidence and scope of "permanent and total disability" in this country? See, for example, the recommendations in the 1955 Report to the Congress entitled "Study of the Homebound."

4. Would there be a tendency under a cash disability program to retire handicapped persons from the labor market, especially persons in the upper age groups?

5. Is there in fact a changing concept of disability, as a result of developments which have broadened the extent to which handicapped persons may be restored to activity and gainful employment? The 1952 Report of the Task Force on the Handicapped (Office of Defense Mobilization) states:

"Yet the most important single point to be remembered in considering plans for the handicapped today is the fact that we now are in a position to do more to overcome the handicapping effects of disability than at any time in our history. We are on the threshold of a period in which well-wishing can be translated into dynamic and constructive work for vast numbers of impaired people—if we choose to do it."

* * *

"During the past 10 years, there have been developments in the several fields relating to disability which have radically broadened the extent to which handicapped persons may be restored to activity and gainful employment. Because these developments have not occurred in a single dramatic step, their significance frequently has not been fully comprehended. Taken together, they already have made it possible for thousands of disabled men and women who, 10 years ago, would have been considered hopelessly impaired, to resume active lives and to enter the labor force as self-supporting citizens."

How should long-range policy in our social insurance system toward disability be framed in the light of these developments?

6. What guidance to the administrative problems involved in determining disability can be derived from experience under the disability "freeze" which has just gone into effect?
7. What would be the relationship of a Federal cash disability program to
   (a) the program of aid to the permanently and totally disabled, enacted in 1950;
   (b) "permanent and total disability" benefits provided under workmen's compensation;

(c) unemployment compensation;

(d) temporary disability programs in the States; and

(e) private disability programs and voluntary health insurance plans?

8. Could benefits for "permanent and total disability" be provided more effectively under any of the foregoing State programs rather than at the Federal level?

Reduction in Eligibility Age for Women

1. In meeting the challenge of an aging population, much public and private research is being conducted into the social significance of "retirement age" provisions in OASI and other retirement plans. For example, the Department of Labor is planning a broad research program with respect to employment of older workers, and the Administration has endorsed the bills pending in Congress to establish a Commission on the Aging to consider, among other things, national policy with respect to employment of older persons. In view of these developments and the strong trend toward encouragement of continued employment for older workers who are physically healthy, should there be a general reduction in the eligibility age for women at this time?

2. Is a reduction in the eligibility age for women consistent with

(a) the lengthening life span for the entire population,

(b) the fact that women live longer than men on the average?

3. Women constitute about one-third of the labor force. What are the economic and social factors which would justify a difference in the eligibility age for women and men?

4. Would a reduction in age for working women make it more difficult for them to obtain and keep jobs on a fair basis with men?

5. What are the economic and social factors which would justify a difference in the eligibility age for women workers, wives, and widows?

6. Would a reduction in age for women be merely a forerunner of a general reduction in retirement age for men, as well?

Mr. Chairman, it is because of these questions, many of which involve issues of broad economic and social policy, that we are anxious that your Committee should conduct a full inquiry into these and the many other questions which might be raised.

In addition to stating these views as Secretary of Health, Education, and Welfare, I wish, in my capacity as a Trustee of the Old-Age and Survivors Insurance Trust Fund, to express the view that the protection of the Fund requires that we retain the pattern of deliberate, full and careful consideration which has marked all prior major amendments of the OASI system. As a Trustee of the Fund, I wish to call attention to the financial impact which the proposals in the bill would have—as a result of their average annual cost in excess of $2 billion—and to stress the importance of adequate financing of the additional cost imposed. The Ways and Means Committee provided for a total tax increase of 1 percent to cover this additional cost.

In conclusion, I want to thank the Committee again for inviting me to express the views of the Department that it has been my privilege to head during the last few years. I shall remember with pleasure my associations with the Committee and I am sure that your thorough and deliberate consideration of the broad issues raised by H.R. 7225 will add to your many past contributions to sound social security in this country.

STANDARD FORM NO. 64

SSA - OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A:K
DATE: March 23, 1956

TO : Administrative, Supervisory, and Technical Employees

FROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 233
Secretary Folsom's Testimony Before Senate Committee on Finance on Bill to Amend the Social Security Act (H.R. 7225)

Secretary Folsom's testimony on March 22 brought to a close the Senate Finance Committee's public hearings on H.R. 7225, the bill to amend the Social Security Act that was passed by the House of Representatives on July 18, 1955.

The keynote of the Secretary's testimony was that OASI was operating soundly and effectively and that the wisest course at this time would be to gain further experience under the recent far-reaching amendments, meanwhile taking steps to advance other welfare programs for the benefit of the people. He expressed his sympathy with the special needs that may arise for some individuals, but said there is a limit to the tax increases that should be imposed to finance a social security program. He advised against initiation at this time of further major innovations or broad departures in principle which would increase taxes substantially. "If we are to preserve the soundness and integrity of our social security program" he said, "any significant new benefits must be accompanied by additional taxes to pay for them." He laid stress on the point that the bill would require an additional tax increase immediately, shortly after the major increase in 1954, noted that the unscheduled tax increase would affect 70 million persons now contributing to the system, and said "there is no clear evidence that any overall merits of the proposed changes would justify the additional tax on so many people at this time." Mr. Folsom noted the steady increase that has occurred in wage levels over many years and brought out how rising wages improved the actuarial position of old-age and survivors insurance. "If this trend toward higher wages continues," he added, remarking that he hoped it will, "then in the future it will be possible to provide additional benefits without requiring an increased tax rate or cause an actuarial deficiency."

The Secretary endorsed the extension of old-age and survivors insurance protection to the additional groups that would be covered by H.R. 7225. In addition, he recommended coverage of the Armed Forces as provided in H.R. 7089 (see Director's Bulletins No. 219 and No. 223) and urged coverage of Federal civilian employees as provided in the Administration bills, S. 3041 and H.R. 9090.

Secretary Folsom also endorsed the provisions of H.R. 7225 which would establish an Advisory Council on Social Security Financing, and recommended adoption of the plan for consolidated reporting of wages for OASI and income tax withholding.

I am sure you will be interested in reading the Secretary's statement. A copy is enclosed.

Victor Christgau

Victor Christgau

Enclosure

For Release Upon Delivery

STATEMENT
By
Marion B. Folsom
Secretary of Health, Education, and Welfare
Before the Senate Committee on Finance
March 22, 1956
10:00 A.M., EST

Mr. Chairman and Members of the Committee:

It is a pleasure once again to discuss the social security system with this Committee, with which I have had a pleasant association over many years. It was 21 years ago, in February 1935, when I first appeared before the Committee in behalf of a sound social security program. As you know, I was then a member of the Advisory Council to the President's Committee on Economic Security, which helped establish the social security system. I also had the pleasure of serving on the two Advisory Councils on Social Security set up by this Committee--the first appointed by Senator George in 1937, and the second appointed by Senator Millikin in 1947. And I have been closely associated with the system in other ways over the years. In brief, if I may be personal a moment, I have had the opportunity to participate in and support every major expansion and improvement in old-age and survivors insurance since it was started. My interest this morning is the same as it always has been—to support a strong and sound system of economic security for the American people.

Today we see the fruits of the efforts of this Committee, of the Congress, and of many other people. The old-age and survivors insurance system is in excellent condition. The Nation has made sound progress in preventing poverty and need among the aged and among widows and orphans. Today 9 out of 10 American workers can look forward to social security benefits when they retire in old age. If death should take the family breadwinner, the mothers and children in 9 out of 10 American families can receive survivors' benefits. The cost of administration is less than 2 percent of contributions—far less than the estimates of administrative costs when we were establishing the system.

Our actuary, Mr. Robert J. Myers, has given you estimates of future costs and receipts under the present OASI program, based on the 1954 level of earnings. We now have later figures, based on the 1955 level of earnings. Taking the average between high and low cost assumption, the benefits to be provided under present law would, over the long term, amount to 7.45 percent of covered payroll. Under the taxes scheduled in present law, income would amount to 7.29 percent. Of course, these estimates cannot be considered exact in view of the long-range assumptions involved and the many possible variations. But for all practical purposes, the system is in approximate actuarial balance.

It will thus be self-supporting, under present estimates, provided taxes are increased as schedulod and benefits are not increased without a corresponding increase in revenue.

Major advances in OASI were provided in the 1954 amendments, proposed by President Eisenhower and widely supported in Congress. Coverage was made available to millions of additional workers; benefits were increased for everyone covered, now and in the future; retired persons were permitted to earn more income and still keep their social security benefits; and benefit rights were preserved for totally disabled workers. As President Eisenhower said in his first State of the Union Message, this Administration vigorously supports a strong, sound old-age and survivors insurance system. The 1954 amendments reflect, better than words, this deep concern of the Administration.

The old-age and survivors insurance system represents a vast investment in economic security for many millions of Americans. Changes in the system have very significant implications for individuals, their families, for our economy, and our way of life. The American people, I believe, owe a large debt to this Committee for its wise and firm stand that legislation affecting almost every citizen should be enacted only after extended studies, hearings, and deliberations have confirmed the wisdom of each proposed change. With great care, you have approved many complex adjustments and improvements in the system. And you have worked with the House Ways and Means Committee and with the Congress in general to protect this system from unwise or unsound proposals. It is encouraging to note that both political parties, over the years, have supported this effort to keep the system sound. And although there was considerable opposition in earlier days, the great majority of people now appear convinced that OASI is a very valuable adjunct to our free enterprise system.

The advancement of social welfare calls for vision on a broad scale. With the development of OASI to its current high level of effectiveness, the Administration is now seeking improvements in other aspects of our total economic security program. We are proposing continued expansion and improvement of vocational rehabilitation and child welfare and health services. In public assistance programs we are emphasizing the responsibility to provide more than monthly payments to the needy. We are urging amendments which would help provide services to restore more needy people to independence. We are also recommending major improvements in medical-care provisions for the needy. These and other recommendations are included in Senate Bills 3139 and 3297. I earnestly hope the Committee will take favorable action on these constructive proposals, and I would welcome an opportunity to discuss them more fully at some later date.

Recommended Improvements in OASI

We should continue, of course, to seek sound improvements and adjustments in OASI, in the light of the needs and changing conditions of our times. The Administration recommends the following steps which can be wisely taken at this time:

1. Extension of coverage.--I believe firmly that old-age and survivors insurance coverage should be as nearly universal as practicable. So long as some workers are excluded, these workers and their families are denied the basic protection of the system. Some workers who shift from covered employment to uncovered employment find it difficult to build adequate benefit rights. On the other hand, it is possible for some who work in uncovered employment most of their lives to obtain some covered employment and draw benefits which are considerably higher in relation to their contributions than the benefits of workers who have contributed regularly. Universal coverage would benefit more families, reduce inequities, strengthen the system, and help the national economy.

The Administration, therefore, favors the provisions in H.R. 7225 for extending coverage to self-employed attorneys, dentists, osteopaths, optometrists, veterinarians, and various other groups. Further, we favor extension of OASI coverage to military services and other improved servicemen's benefits as provided in H.R. 7089, which passed the House last year and is pending before the Committee. It is particularly unfortunate, I think, that one of the largest groups now excluded from OASI coverage consists of Federal civilian employees. I urge the Congress to adopt S. 3041 or H.R. 9090, which would improve and increase the retirement and survivor benefits of civil service workers by providing basic OASI protection together with the benefits of a strong and independent civil service retirement system.

2. Interest-rate amendment.--The Administration also is proposing a change in financing which would slightly increase income to the system. As you know, a large part of the OASI Trust Fund is invested in securities issued exclusively to the Fund by the Treasury. The interest rate on these obligations is the average rate of interest on all the outstanding public debt. The rate is now 2.49 percent. We believe, however, that in view of the long-range commitments of the Trust Fund, the interest rate on these obligations should be more comparable with the rate on long-term Treasury bonds. We are proposing, therefore, that in computing the interest rate for obligations issued to the Trust Fund, we exclude bonds having maturity dates of 5 years or less after issuance. Because long-term securities normally have higher interest rates, this change would increase income to the system slightly, on the average, by roughly four-hundredths of 1 percent of covered payroll, or about $80 million a year. The Board of Trustees of the Trust Fund has recommended this change.

3. Consolidated reporting.—Employers now must make quarterly reports to the Internal Revenue Service on wages paid to employees under the OASI system. We propose to eliminate these quarterly reports, totaling about 12 million a year and listing over 200 million wage items. The information needed for social security records would be obtained instead from the annual income tax withholding statements filed by employers. The Bureau of OASI will mechanically check the withholding statements made by employers with copies of the withholding statements attached by employees to their individual income tax returns. The Hoover Commission has estimated that the elimination of quarterly reports would save employers about $22 million a year. The Government would benefit through improved administration of OASI and the tax laws. This proposal, as well as the interest rate amendment, is now pending as H.R. 7770 before the House Ways and Means Committee.

4. Advisory Council.—I favor the provisions of H.R. 7225 which would establish a representative new Advisory Council on Social Security Financing to review financing arrangements and the status of the OASI Trust Fund. Such groups, bringing together various points of view for a careful, independent appraisal, can render a very valuable service.

* * * * *

These proposals would extend coverage, simplify operations, improve financing, and encourage careful study. While they make improvements in the particular areas affected, they would be relatively minor steps in the light of the full scope of OASI. They involve no tax increase, of course, and they would slightly improve the actuarial position of the system.

OASI has made tremendous progress over the past 20 years. Amendments, including benefit increases, were enacted in 1950, 1952, and 1954. The system today is operating soundly and very effectively.

In these circumstances, I believe the wisest course at this time would be to gain further experience under the recent far-reaching amendments, measuring their impact on OASI over the long range, meanwhile taking steps to advance other welfare programs for the benefit of the people. I would not initiate at this time in OASI further major innovations or broad departures in principle which would increase taxes substantially and raise serious uncertainties for the future.

Major Proposals in H.R. 7225

Proposals in H.R. 7225, as you know, would lower the eligibility age on benefits for women from 65 to 62, provide cash benefits under OASI to the disabled, starting at age 50, and finance these changes with an immediate, major tax increase on all social security taxpayers. As a strong supporter of OASI for more than 20 years, I am deeply concerned over the effects these proposals would have now and in the long run.

The Tax Increase

There are, of course, many desirable benefits which many people would like to see added to OASI. We all have sympathy with special needs that may arise for some individuals. With the system now in approximate actuarial balance, however, one thing is imperative--if we are to preserve the soundness and integrity of our social security program, any significant new benefits must be accompanied by additional taxes to pay for them. I am glad to note the House Ways and Means Committee recognized this need by proposing tax increases intended to meet the costs of the proposed changes.

But there is a limit to the tax increases that should be imposed on the people to finance a social security program. The concept of OASI is to provide a foundation of retirement and survivorship protection on which workers and employers may build additional security. We cannot provide every desirable benefit, or cover every possible need, without imposing a future tax burden on the people that might endanger public support for the system we are trying to uphold.

The current level of OASI taxes is 2 percent each on employees and employers and 3 percent on the self-employed, on income up to $4,200 a year. Under the law as it stands, these rates will increase automatically and gradually until, in 1975, they reach 4 percent each on employees and employers and 6 percent on the self-employed.

The proposals in H.R. 7225 would increase the tax rate immediately by 25 percent. The rate would go to 2 1/2 percent each on employees and employers and to 3 3/4 percent on the self-employed. Under this bill, in 1975, the combined employee-employer rate would be 9 percent and the self-employed rate would be 6 3/4 percent.

The bill would mean a tax increase of $1.7 billion over the first full year. By 1975, under the bill, total social security taxes would reach about $19 billion a year.

These future rates by themselves, as high as they are, do not convey the full picture of the burden they involve. Social security taxes are levied on income without any allowance for personal exemptions, dependents, or other deductions. For many persons, especially those with low incomes, social security taxes would be substantially higher than their total Federal income taxes.

In past years the tax increases necessary to support the program have been made gradually and so they have been absorbed without undue hardship. H.R. 7225 would require an additional tax increase immediately, shortly after a major increase in 1954 and with another major increase scheduled in 1960.

Consider, for example, the tax impact on a factory worker with $4,200 annual income. His social security taxes already have increased from $54 in 1953 to $84 last year. His tax would increase to $105 the first year under H.R. 7225, and thus his payments would be nearly doubled since 1953. Ultimately, his tax would go to $189 by 1975.

The impact is perhaps more acute on the self-employed, particularly on farmers who have low cash incomes. Farmers were covered for the first time last year. They are just now paying their first taxes under the system. Under H.R. 7225, the farmer who is paying $126 in social security taxes this year would pay $157.50 the next year, $189 in 1960, and $283.50 in 1975.

There would be a serious impact, too, on many small businessmen who not only pay their own tax as self-employed persons but also pay a tax for each employee.

These cost figures emphasize the great care that must be taken in considering additional benefits and the taxes necessary to pay for them. We must bear in mind, too, that the benefits proposed in H.R. 7225 are departures into new fields for OASI. They are certain to lead to demands for further steps along the same line, and thus possibly to even greater costs and tax increases in the future. Many of the supporters of the bill, for example, have already made it clear their goal is disability benefits at any age, not merely at age 50.

In the light of all these considerations, I am opposed to this proposal for an unscheduled 25-percent increase in social security taxes on the wages and self-employment income of the 70 million workers now contributing to the system. I believe there is no clear evidence that any overall merits of the proposed changes would justify the additional tax on so many people at this time.

Eligibility Age for Women

The most costly proposed change in H.R. 7225 would lower the retirement age for women from 65 to 62. This would cost about $400 million the first full year and more than $1 billion a year by 1970.

A lower retirement age for women has been considered carefully several times in the past 20 years and has been rejected by Congress as unwise. Congress always has concluded that any overall values of a lower retirement age were outweighed by the very heavy cost. And there has been a serious question as to the logic of a discrimination in retirement age between women and men.

Developments over the years, I believe, indicate there is less reason for lowering the eligibility age for women today than ever before.

1. Conflicts with current trends.--The proposal, in fact, seems to be a step in the wrong direction in the light of the significant and constructive trends of our times--trends in life span, employment, population, and private pension plans.

More women are living longer and working longer today than ever before. Since the beginning of OASI, the life expectancy of women at birth has increased more than 9 years, and their life expectancy at age 65 has increased about 2½ years. On the average, the woman who reaches 65 may now expect to live past 80. And the average length of life for women is 6 years greater than for men. At age 65, women may expect to live more than 2½ years longer than men.

In the past 15 years, the proportion of women between the ages of 60 and 64 who are in the labor force has almost doubled. Last year, on the average, almost 1 million women in this age group were in the labor market. The average age at which women now start to draw OASI retirement benefits is about 68 years.

Twenty years ago, or even 10 years ago, many private pension plans provided a lower retirement age for women than for men, usually age 60 for women. After further business experience and experience with OASI, this trend has been sharply reversed. A sample survey of 327 companies by the National Industrial Conference Board recently showed 83 percent of the firms had now adopted 65 as the retirement age for men and women. A Bankers' Trust Company study of industrial retirement plans established in 1950-52 showed that only 7 percent of these new plans provided a normal retirement age for women lower than for men.

2. Reduces employment opportunities.--Our older population is increasing very rapidly and will continue to do so. In Congress, in Federal agencies, and in private business, deep concern has been expressed over the need for increasing employment opportunities for older persons. And yet, although one of the purposes of lowering the retirement age would seem to be to help the woman worker, it actually could be a disservice to many thousands of older women by reducing their opportunities for satisfying employment.

Private employers have increasingly regarded the eligibility age under OASI as the standard retirement age for women. If a lower retirement age for women were adopted in OASI, many private pension plans all across the country probably would be changed to follow this lead. Many managers of private pension plans already have indicated they would do this. Under some of these plans, retirement at the lower eligibility age would be compulsory. Further, some employers naturally may be more apt to terminate employment of women aged 62 through 64 with the knowledge the women would immediately receive OASI benefits. And the proposed change would tend to lower hiring age limits and make it more difficult for unemployed women aged 62 or over, or even approaching the age of 62, to find new jobs. Thus, one of the important effects of lowering the OASI eligibility age for women could be the loss of jobs for many older women who desire work and need to work.

Employment not only provides a higher standard of living for many older persons who are able to work; it also gives many individuals a sense of usefulness, pride, and satisfaction which they can achieve in no other way. The Nation needs the experience, production, and wisdom of our older workers. Hence, it is important not only to the individual but to the community and our national economy that job opportunities for older persons be increased rather than reduced.

3. Wives and widows.--The proposal would lower the eligibility age for housewives as well as for working women. But there has been no clear demonstration that the overall social need for this step would justify the heavy costs on all taxpayers. It is argued that in many instances a wife is several years younger than her husband and thus is not eligible for her benefits when he reaches 65 -- and that therefore he cannot afford to retire at 65. But a recent analysis by our Chief Actuary indicated that in 98 percent of the cases a man's decision as to when to retire is not based on whether his wife is eligible for benefits.

It is important to remember that the age of 65 established in the original law was never intended as a fixed or automatic retirement age. And the fact is that most persons prefer to continue gainful employment as long as they are able to work and work is available. Surveys by the Bureau of Old-Age and Survivors Insurance show that only 5 percent of those receiving old-age benefits consider that they have retired because they wanted to retire; rather, health and other factors had led to their retirement. The average age at which men now start receiving old-age benefits is about $68\frac{1}{2}$ years. Thus, a 3-year reduction in the eligibility age for wives would not, in many cases, bring an additional benefit.

The proposal also would lower the eligibility age for widows. Widows, of course, already are eligible for benefits at any age so long as they have children under 18 and are not receiving wages above the standard set by the law. The theory of Congress has been that the role of OASI should be to help the widow while she is raising her family and that afterward she may find employment if needed. The widow's problem often is one of entering or returning to the labor market after having been a housewife and mother. In these situations, we are dealing with the same basic problem of employment of older workers, and the problem should be approached from that standpoint. Thus, a reduction in the eligibility age could work to the disadvantage of the widow in the same way as to any working woman.

It would obviously be difficult to reduce the eligibility age for one group of women without also taking the same step for all women. While benefits at age 62 may be needed in a limited number of cases, in many other cases there is little need for the change -- less today than ever before. And we must take into account the ultimate tax burden on all taxpayers.

4. Further steps.--If we are to depart from the long-established retirement age of 65, Congress should weigh carefully the possibility of pressures for further steps along the same line.

If the retirement age were to be lowered to 62 for men, too, the additional costs would be about doubled, to more than $2 billion a year over the long run. Already many of the advocates of age 62 for retirement of women say their next step would be to seek a retirement age of 60. If there is any logic in lowering the eligibility age for women under OASI, then wouldn't many think it just as logical to lower the eligibility age in public assistance for the needy aged? An eligibility age of 62 for women in this program would cost State and Federal taxpayers an additional $85 million a year. Also, if 62 is to be considered the normal retirement age, questions would arise as to whether the double exemptions and retirement income credits now provided under Federal income tax laws at age 65 should be extended to age 62, with a substantial loss in Federal revenue.

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In summary --

The proposal to lower the retirement age for women to 62 would tend to reduce job opportunities for many older workers at a time when our objective is to increase employment prospects for those who desire to work and need to work. The proposed change conflicts with the fact that more women are living longer and working longer than ever before. The proposal would be very costly as it stands and would likely lead to still further costs to all social security taxpayers. For all these reasons, I would advise the Congress against this step.

Cash Disability Benefits

H.R. 7225 would provide monthly cash payments to persons aged 50 or over who are unable to engage in any substantial employment because of a serious and extended disability.

The proposal raises a most difficult question. We all recognize that prolonged and severe disability is indeed a serious problem for the individual, his family, and the community. On the other hand, as the testimony before this Committee has shown, there are serious differences of opinion about the wisdom of bringing the new element of cash disability payments into the old-age and survivors insurance program.

I believe the Committee should carefully consider the need for the proposed change, its practicality, its long-range effects on the social security program, and its potential long-range costs.

Progress in Meeting Needs of the Disabled

The Nation has made significant progress in recent years in helping the disabled, especially since the last time OASI cash disability benefits were intensively studied in Congress, in 1950. As a member of your Advisory Council at that time, I took the position of the minority on the Council that it would be unwise to add cash disability benefits to the old-age and survivors insurance program.

We advocated instead that the Congress adopt a new category of Federal grants to the States, to help establish assistance payments for the needy disabled. We also called for more emphasis on the vocational rehabilitation program for restoring disabled persons to productive jobs and to independence. And we recommended that the benefit rights of the disabled, under OASI, be "frozen" so that unemployment because of disability would not reduce or eliminate their retirement or survivor benefits. All three recommendations have since been enacted into law.

Assistance grants to the needy disabled were added to the Social Security Act in 1950. Since then, 42 States have begun operations under this program, some of them only recently. About 244,000 needy disabled persons are now receiving monthly assistance payments, which total about $165 million annually. Further, many other disabled persons or their children who are in need--over a half million of them--are receiving assistance payments under other federally aided programs of aid to the blind and aid to dependent children. In most of the States, therefore, provisions already have been made to meet the basic needs of those who cannot support themselves because of extended and serious disability.

Significant strides have been made, too, in the Federal-State program of vocational rehabilitation under the impetus of amendments adopted unanimously by Congress in 1954. We are requesting $41 million in Federal funds for rehabilitation next fiscal year, nearly double the amount appropriated in fiscal 1954. And the States likewise are appropriating more funds. The opportunities for restoring handicapped persons to gainful employment have increased greatly as the result of medical advances and new rehabilitation techniques. Many disabled men and women who 10 years ago would have been considered hopelessly impaired are now able to resume active lives as self-supporting citizens.

The disability "freeze" provision under OASI also was enacted in 1954 and applications under this provision were accepted for the first time last year. We now have contracted with agencies in every State--in most cases, rehabilitation agencies--to administer these claims. Although this program is very new, we know it will be helpful to many disabled persons, not only in providing higher benefits under OASI but in bringing them more promptly to the attention of State agencies for rehabilitation.

And so, since the last time Congress considered and rejected cash disability benefits under OASI, significant progress has been made in helping the disabled through these other programs--assistance payments to those who are in need, vocational rehabilitation, and the disability freeze.

Difficulties of Eligibility Determinations

The proposal to provide cash disability benefits as a new and integral part of the OASI system presents difficult problems in determining eligibility for payments.

Under the system now, cash payments are made only upon death or retirement. These conditions are easy to determine. Under the disability proposal, however, the primary condition for payment would be, in the terms of the bill, inability "to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration." These conditions for payment are much more difficult to determine, and they raise serious uncertainties in a system covering almost the entire working population.

To decide that a person is eligible for benefits, it would be necessary first to determine medically the severity of his impairment. Numerous medical witnesses have testified to this Committee as to the great problems which they foresee in evaluating physical and mental conditions for purposes of disability determinations. I believe that the testimony of so many medical experts as to the problems involved in determining disability must be given considerable weight.

It would also be necessary, in deciding whether a person is eligible for disability payments, to determine whether his impairment is the cause of his unemployment. This, too, can become a difficult question. It would be particularly difficult in cases involving part-time employees, intermittent workers, and those who do not have strong reasons for continued employment. It would be very difficult, for example, to determine whether a married woman with a serious disability has left the labor market because she is disabled or has quit work to become a housewife; typically, there might be a combination of motives.

Despite the eligibility requirements included in H.R. 7225, some intermittent and part-time workers, and secondary workers in a family, could nevertheless qualify for benefits.

In a period of job scarcity, it would also be particularly difficult to determine whether a person was out of work because of his disability or because of general lack of job opportunities.

It has been contended that the problems of disability determination have been met successfully under other plans, such as in Railroad Retirement, Civil Service, private industry, and the OASI disability "freeze". But there are important differences between these plans and a disability system covering almost all workers. The OASI system would cover more intermittent or part-time workers or workers who have shifted frequently from one job to another. Private company plans with long experience usually pay benefits only to those with steady employment records. And the companies often have the benefit of the medical history of the employee, obtained in part in the company's own medical department. The

disability "freeze" program of OASI does not involve the pressures that would arise from the much stronger incentive on the part of a claimant for an immediate cash benefit.

Uncertainties of Costs

The difficulties in determining eligibility and other factors lead to serious uncertainties as to future costs of a cash disability benefit system.

The estimates of the cost of cash disability benefits starting at age 50 are about four-tenths of 1 percent of payroll, or about $200 million for the first full year, rising to about $900 million a year by 1980. However, the Chief Actuary of the Social Security Administration has pointed out that his cost estimates in the field of disability are subject to a far wider range of variation than for other types of benefits.

The cost estimates I have cited have all been made on the assumption of high employment conditions. The costs would be far higher under low employment conditions. Undoubtedly many more disabled persons would press applications for benefits, and many more benefits would be paid. During the depression of the 1930's, the private life insurance companies which had offered disability income benefits suffered large losses, and many were forced to abandon disability benefit insurance.

Another element in the cost estimates is that they have been based on the assumption that the program would be strictly and tightly administered. And yet, clearly, there could be serious difficulties in determining eligibility for benefits, and there is little assurance that under all circumstances the administration could be tight and strict. Appeals from administrative determinations to the courts might well--as they did with private disability insurance in the thirties--result in precedents requiring less strict administrative determinations. The fact that under the bill agencies in 48 States would be making initial disability determinations would tend to make uniformly tight administration more difficult.

Another important cost consideration is the prospect that the age limit of 50 would soon be lowered. The provision of cash disability benefits only to those who have attained age 50 would be a very difficult line to maintain. Cash disability benefits at any age would cost social security taxpayers almost $1 1/2 billion a year by 1980.

Relationship of Cash Disability Benefits to Vocational Rehabilitation

There is no question that the most constructive approach to the problem of a worker's disability is, wherever feasible, the process of vocational rehabilitation. We should do everything possible to help disabled persons fit themselves for work and to help them find work they can perform. As I indicated earlier, we are now working with the States to expand the rehabilitation programs. Experts working in this field believe that the potential is great and that much more can be done.

Witnesses have testified that cash benefits may reduce the incentive of some disabled persons toward rehabilitation -- particularly if the benefits, when combined with other resources of the individual, adequately meet essential needs. Our own experience with the rehabilitation process indicates that the drive and willpower of the individual is the most important single factor in determining his chances of successful rehabilitation. Rehabilitation and establishment in employment are often arduous and difficult experiences. There are, undoubtedly, those among the disabled who would hesitate to move from the security of an assured benefit to the uncertainty of the competitive labor market.

We recognize that successful rehabilitation and reemployment of all disabled persons are not possible and that modest cash benefits need not necessarily reduce rehabilitation incentives. However, we should be careful not to take any step which might reduce the incentive for rehabilitation. The Committee is faced with a proposal for legislation in a delicate area of human motivation. It is impossible to proceed with the same degree of assurance that has accompanied other steps in the expansion of the social security system.

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Few subjects in the field of social security have been so controversial over the years and are so controversial today as the proposal for cash disability benefits.

In the past, a wide area of agreement usually has developed before major changes were enacted in this program involving so many people and so many billions of dollars. There is no such agreement today. There is a great divergence of opinion on the difficulties of administering a cash disability program, our ability to control the costs, and the effects on vocational rehabilitation.

On the other hand, we are making significant progress in helping disabled people -- through assistance payments to the needy, the rehabilitation program, and the disability freeze. We need more time to develop these programs fully and evaluate their results.

In view of the grave uncertainties involved and the potential heavy costs to all social security taxpayers, I would advise the Committee not to adopt the provisions of H.R. 7225 for cash disability benefits.

Prospects for the Future

Productivity in this country has been increasing steadily over many years. With increased productivity have come rising wage levels. This trend increases both benefit costs and tax income under the old-age and survivors insurance system. But the income increases more than the benefits.

Because of this factor, the actuarial position of the system has been improving. Estimates of the present program, based on the 1951-52 wage levels, showed a long-range deficiency in the program of 0.48 percent of covered payroll. Estimates based on 1955 wage levels now show a deficiency of only 0.16 percent of covered payroll.

If this trend continues, and we are hopeful that it will, then in the future it will be possible to provide additional benefits without requiring an increased tax rate or causing an actuarial deficiency. It would not be prudent, however, to increase benefits now in anticipation of this possibility. If favorable financial experience develops, we could consider then the most desirable additional benefits in the light of the circumstances and the needs at that time.

Summary

Mr. Chairman, in summary, these are our views on the major issues now before the Committee.

—With the milestone reached in the 1954 amendments, OASI is operating soundly and effectively. We should now extend OASI coverage and adopt sound and constructive legislation advancing other social welfare programs.

—In the light of recent tax increases and the scheduled increase in 1960, an additional major tax increase should not be imposed now on the 70 million workers covered by the OASI system.

—For the reasons I have already stated, the provisions of H.R. 7225 to lower the retirement age for women and provide cash disability benefits under OASI should not be adopted.

I have given you our best thinking on these important long-range problems that confront us in the development of our social security system. I want to pledge you our continued cooperation in keeping the social security program sound and effective.

STANDARD FORM NO. 64

SSA - OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A

TO : Administrative, Supervisory and Technical Employees

DATE: May 11, 1956

FROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 235
Press Release of Senate Committee on Finance on the Social Security Bill

I am sure you will all be interested in the following statement on the social security bill which was released to the Press on May 10 by the Senate Committee on Finance:

"The committee today tentatively approved amendments to the social security law which would pay benefits to widows at age 62, and benefits for children, regardless of age, permanently and totally disabled prior to their eighteenth birthday, if their disability has continued beyond age 18.

"The committee disapproved the House-passed provisions for totally and permanently disabled workers age 50 and over.

"A revision of existing law as it applies to agricultural workers would cover such workers if they are either paid $200 a year by one employer or if they work for 30 days for one employer at a daily, weekly or monthly rate. The House bill made no change in existing law. This amendment would also extend coverage to more agricultural workers by making a special provision whereby more 'crew leaders' would be considered as employers of agricultural laborers.

"Further action by the committee would provide coverage for American ministers serving outside the country who are not employed by an American employer, but whose congregation is composed predominantly of American citizens.

"Further coverage was also provided by an amendment which would allow American corporations who own 20 percent or more of the stock of a foreign subsidiary to cover American employees working for that subsidiary, upon entering into an agreement with the Internal Revenue Service to provide such coverage.

"The increase in the social security tax rate provided by the House was also striken from the bill by committee action. The tax would remain at present rates."

Victor Christgau

Victor Christgau

STANDARD FORM NO. 64

SSA - OASI

Office Memorandum • UNITED STATES GOVERNMENT

14:A:K

TO : Administrative, Supervisory and Technical Employees

DATE: May 29, 1956

FROM : Victor Christgau, Director
Bureau of Old-Age and Survivors Insurance

SUBJECT: Director's Bulletin No. 237
Senate Committee on Finance Action on H.R. 7225, A Bill to Amend the Social Security Act

The Senate Committee on Finance has concluded its executive sessions on H.R. 7225, a bill to amend the Social Security Act, passed by the House of Representatives during the first session of the present Congress. The bill now is tentatively scheduled for debate on the floor of the Senate next week.

The bill has undergone considerable change from the measure passed by the House last July. Among other changes, the provision for cash disability benefits at age 50 is omitted, the provision for lowering the eligibility age to 62 for women is restricted to widows only, the disabled child's benefit provisions are broadened, and a new test for coverage of farm workers is added. I am enclosing a brief account of these and other revisions made in the bill by the Committee on Finance. Director's Bulletin No. 220, dated July 18, 1955, outlined provisions of the House-approved bill. The provisions of the House bill relating to establishment of an Advisory Council on Social Security Financing and to the technical amendments described in the attachment to Director's Bulletin No. 220 are unchanged in the Committee bill. Also unchanged from the House bill is the provision to cover the services of owners and tenants of land who, under an arrangement whereby another person produces commodities on the land, participate materially in such production. The Committee's report on H.R. 7225, however, is expected to include clarification of the term "material participation" as used in the provision.

I will notify you of further action on the bill.

Victor Christgau

Victor Christgau

Enclosure

SUMMARY OF CHANGES IN H.R. 7225

ADOPTED BY SENATE COMMITTEE ON FINANCE

1. Widow's Benefits at Age 62

Provides for payment of widow's benefits at age 62, effective with September 1956. An estimated 200,000 widows between 62 and 65 years of age could begin to draw benefits for September. In addition, about 30,000 widows would become eligible, although, because they are working, they would not draw benefits immediately. (The House bill would lower the eligibility age for all women to age 62.)

2. Cash Disability Benefits

Deletes the House bill provisions for payment of monthly benefits to disabled workers at age 50.

3. Benefits for Disabled Children

Liberalizes the House bill provisions for payment of benefits to disabled children age 18 and over. Child's benefits would be payable to the dependent child, of any age, of a worker entitled to retirement benefits, or of a deceased insured worker, if the child has been under a total disability since before he reached age 18. If the disabled child was not entitled to child's benefits before he reached age 18, it would be necessary to show that the child was receiving at least half his support from the worker at the time the child applied for benefits or when the worker died. Both the House and the Finance Committee bills would provide benefits to the mother of an entitled disabled child if she has the child in her care. Benefits would be payable for months after August 1956.

4. Self-Employed Professional Persons

Extends coverage to about 200,000 self-employed professional people for taxable years that end after 1955. The groups to which coverage would be extended are lawyers, dentists, chiropractors, veterinarians, naturopaths, and optometrists. Continues the exclusion of osteopaths and physicians from coverage. (The House bill would extend coverage to all of the groups covered by the Committee bill and would also cover osteopaths.)

5. Contribution Rate

Deletes the provision in the House bill for an increase in the contribution rates for employees, employers, and the self-employed.

6. Suspension of Benefits for Certain Aliens

Suspends benefit payments to aliens outside the United States unless the aliens are nationals of a country which would not suspend payment of benefits to American citizens who earn benefits under its social insurance system but leave the country. (No provision in the House bill.)

7. Computation of Self-Employment Income from Agriculture

Permits farmers the following option in reporting their earnings from agricultural self-employment for old-age and survivors insurance purposes: (a) if annual gross income from agricultural self-employment is between $400 and $1,200 inclusive, either net earnings or gross income may be reported; (b) if gross income from agricultural self-employment is over $1,200 and net earnings are less than $1,200, either net earnings or $1,200 may be reported. If gross income is over $1,200 and net earnings are $1,200 or more, net earnings must be reported. The option would be available to members of farm partnerships and to individual farmers regardless of whether income is computed on an accrual or a cash basis. (No provision in the House bill.)

8. Certain Employees of State and Local Government Who Are Under Retirement Systems

a. Removes for the States of North Carolina, South Carolina, and South Dakota the present bar to coverage of policemen and firemen. (No provision in the House bill.)

b. For the State of Georgia and other States to be designated by the Committee would make a major exception to the present requirement that all members of a retirement system be treated as a single group for purposes of coverage by permitting the State, at its option, to cover only those members of a retirement system who wish to be covered, provided that all new employees are covered compulsorily. (No provision in the House bill.)

c. Would permit Georgia and other States to be designated by the Committee to hold a separate referendum for some of the members of a retirement system and, if the referendum is favorable, to secure coverage for such employees under old-age and survivors insurance as if there were no other employees in the State retirement system. (No provision in the House bill.)

d. Would permit Oklahoma and other States to be designated by the Committee to cover, as a separate group and without a referendum, nonprofessional school employees who are under a teachers' retirement system, provided the action is taken prior to July 1, 1957. (No provision in the House bill.)

9. Agricultural Labor

Provides that the remuneration paid a farm worker by an employer for agricultural labor in a year would be "wages" only if the worker (a) is paid $200 or more in cash by the employer during the year, or (b) performs agricultural labor for the employer on 30 or more days during the year for cash pay computed on a time basis (rather than a piece-rate basis). For the $200 test, both piece-rate and time-based pay would count, and the number of days worked would be immaterial as at present. On the other hand, 30 days worked at any rate of pay per hour, day, week, etc., would meet the 30-day test. (Under the House bill the present $100 annual cash pay test would remain in effect.)

10. Crew Leaders Deemed Employers of Crew Workers

Provides that if a crew leader (a) furnishes workers to perform agricultural labor for another person, (b) pays the workers (either on his own behalf or on behalf of the person for whom the work is performed), and (c) has not entered into a written agreement with the person for whom the work is performed whereby he (the crew leader) is designated as an employee of that person, then the workers would be deemed to be employees of the crew leader. (No provision in the House bill.)

11. Foreign Agricultural Workers

Broadens the present exclusion (service performed by foreign agricultural workers from Mexico hired under contracts made in accordance with title V of the Agricultural Act of 1949, as amended, and service performed by foreign workers lawfully admitted from the British West Indies on a temporary basis to do agricultural labor) so that it would apply (after 1956) to service performed by all foreign workers admitted on a temporary basis from any foreign country to perform agricultural labor. (No provision in the House bill.)

12. Turpentine Workers

Deletes the House bill provision, which would extend coverage to an estimated 20,000 workers engaged in the production of turpentine and gum naval stores.

13. United States Citizens Employed Outside the United States by Foreign Subsidiaries of American Employers

Broadens the present provision to make coverage available to American citizens employed by a foreign company in which the American corporation holds more than 20 percent of the voting stock. If such a foreign company holds more than 50 percent of the voting stock of another foreign company, the American citizens employed by the latter company could also be covered. Coverage would be provided through voluntary agreements between the American corporation and the United States Government as under present law. (No provision in the House bill.)

14. Ministers

Provides for making coverage available to American ministers serving as pastors of churches in foreign countries if their congregations are composed predominantly of American citizens. This coverage would begin with the first taxable year ending after 1954 for which coverage is elected. (No provision in the House bill.)

15. Employees of the Tennessee Valley Authority and the Federal Home Loan Banks

Deletes the provision of the House bill which would have extended coverage to employees covered by the retirement system of the Tennessee Valley Authority and employees of district Federal Home Loan Banks.

16. Interest Rate on Trust Fund Investments

Changes the interest rate on trust fund investments to reflect the essentially long-term character of the investments. The interest rate would be equal to the average rate of interest borne by all marketable interest-bearing obligations of the United States not due or callable until after the expiration of 5 years from the date of original issue. (No provision in the House bill.)

17. Technical Amendments Other Than Coverage Changes

(In addition to the technical amendments described on page 5 of the attachment to Director's Bulletin No. 220, July 18, 1955.)

a. Duration of Marriage Requirement for Remarried Widow

Provides benefit protection for a widow who remarries and whose second husband dies before the couple has been married for a year, by restoring her benefit rights on the earnings record of her

first husband if he were insured under the program before his death and their marriage had lasted for at least 1 year. (No provision in the House bill.)

b. Earnings Test for Members of Armed Forces Serving Abroad

Places the earnings test on an annual basis for members of the Armed Forces serving outside the United States. (No provision in the House bill.)

c. Extension of Deadline for Filing Proof of Support or Application for Lump-Sum Death Payment

Extends for an additional 2 years the period for filing proof of support in claims for dependent husband's, widower's, and parent's benefits, and for filing application for lump-sum death payment, if the claimant can show "good cause" for his failure to file within the first 2 years after the death of the insured individual. (No provision in the House bill.)

d. Alternative Insured Status

Establishes an alternative insured status provision for individuals who cannot meet the normal requirements for a fully insured status. An individual who had quarters of coverage in all but 4 quarters after 1954 and before July 1, 1957, or, if later, the quarter in which he attained retirement age or died, whichever occurred first, would be fully insured. At least 6 quarters of coverage would be required. This change would permit individuals first covered in 1956 to qualify for benefits on the same basis as the present law provides for persons first covered in 1955. (No provision in the House bill.)

e. "Dropout" of 5 Years of Low or No Earnings

Applies the "dropout" of 5 years of low or no earnings in computing benefits of an insured individual regardless of the number of quarters of coverage he may have. This would apply to persons who become entitled to benefits after the effective date of the bill. It would make it possible for persons newly covered in 1956 to have the "dropout" applied to all years of noncoverage after 1950 and before 1956. (No provision in the House bill.)

f. Special Starting and Closing Dates

Provides for special starting and closing dates for an individual who became entitled in 1957 and who had at least 6 quarters of coverage after 1955 and prior to the quarter following the quarter of his death or entitlement, whichever occurred first.

A starting date of December 31, 1955, and closing date of July 1, 1957, could be used if a higher primary insurance amount would result. (No provision in the House bill.)

The following provisions relating to Public Assistance (none of which were in the House bill) are included in the Finance Committee bill:

1. Provides for separate Federal matching of expenditures for medical care on a 50-50 basis up to an average expenditure of $8 per adult receiving aid, and $4 per child.

2. Changes provisions for aid to the blind and aid to the permanently and totally disabled to emphasize the objective of restoring such persons to self-support or self-care, and makes changes in the aid-to-dependent-children provisions.

3. Provides for grants to States to assist in the training of personnel (100 percent Federal for 10 years; 80 percent thereafter).

4. Provides for grants ($5 million in fiscal 1957) to pay part of the costs of research and administration projects in such areas as the prevention of dependency; grants would be made to States, public, and nonprofit institutions.

5. Extends the aid-to-dependent-children program to include first cousins, nieces, and nephews among relatives with whom children may live; elimination of the requirement of school attendance for children 16 to 18.

6. Extends the present matching formula scheduled to expire September 30, 1956, to January 30, 1959.

LISTING OF REFERENCE MATERIALS

U.S. Congress. Senate. Committee on Finance. *Hearings. . .on H.R. 7225. 84th Congress, 2d session.*