

### Provision for Dependent Children

In 1939 between 6 and 8 million children under 16 years of age, were in families receiving some type of public aid.<sup>43</sup> Most of these children were members of households receiving aid from work programs or from general relief. Only two titles of the Social Security Act specifically provided for the economic maintenance of children: old-age and survivors insurance,<sup>44</sup> through benefit payments to dependents and orphans; and the program for aid to dependent children.<sup>45</sup>

The State programs of mothers' aid operating in 49 jurisdictions prior to the passage of the Social Security Act<sup>46</sup> were stimulated by the grants-in-aid for aid to dependent children provided by Title IV of the Act. Federal grants-in-aid to State programs were designed to make available cash payments for the economic maintenance of needy dependent children "under the age of 16 [or under the age of 18 if found by the State agency to be regularly attending school] \* \* \* 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 \* \* \* living with father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home."<sup>47</sup>

By July 1940, 42 jurisdictions had adopted plans qualifying for grants under the Social Security Act.<sup>48</sup> In June of that year about 333,000 families, including 802,000 dependent children, were receiving payments.<sup>49</sup> The total sums expended for aid to dependent children during the fiscal year 1940 amounted to \$119.5 millions.<sup>50</sup>

All of the 42 States made payments available to

<sup>43</sup> White House Conference on Children in a Democracy, *General Report Adopted by the White House Conference on Children in a Democracy*, Washington, 1940, p. 21.

<sup>44</sup> See "Measures for the Aged," above.

<sup>45</sup> The provisions of title V, pt. 3 authorized grants for child-welfare services in order to aid State public-welfare agencies in establishing, extending, and strengthening community child-welfare services, especially in predominantly rural areas. It authorized payment of part of the cost of district, county, or local child-welfare services in these areas, but made no provision for the economic maintenance of these children and was not specifically limited to those in economic need. The same was true of other grants under this title providing for services to crippled children and for maternal-and-child-health services. For information on all these services, see "Community Services," below.

<sup>46</sup> See ch. III, for a discussion of these programs.

<sup>47</sup> Sec. 406 (a). Phrase in brackets added by the 1939 amendments to the Act and effective August 10, 1939.

<sup>48</sup> Alaska, Connecticut, Illinois, Iowa, Kentucky, Mississippi, Nevada, South Dakota, and Texas administered aid-to-dependent-children programs without Federal participation. South Dakota's plan was approved by the Social Security Board on October 11, 1940.

<sup>49</sup> *Fifth Annual Report of the Social Security Board, 1940*, p. 90.

<sup>50</sup> *Ibid.*, p. 101. Excludes cost of administration and (for the first half of the year) excludes the cost of hospitalization and burial of recipients.

needy children at least up to 16 years of age. Only 16 States, however, made assistance available to children up to the age of 18, if found to be regularly attending school.<sup>51</sup> California, Hawaii, Minnesota, and North Dakota granted aid to children 18 years or younger without requiring that the child must be attending school regularly.

Medical care, hospitalization, and burial were provided to recipients of aid to dependent children by 10 States during the period January-August 1940. Costs of these services amounted to about \$365,000, or 2.6 percent of total obligations incurred for aid to dependent children in these States during the 8-month period, which amounted to \$31.3 million.<sup>51a</sup>

The Social Security Act stipulated that no State plan could be approved which excluded a child who had resided in the State for a year immediately preceding application or who was born in the State within one year immediately preceding application, provided its mother had resided in the State for 1 year immediately preceding the birth. States might reduce this requirement if they wished and still be in conformity with the Federal law. By July 1940, 40 jurisdictions with plans approved by the Social Security Board had adopted the 1-year residence requirement, and Georgia and Vermont had no residence requirement at all.

The underlying philosophy of State mothers' aid laws, the predecessors of the aid-to-dependent-children programs, was the recognition of the essential values of home life and the acceptance of the principle that no child should be separated from his family because of poverty. It is thus not surprising that among the eligibility conditions for aid to dependent children the fitness of the mother or guardian to provide such a home should have been emphasized. While references to the morals of such persons appeared less frequently in July 1940 than in the past, the plans of 23 jurisdictions at that time expressly specified that the child's home must be suitable or must meet certain standards of care and health fixed by the State Department of Social Welfare.<sup>52</sup>

The Social Security Act made no mention of ille-

<sup>51</sup> Colorado, Delaware, Florida, Idaho, Kansas, Louisiana, Montana, New Jersey, Ohio, Oregon, Pennsylvania, Massachusetts, Rhode Island, Utah, Virginia, and Washington.

Information in this section is in large part based on Social Security Board, Bureau of Public Assistance, *Characteristics of State Plans for Aid to Dependent Children, Revised July 1, 1940*, Publication No. 18, Washington, 1940, referred to hereafter by title only.

<sup>51a</sup> *Social Security Bulletin*, III (November 1940), 61, table 5.

<sup>52</sup> Moreover, 7 jurisdictions (the District of Columbia, Massachusetts, New Jersey, New York, Ohio, Vermont, and Wisconsin) stipulated that the parent or relative must be a fit person. In addition, four States (Maryland, Minnesota, New York, and North Dakota) provided in their aid-to-dependent-children plans that the child's religious faith must be protected.

gitimacy, and Federal funds were available under Federal and State laws for children born out of wedlock. No jurisdiction with an approved plan in 1940 had legal provisions which would exclude illegitimate children, and the plans of three States (California, Maryland, and New York) specifically stipulated that aid might be granted to them. Citizenship was not mentioned in the Federal provisions for aid to dependent children, and by July 1940 only two jurisdictions (Montana and the District of Columbia) had any form of citizenship requirements.<sup>53</sup>

The determination of need was left to each State. In 1940 almost half the States had legal provisions for relatives' responsibility for aiding mothers and children who otherwise would become public charges. In addition, 15 States set a maximum to the real and personal property a family or child or both might possess and still be regarded as in need. By July 1940, the statutes of 19 States administering aid to dependent children under the Federal-State program contained clauses limiting cash and income of eligible persons. Seven States also placed restrictions on the disposal of property for the purposes of qualifying for aid.

The administration of aid to dependent children was primarily in the hands of the States. The functions of the Federal Government were similar to its functions in old-age assistance.<sup>54</sup> To be approved by the Social Security Board, State plans for aid to dependent children must be State-wide in operation, must provide for State participation in the financing of assistance, and must provide for either the establishment or the designation of a single State agency to administer or supervise the plan. In 16 of the 42 jurisdictions with approved plans in effect July 1940, direct responsibility for administration was assumed by the State agency. In the others, the program was administered by the local units and supervised by the State.<sup>55</sup>

The average monthly payment per family in June 1940 amounted to \$32.10, the grants in individual States ranging from \$12 (in Arkansas) to \$58.36 (in Massachusetts).<sup>56</sup> The Federal Government contributed one-

half of the amount of the assistance up to \$18 a month expended for one dependent child in the family and one-half of the amount up to \$12 with respect to each of the other dependent children. The Federal Government also paid an amount equal to one-half of the sums expended by the State as found necessary by the Social Security Board for the efficient administration of the State plan.<sup>57</sup>

### Provision of Income to the Sick and Disabled

The risks to individual security which arise out of ill health and disability are of two kinds. For persons normally dependent upon wages or salaries, sickness immediately involves a loss or reduction of income. Over and above the economic risk to a family if its breadwinner is unable to work, the treatment of sickness and disability often involves expenditures which severely strain the resources of the family, regardless of how its income is obtained.

By 1940, a variety of measures had been devised to provide health and medical care, some of which fell outside the category of public-aid programs.<sup>58</sup> Some general-relief agencies were providing grants to cover the cost of medical care, along with other budget items,<sup>59</sup> and some other public-aid programs made allowances for medical care or provided it directly.<sup>60</sup> However, two programs operating in 1940 were specifically designed to provide income for sick and disabled needy persons.<sup>61</sup> These programs—workmen's compensation and aid to the blind—will be discussed here.

### Workmen's Compensation

By July 1, 1940, 53 independent workmen's compensation laws were in operation, including Federal laws.<sup>62</sup> Only one jurisdiction (Mississippi) had no such law.

<sup>53</sup> For further information on aid to dependent children, see *Fifth Annual Report of the Social Security Board, 1940, and Characteristics of State Plans for Aid to Dependent Children, Revised July 1, 1940*. See also Social Security Board, *Social Security Yearbook for the Calendar Year 1939*, Washington, 1940, and Hoey, Jane M., "Aid to Families with Dependent Children," and Beisser, Paul T., "Appraisal of Social Security Provisions Affecting Children," *Annals of the American Academy of Political and Social Science*, CCII (March 1939), 74-81, and 88-94, respectively.

<sup>54</sup> These services, however, were so important in buttressing the public-aid programs studied in this report that they will be discussed briefly later in this chapter. See "Community Services" below.

<sup>55</sup> These grants will be discussed under "General Relief."

<sup>56</sup> Where medical and health services were provided as parts of other public-aid programs, such services are discussed in this chapter in connection with the various programs.

<sup>57</sup> "By 'direct responsibility' is meant the primary responsibility for making investigations and maintaining direct contact with the individual." (*Characteristics of State Plans for Aid to Dependent Children*, p. 1.) State-supervised plans in July 1940 were: Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indiana, Kansas, Maryland, Massachusetts, Minnesota, Montana, Nebraska, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, Utah, Virginia, Washington, Wisconsin, and Wyoming.

<sup>58</sup> *Social Security Bulletin*, III (August 1940), 49, table 7.

<sup>59</sup> In spite of the title "disability benefits" in railroad retirements legislation, this program was in effect an old-age insurance plan with a somewhat more flexible age requirement. A major requirement eligibility for disability benefits was either attainment of 60 years of age or 30 years of service. See "Old-Age, Disability, and Survivors Insurance under Railroad Retirement Legislation," above.

<sup>60</sup> These included 46 State laws, statutes applying to Puerto Rico, Alaska, Hawaii, the Philippines, and the District of Columbia, the Federal

In general, the purpose of these laws was to provide cash compensation and medical treatment to workers suffering injury or occupational diseases arising out of the course of their employment. Because of the great variation from State to State only the major features of these laws can be indicated here. Workmen's compensation legislation by no means protected all workers against loss or reduction of earnings due to physical risks attendant upon employment. Not all the laws were compulsory; many employments and types of firm were excluded; not all laws provided compensation for occupational diseases; and finally, provision for medical treatment was often extremely limited.

Insurance of the employer's liability was compulsory only in 22 laws, although some of the elective laws (i. e., those which allowed certain types of employers to remain outside the law) were compulsory for special groups, such as public employees, or for workers in hazardous employments. The privilege of electing to remain outside the compensation system was stripped of its advantages in most of the laws because employers were denied the right to use the common-law defenses if sued by the worker. In 23 of the 32 States having elective laws, it was presumed that election had been chosen in the absence of positive rejection by the employer.

No State workmen's compensation law covered all employments. Farm laborers, domestic servants, and casual workers were usually excluded. Some acts excluded home workers and outworkers, employees of public charities, and certain other groups. Railroad employees and other workers engaged in interstate commerce were excluded from State laws for constitutional reasons; there were no Federal statutes that provided workmen's compensation for railway and maritime workers.

Some workmen's compensation laws applied only to employees engaged in hazardous employments. In most of the State laws minors were covered.<sup>63</sup> The United States Employees' Compensation Act applied to all civil employees of the United States, of the Alaska and Panama Railroads, of the Panama Canal, of the Tennessee Valley Authority, and of the gov-

law for civilian employees, and the Federal law covering longshoremen and harbor workers. The legislature of Arkansas adopted a workmen's compensation law in 1939, but it did not come into operation until December 1940. The following discussion is based on the provisions of 54 laws (including Arkansas), and the data, unless otherwise stated, are drawn from Dawson, Marshall, *Problems of Workmen's Compensation Administration, in the United States and Canada*, U. S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 672, Washington, 1940.

<sup>63</sup> In 14 of these acts extra compensation was provided in the case of injury to minors who were employed illegally.

ernment of the District of Columbia. It also covered members of the Army and Navy Reserve Corps. The Federal act of 1933 for the relief of unemployment extended coverage under the United States Employees' Compensation Act to enrollees of the Civilian Conservation Corps and to other persons given employment under emergency legislation. In 1934 coverage was extended to employees of the Civil Works Administration, and later legislation covered the employees of the Works Progress Administration and persons employed and paid by the United States in those States in which the Federal Emergency Relief Administrator assumed control.<sup>64</sup>

In 28 States, employers of less than a stipulated number of employees were exempt from coverage. The most frequent exemption was for employers with fewer than 3, 4, or 5 employees; but the range for all States was from fewer than 2 employees, in Oklahoma, to fewer than 16, in Alabama. Some States waived numerical exemption for hazardous industries, which, in some cases, were the only employments covered.

In December 1938 there were estimated to be 42,500,000 gainfully employed persons in the United States, including agricultural workers, domestic servants, and self-employed persons. Of these not more than 17,000,000, or 40 percent, were actually protected by workmen's compensation coverage.<sup>65</sup>

Only 30 laws compensated for all occupational diseases, or for certain specific diseases. In addition, a few State laws used the term "injury" instead of the term "accident," and the courts construed this to mean that an injury from an occupational disease was compensable.

In all States medical aid was furnished in most cases to injured workers in addition to compensation payments. In some States additional payments were allowed for hospital expenses, while in others artificial limbs and other appliances were furnished. Seventeen States limited neither the amount nor the time during which medical aid was provided; 12 other States limited the amount but not the time; 12 States limited the time but not the amount; and in 13 there was a restriction on both the time and the amount. There was, however, considerable evidence that the provision of medical treatment was, in general, far from adequate.<sup>66</sup>

Cash payments were made only after a specified

<sup>64</sup> See ch. III.

<sup>65</sup> *Ibid.*, pp. 32-33. Applying this percentage to the 46,800,000 workers estimated as employed in June 1940 by the National Industrial Conference Board, the number of persons covered at that date would approximate 18,720,000. No estimate of coverage is available for years after 1938.

<sup>66</sup> Dodd, Walter F., *Administration of Workmen's Compensation*, New York, The Commonwealth Fund, 1936, pp. 489-505.

waiting period<sup>67</sup> in every State but Oregon, although in 34 States this period, too, was compensated if the disability lasted more than a specified period of time.<sup>68</sup> The amount and method of payment often differed according to whether the accident or injury resulted in death, permanent partial disability, permanent total disability, or temporary total disability. The rate of payment was usually determined as a percentage of wages<sup>69</sup> subject to a fixed maximum or minimum.<sup>70</sup> In 6 States additional payments in permanent total disability cases were made to workers with dependents. In the majority of the laws a second injury might involve an increase in the amount of compensation.<sup>71</sup>

The duration of the cash payment was often subject to limitations. Life benefits were paid for permanent total disability in only 17 jurisdictions. Death benefits continued for the life of the widow or until her remarriage in only 7 States. Wisconsin paid for as many as 1,000 weeks for permanent partial disability which was not specifically listed. Most other States paid for 500 weeks or less for similar injuries. Payment of benefits during the whole period of temporary total disability was provided by 12 laws;<sup>72</sup> in the other laws a maximum period was fixed, ranging from 78 weeks in West Virginia to 1,000 weeks in Rhode Island.

The vast majority of the laws (47) left administration to a State commission or board set up for the purpose of enforcing the law. The remaining 7 resorted to the courts for administration of the law.<sup>73</sup> In States where the law was administered by a commission or board, appeals to courts were usually limited to questions of law, the determination of facts being left to the exclusive jurisdiction of the commission.

In almost all States the cost of compensation was borne entirely by the employer, although in some of the States with a State insurance fund a small part of the cost was carried by the public.<sup>74</sup> In 8 States em-

ployers must insure in a State fund. In 11 States employers might choose between the State fund, private insurance companies, or self-insurance. Elsewhere insurance was written only on a private basis.

The premiums paid by employers into any fund or company depended on the amount of benefits provided by law and the accident rating of individual plants. The first point affected all plants equally, but differences because of hazard and accident experience arose in accident rating. Plants were given "merit" rating in two ways: schedule rating, based on plant inspection by an expert who scrutinized accident safeguards and prevention methods; and experience rating, judged solely on past experience in accident prevention.<sup>75</sup>

#### Aid to the Blind

Title X of the Social Security Act, as amended in 1939, provided for grants-in-aid to approved State plans of aid to the needy blind through cash payments.<sup>76</sup> By 1940, 43 State programs had been approved by the Social Security Board. Blind pension laws were on the statute books of 5 other States.<sup>77</sup> In June 1940, about 47,600 persons were receiving blind assistance under State plans approved by the Board,<sup>78</sup> and during the fiscal year 1940 total obligations amounting to \$12.9 millions were incurred from Federal, State, and local funds for payments under these plans.<sup>79</sup>

Medical care, hospitalization, and burial were furnished in 19 States to recipients of aid to the blind during the period January–August 1940. Costs of these services amounted to \$96,000 or 2.6 percent of all obligations incurred for aid to the blind in these States during the 8-month period, which totaled \$3.7 million.<sup>79a</sup>

The Social Security Act did not specify the degree of blindness which would establish eligibility for assistance, but State plans were required to include accept-

in Alaska, Arizona, Nevada, and Washington, where employees contributed to the medical benefit fund; and in Colorado, Idaho, Kentucky, Montana, and Oregon, where the employees might contribute toward cooperative hospitals, etc. The original occupational-disease law of Washington required equal contributions by employers and employees, but in 1939 an amendment was adopted repealing this provision.

<sup>67</sup> For further information on workmen's compensation, see Dawson, *op. cit.*, and Dodd, *op. cit.* The principal features of workmen's compensation laws have been summarized for many years by the Bureau of Labor Statistics, U. S. Department of Labor in its *Handbook of Labor Statistics* and in issues of its *Monthly Labor Review*; the proceedings of the annual meetings of the International Association of Industrial Accident Boards and Commissions are published in the *Bulletins* of the Bureau. A detailed and current list of references on the subject is given in Dawson, *op. cit.*, pp. 221–25.

<sup>68</sup> For a discussion of State measures for aid to the blind previous to the passage of the Social Security Act, see ch. III.

<sup>69</sup> Illinois, Kentucky, Missouri, Nevada, and Pennsylvania.

<sup>70</sup> *Fifth Annual Report of the Social Security Board, 1940*, p. 103.

<sup>71</sup> *Ibid.*, p. 101. Excludes costs of administration and for the first half of the year also excludes cost of hospitalization and burial of recipients.

<sup>79a</sup> *Social Security Bulletin*, III (November 1940), 61, table 5.

<sup>67</sup> Ranging from 1 to 14 days, the modal period being 7 days.

<sup>68</sup> From 1 to 7 weeks.

<sup>69</sup> Only 4 States (Alaska, Oregon, Washington, and Wyoming), did not base the amount of compensation on the wage previously received by the injured employee. A few States provided fixed lump-sum payments or pensions for certain injuries but applied the percentage system to all others.

<sup>70</sup> The fixed amount of benefits ranged in the case of death or permanent total disability from \$15,000 (North Dakota) to \$3,000 (South Dakota and Puerto Rico), for permanent partial disability from \$21,000 (Wisconsin) to \$1,750 (Massachusetts), and for temporary total disability from \$13,000 (Connecticut) to \$1,040 (Puerto Rico).

<sup>71</sup> Except in Alaska, Louisiana, New Hampshire, Pennsylvania, the Philippines, Puerto Rico, Vermont, and the United States civil employees system.

<sup>72</sup> Alaska, Colorado, District of Columbia, Illinois, New York, North Dakota, Oregon, Washington, Wisconsin, Wyoming, United States civil employees, and longshoremen.

<sup>73</sup> 2 States (Alabama and Wyoming) had limited supervision by the department of industrial relations and the State treasurer, respectively.

<sup>74</sup> Employee contributions were permitted in Oregon, where 1 percent per day was deducted from pay checks to cover the cost of compensation;

able methods for ascertaining the extent of visual deficiency. With minor variations, these plans in 1940 used the definition of a blind person which was suggested by the Social Security Board.<sup>80</sup>

The determination of need was left to each State, and practice varied considerably. As of July 1, 1940, 10 States with approved blind-assistance plans included a definite limitation on the property which a blind person might own and still qualify for assistance, while 12 States had income and cash limitations.<sup>81</sup> Prior disposal of income or property in order to become eligible for aid to the blind disqualified an applicant under the provisions of three-quarters of the State programs of aid to the blind. Moreover, one-half of the States required that certain relatives of needy blind applicants should be legally responsible for their support if these relatives were able to do so.

The Social Security Act stipulated that no State plan was acceptable which denied eligibility to persons who had resided in the State five years during the nine immediately preceding application and continuously for one year immediately preceding the date of application. By 1940, nine States (Arkansas, Georgia, Mississippi, New Hampshire, North Carolina, North Dakota, Rhode Island, South Dakota, and West Virginia) had enacted legislation with residence requirements more liberal than those included in the Federal Act; New Hampshire required but 6 months and Mississippi did not provide for residence requirements of any kind.

Approved plans for aid to the blind might not impose citizenship requirements which excluded a United States citizen (whether native-born or naturalized) who otherwise would have been eligible for blind assistance, but States were free to omit the citizenship requirement if they so desired. By July 1940 over three-quarters of the States with approved blind-assistance plans had no citizenship requirements, and only 7 jurisdictions<sup>82</sup> still retained citizenship as a condition of eligibility.

The Social Security Act made no direct mention of age in connection with aid to the blind,<sup>83</sup> but a number

of States stipulated that the recipients of aid to the blind must have attained a certain age. As of July 1940, 12 States had no age requirements, while of the remainder none imposed as a condition of eligibility a minimum age requirement of more than 21 years. Federal grants could not be used to match payments to blind persons residing in public institutions.

The administration of aid to the blind in general paralleled that of old-age assistance and aid to dependent children. The Social Security Board had responsibility for ensuring that State laws were in conformity with the requirements for receipt of Federal grants-in-aid; it also provided advisory and other services to the States. In 19 of the 43 States and territories with approved aid to the blind plans in effect in July 1940, direct responsibility for administration of the program was assumed by the State agency.<sup>84</sup> In the remaining number the program was administered by the local unit and supervised by the State.<sup>85</sup>

In June 1940, the average amount of payments to blind individuals ranged from \$7.95 in Mississippi to \$48.02 in California, with an average monthly payment of \$23.68 for the 43 participating jurisdictions.<sup>86</sup> Only in California and Washington did the amount exceed \$30.

The costs of the program were shared by all levels of government. Through grants-in-aid to the States, the Federal Government contributed 50 percent of the cost of each payment not exceeding \$40 a month, together with 50 percent of the approved administrative costs. This last sum might be used for administrative costs or for payments to blind persons. States and localities participated in the remaining costs in varying proportions in the several States.<sup>87</sup>

### Noncategorical Programs

The public-aid programs operating in 1940 which were described in the preceding sections were treated according to the special characteristics of groups of the economically insecure population which they were, in

<sup>80</sup> "By 'direct responsibility' is meant the primary responsibility for making investigations and maintaining direct contact with the individual." (*Characteristics of State Plans for Aid to Blind, Revised July 1, 1940, p. 1.*)

<sup>81</sup> Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Kansas, Maryland, Mississippi, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Ohio, Oregon, South Carolina, Utah, Virginia, Washington, Wisconsin, and Wyoming.

<sup>82</sup> *Social Security Bulletin*, III (August 1940), 50, table 8.

<sup>83</sup> As of July 1940 there was no local financial participation in 26 States.

For further information on aid to the blind, see *Fifth Annual Report of the Social Security Board, 1940*, and *Characteristics of State Plans for Aid to the Blind*. See also Kasius, Peter and Rice, C. E., "Assistance for the Blind." *Annals of the American Academy of Political and Social Sciences*, CCII (March 1939), pp. 95-99; and Social Security Board, *Social Security Yearbook, 1939*, Washington, 1940, pp. 1-14, 153-220, 248-50.

<sup>80</sup> One whose central visual acuity is 20/200 or less in the better eye with correcting glasses, or whose peripheral field is so contracted that the widest diameter of such field subtends an angular distance no greater than 20 degrees.

<sup>81</sup> Unless otherwise specified, data in this section were obtained from Social Security Board, Bureau of Public Assistance, *Characteristics of State Plans for Aid to the Blind, Revised July 1, 1940, Publication No. 17*, Washington, 1940 (referred to hereinafter by title only).

<sup>82</sup> Connecticut, District of Columbia, Indiana, Iowa, New York, North Dakota, and Vermont.

<sup>83</sup> However, no person might receive blind assistance to which the Federal Government was contributing if he was concurrently receiving an old-age assistance grant toward which the Federal Government was contributing.

the main, intended to serve. No such differentiation can be made with regard to the two programs which are outlined in this section. Neither the recipients of general relief nor of surplus commodities in 1940 were identified in terms of the specific cause for their dependency on publicly provided income or by reference to other social or physical characteristics.

The general-relief program, administered by State and local agencies without participation by the Federal Government, in principle provided for the needs of those who for various reasons could not be or were not aided by the specialized programs previously outlined. Obviously, the eligibility conditions for aid under these special programs excluded a considerable proportion of the needy population. Obviously also, some needs were covered only to a slight degree by the categorical programs of 1940. In particular, the need for general relief was influenced by the varying degree to which the Federal work program was able to provide for employable persons and their families. Further, general relief in some instances was used to supplement grants received under other public-aid programs.

The distribution of surplus commodities is included in this section because it played an important role in 1940 in meeting a part of the needs of economically insecure persons, whether or not they were also benefiting from the special programs. While the main purpose of the Surplus Marketing Administration, which administered the program at the Federal level, was the removal of agricultural surpluses, this objective was combined with a policy of increasing the food consumption of certain low-income groups. Because of the availability of surplus commodities, the program, in some areas, was used as a substitute for general relief.

#### General Relief

During the fiscal year 1940 an estimated average of 1,578,000 cases per month received general relief, representing an expenditure of \$489,302,000 for the year.<sup>88</sup> Data for October 1940 showed that 80 percent of the case load was concentrated in the Northeast and Middle regions of the United States,<sup>89</sup> 13 percent was in the Northwest and Far West regions, while the Southeast and Southwest regions accounted for 7 percent of the national total. Average monthly grants per case during October 1940 ranged from \$3.08 in Mississippi to \$36.05 in New York.<sup>90</sup>

<sup>88</sup> Computed from *Social Security Bulletin*, IV (February 1941), 62 table 8, and 61, table 9.

<sup>89</sup> The States included in each of the six socio-economic regions used in this study are shown in footnote 10, p. 57 above.

<sup>90</sup> *Social Security Bulletin*, III (December 1940), 50, table 4. Because the regional distribution of general-relief cases is based upon figures

General-relief agencies, for the most part, based payments to needy persons on the estimated needs of a family and the estimated available resources of the family. The difference, or budgetary deficiency, represented the needs of the family to be met by the general-relief grant. Aid might be provided in cash or in kind. Some State and local units provided cash relief only; many gave both cash relief and relief in kind; while others provided all relief in kind, including grocery orders, clothing, fuel, and the direct payments for utilities, rent, and medical care.

General relief was available to both employable and unemployable persons in some States, while others either restricted the amount of aid to employables or denied them such aid entirely. In some of the States where employables were eligible for general relief, it was customary to provide work relief, or work-for-relief, rather than direct payments.<sup>91</sup> Such work was generally considered a repayment for relief extended, rather than a job with wage payments. The amount of time to be worked was usually determined by the amount of the budgetary deficiency and the hourly rate paid. Work-relief rates varied widely throughout the country; they were apt to be below the prevailing wage rate, although some localities attempted to pay prevailing wages.

General-relief practices were marked by a high degree of diversity between different parts of the country. Eligibility for relief, although in principle based upon need, was in fact restricted in a variety of ways. The principal legal provisions which resulted in the non-eligibility of large groups of persons were those dealing with legal settlement. These State laws, stemming from the early poor laws, prescribed length of residence in the State or in the local unit or both as the basis of settlement for purposes of poor relief. They also defined the ways in which a person might lose such settlement and other factors which determined eligibility for relief in the State or in the local unit or both. As of January 1, 1941, 40 States had laws dealing with legal settlement or residence or both.<sup>92</sup> In the remaining jurisdictions, it was a common practice for the agencies to adopt restrictive policies toward nonresidents, even though such policies were not embodied in legislative enactments.

Legal provisions in general-relief statutes concerning

for October 1940, average grants are given for the same month. Similar figures for June 1940 indicate that the range was from \$5.58 in Arkansas to \$35.34 in New York. (*Social Security Bulletin*, III (August 1940), 45, table 4.)

<sup>91</sup> Work-relief programs were reported in at least 24 States during the winter and spring of 1940 but were not usually State-wide in operation. See chapter IX.

<sup>92</sup> See Appendix 18 and ch. VI.

the liability of relatives for the support of dependent persons, which existed in 34 States in 1939,<sup>93</sup> also served to restrict eligibility. While some of these provisions simply referred in a general manner to the responsibility of relatives, others designated the kin who must accept such responsibility, if financially able to do so, and specified the terms of liability and the method of enforcing them. Lack of funds and other limitations under which some agencies operated also resulted in restrictive practices which excluded certain groups of needy persons. In many sections of the country, particularly in the Southeast and Southwest regions, employable persons received no general relief in 1940, while in other areas, limited funds resulted in local policies of providing general relief to employable persons only on an emergency or temporary basis. In some instances this resulted in the limitation of the general-relief program to a group made up essentially of physically disabled or otherwise unemployable persons. Other restrictions existed in some sections with regard to aliens, entrepreneurs, and farm operators.

Furthermore, where relief standards were low, the applicant with some resources was often automatically ruled out, whereas in sections of the country where relief standards were higher, a person with the same resources might be eligible for general relief. In some areas, families which had some income from Federal work programs or special assistance were automatically declared ineligible for general relief; likewise many local agencies did not accept applicants who had full-time employment in private industry, no matter how inadequate the earnings.

The provision of medical care as a part of or a supplement to general-relief grants varied as widely between States and localities as their practices in determining eligibility. The poor-relief statutes of most States permitted some type of medical care among the kinds of aid which might be given to needy persons. In about half the State laws, both medical care and hospitalization were permitted. Twelve States allowed medical care but not hospitalization,<sup>94</sup> and 2 States allowed hospitalization but not medical care.<sup>95</sup> Four States mentioned only care in almshouses and poor farms,<sup>96</sup> while 1 State allowed medical care only in the State welfare home except for cases which could not be moved to this institution.<sup>97</sup> Some States permitted

different types of medical care or hospitalization or both in the various counties.<sup>98</sup>

Noninstitutional medical care was usually provided by one of three methods: (1) Through the employment of "county doctors" on a salary or fee-for-service basis; (2) through a contract with the county medical society, which agreed to furnish certain services for a specified sum;<sup>99</sup> or (3) through agreement with the county medical society on a schedule of reduced fees to be charged for services to relief clients by participating physicians who would be compensated from general-relief funds.

Estimates of the extent of medical care to general-relief recipients in 1940 can be given only with the greatest hesitation, since such care was furnished in the various States by a number of different agencies and reports were lacking or not comparable. From information submitted to the Social Security Board by State relief agencies, it is possible to gain some idea of medical care among recipients of general relief in States which provided care from general-relief funds. In 42 States general-relief clients received medical care from this source. Three States did not specify the type of medical care; 38 States provided home and office visits; 37 provided dental care; 35, hospitalization; 34, home nursing; and 31, clinic care. It is not to be inferred that recipients of relief failed to receive medical treatment in States which financed medical care from other than general-relief funds. These States may have made other arrangements in 1940. Free hospitals and clinics in the State may have provided treatment, or from the allowance for relief the recipient may have purchased medical care.

The availability and extent of medical care apparently bore no relation to the source of the funds. States in which only local funds defrayed the expense appeared to give as many types of care as States in which both State and local units shared the expense. The two States which financed relief from State funds gave all types of medical care mentioned above, as well as hospitalization, but the small number made the result insignificant.

The responsibility for the administration and financing of general relief in the United States was carried

<sup>93</sup> See Lowe, Robert C., *State Public Welfare Legislation*, Works Progress Administration, Division of Research, Research Monograph XX, Washington, 1939, table 3, pp. 63-67.

<sup>94</sup> Illinois, Indiana, Maine, Mississippi, Missouri, Nebraska, Nevada, North Dakota, Rhode Island, Virginia, Washington, and Wyoming. Data on State legal provisions were obtained from *ibid.*, table 5, pp. 70-76.

<sup>95</sup> Louisiana and Texas.

<sup>96</sup> New Hampshire, New Mexico, South Carolina, and Vermont.

<sup>97</sup> Delaware.

<sup>98</sup> In Maryland, for instance, medical care and hospitalization were provided in 5 counties and 1 city; in the remaining counties, almshouses were presumably the only source of medical care. In Florida, counties of over 155,000 population were authorized to provide medical care and hospitalization; counties with a population of 50,000 to 55,000 and an assessed valuation of \$32.5 million might issue bonds to provide various forms of medical care for the needy sick; counties with a population of 9,700 to 10,500 might create a physicians' fund for the indigent sick and a charity fund to an aggregate of \$5,000 per year.

<sup>99</sup> In general, distribution of the fund was left with the society, participating physicians usually being compensated according to a fee schedule set up by the society.

entirely by State and local units of government in 1940. There were 36 State agencies and approximately 10,000 local governmental units concerned with the administration of general relief.<sup>1</sup> However, in some local areas, particularly in the Southern regions, there were no general-relief programs in operation.<sup>2</sup>

State agencies responsible for general relief in 1940 ranged from the type found in California, Illinois, and New Jersey, where the supervision or administration of the general-relief program was the sole function of the agency, to public-welfare agencies responsible for the administration or supervision of public assistance as well as other services to needy persons. The operation of local general-relief programs was most frequently handled by local public-welfare departments. It was not uncommon, however, for such relief to be administered by boards of county commissioners, overseers of the poor, county courts, town and village boards of selectmen, and township trustees.

The attempt to present in brief compass a picture of the arrangements for the administration of general relief throughout the country encounters peculiar difficulties for two reasons. These programs operated under the laws of 48 different States, and the administrative picture was also subject to local variations. Moreover, there was an absence of common agreement as to what constituted supervision by a State agency. What one State agency might consider a high degree of supervision, another might designate as State administration, and within the term "supervision" itself the shades of meaning were extremely varied. Throughout this study those programs are described as State-administered where the local relief operating units were not the agencies of local governments but were set up by, and were directly responsible to, an agency of a State government.<sup>3</sup> Those States which operated a general-relief program through the joint participation of State and local governmental units were therefore considered to be State-supervised and locally administered. Inevitably, in the latter group, which represented those States in which both State and local agencies were concerned in some measure with

the administration of general relief, there was a wide range in the division of responsibilities carried by the respective levels of government.

In terms of the definitions here adopted, it can be said that division of responsibility ranged all the way from instances where a State agency had the sole responsibility to those where all responsibility remained with the local units of government. In 2 States,<sup>4</sup> all responsibility rested with the State while in 2 other States the State administered the bulk of the program.<sup>5</sup> In 15 States<sup>6</sup> administration was on a purely local basis except for State supervision of relief to "unsettled" persons in Connecticut, Maine, and Massachusetts. In the remaining 29 States, responsibility was shared between State and local units with varying degrees of State responsibility, ranging from Arizona, where supervision was tantamount to State control, to Kansas, where the supervisory relationship was nominal.<sup>7</sup>

General relief in 1940 was financed from either State or local funds or funds from both sources.<sup>8</sup> During the fiscal year 1940, 34 States shared this responsibility with local units; in 2 States only State funds were used;<sup>9</sup> and in the remaining 12 States only local funds were available.<sup>10</sup> In those States where both State and local funds were used, the degree to which the State and local units shared this responsibility showed much variation. During the fiscal year 1940, State funds ranged from 3.8 percent of the total amount spent for general relief in Nevada to 99 percent in Louisiana.<sup>11</sup>

<sup>4</sup> Delaware and Pennsylvania.

<sup>5</sup> Missouri and New Mexico. Some local governmental units administered small amounts of local funds.

<sup>6</sup> Connecticut, Florida, Georgia, Indiana, Kentucky, Maine, Massachusetts, Mississippi, Nebraska, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, and Vermont.

<sup>7</sup> For further details of the organizational arrangements, see ch. XIII.

<sup>8</sup> For details of the methods of general-relief financing, see ch. X.

<sup>9</sup> Arizona and Pennsylvania. (In addition, the State financed most of the general relief in Arkansas, Louisiana, Missouri, and New Mexico.)

<sup>10</sup> Florida, Georgia, Indiana, Kentucky, Mississippi, Nebraska, New Hampshire, North Carolina, South Dakota, Tennessee, Texas, and Vermont.

<sup>11</sup> *Social Security Bulletin*, IV (February 1941), 62, table 6.

None of the available studies or reports presents a national picture of general relief. The following reports will serve as a guide to the reader: Brown, Josephine C., *Public Relief, 1929-1939*, New York, Henry Holt and Company, 1940; Stevenson, Marietta, *Public Welfare Administration*, New York, The Macmillan Co., 1938; and American Association of Social Workers, *Some Aspects of the Relief Situation in Representative Areas of the United States*, New York, 1939. More detailed and comprehensive data are available on certain aspects of general relief and related problems. *Migrancy*: Anderson, Nels. *Men on the Move*, Chicago, The University of Chicago Press, 1940; Interdepartmental Committee to Co-ordinate Health and Welfare Activities, *Migratory Labor, A Report to the President*, Washington, 1940; and *Interstate Migration*, Report of the Select Committee to Investigate the Interstate Migration of Destitute Citizens, House of Representatives, 77th Cong., 1st sess., House Report No. 396, Washington, 1941. *Housing*: Joint Committee on Housing and Welfare of the American Public Welfare Association and the National Association of Housing Officials, *Where Housing and Welfare Meet, a Statement of Joint Administrative Responsibility*, Chicago, 1940; and U. S. Housing Authority, *Housing and Welfare*, Washington 1940.

<sup>1</sup> For list of States and local units, see table 90 and Appendix 22.

<sup>2</sup> For a discussion of areas where general relief was not available, see Ch. VI.

<sup>3</sup> On the basis of this criterion a State such as Arizona, in which there was a high degree of State control; is here classified as State supervised and locally administered, inasmuch as the county commissioners served on the local boards of public welfare. On the other hand, the local units administering general relief in Pennsylvania are here considered part of the State administrative agency, inasmuch as the appointment of local board members and the certification of local personnel were the responsibility of the State government. A table showing the classification of general relief agencies by reference to the definition here adopted will be found in Appendix 22, which also shows the range of variation in administrative practice.



## Distribution of Surplus Commodities

Recipients of the various forms of special assistance and general relief and employees of the Federal work programs, as well as other designated low-income groups, were eligible in 1940 to receive surplus food commodities under a program operated by the Surplus Marketing Administration of the United States Department of Agriculture.<sup>12</sup> Such commodities were provided either through a process of direct distribution, whereby State welfare agencies maintained a commodity-distribution system in each State, or through the food stamp plan, which operated through commercial trade channels.<sup>13</sup>

*Direct distribution of surplus commodities.*—The Surplus Marketing Administration's objective of removing agricultural surpluses through the increased consumption of foodstuffs by low-income groups<sup>14</sup> resulted in the purchase of more than 3,000,000,000 pounds of surplus farm products during the fiscal year 1940, at a total cost of slightly more than \$117,700,000.<sup>15</sup>

These commodities, which represented over 40 agricultural products, were purchased by the Federal agency for distribution by welfare agencies to needy families and for use in the school-lunch program. Foodstuffs were allocated to the States on the basis of the availability of food supplies, the size of the eligible case load certified by the State and local welfare authorities, and the requests made by the State welfare agencies.<sup>16</sup> Of the total farm products purchased

**Medical care and health:** American Public Welfare Association, Committee on Medical Care, *Cooperation in the Administration of Tax-Supported Medical Care*, Chicago, 1940; and two publications of the Inter-departmental Committee to Coordinate Health and Welfare Activities, *Proceedings, National Health Conference, July 18-20, 1938*, Washington, 1938, and *The Nation's Health*, Washington, 1939.

<sup>12</sup> The responsibility for increasing domestic consumption of surplus agricultural commodities was given to this agency in Section 32 of Public, No. 320, 74th Cong., approved August 24, 1935, as amended by Public, No. 165, 75th Cong., approved June 28, 1937. Public, No. 430, 75th Cong., approved February 16, 1938, extended the program until June 30, 1942.

<sup>13</sup> A cotton stamp plan for the distribution of surplus cotton commodities was also inaugurated on an experimental basis with Shelby County, Tenn., designated as the first area in May 1940.

<sup>14</sup> After 1935, when the responsibility for this program passed from the Federal Surplus Relief Corporation to the Secretary of Agriculture, "the controlling factor in the determination of policies became the removal of agricultural surpluses and the encouragement of domestic consumption rather than providing for the needs of the unemployed." (*Report of Federal Surplus Commodities Corporation for the Calendar Year 1935*, Washington, 1936, p. 1.) For information relative to the purchase aspects of the program see the annual reports of the Federal Surplus Commodities Corporation; U. S. Department of Agriculture, Bureau of Agricultural Economics and the Surplus Marketing Administration, *Economic Analysis of the Food Stamp Plan*, Washington, 1940; and U. S. Department of Agriculture, Surplus Marketing Administration, *Report of the Administrative Official in Charge of Surplus Removal and Marketing Agreement Programs, 1940*, Washington, 1940.

<sup>15</sup> *Report of the Federal Surplus Commodities Corporation for the Fiscal Year 1940*, Washington, 1940, p. 1.

<sup>16</sup> In addition, the presence of adequate storage facilities determined the extent of distribution of certain perishable commodities in some areas.

during the fiscal year 1940, approximately 1,800,000,000 pounds were distributed in accordance with such requests from State welfare agencies, serving a monthly average of 11,000,000 persons.<sup>17</sup>

Persons eligible for surplus commodities under the plan of direct distribution included recipients of general relief and special assistance, employees of Federal programs such as the WPA, NYA, CCC, and Farm Security Administration, and "border-line" cases, defined by the Surplus Marketing Administration as those cases (1) which had been certified for relief "within a specified category" by the State or local certifying agency, but which were receiving no public aid other than surplus commodities, and (2) which had some small amount of income, insufficient to provide for the needs of the family, but were not receiving public aid.<sup>18</sup> On the basis of monthly reports received by the Surplus Marketing Administration from State welfare agencies, it appears that general-relief recipients and border-line cases represented over 50 percent of the total cases receiving commodities through direct distribution in 1940.<sup>19</sup>

While State welfare agencies were responsible for the maintenance of commodity distribution systems in each State, the Federal agency established certain basic rules to guide the State agencies in distributing surplus commodities to eligible cases. These rules established three principles: (1) Only persons who had been certified to be in need of "public assistance" were entitled to receive surplus commodities; (2) such commodities were to be given in addition to (not as substitute for) any other form of public aid; and (3) commodities were not to be distributed in quantities in excess of the maximum rates set by the Federal agencies. These maximum rates, developed with the cooperation of the Bureau of Home Economics of the Department of Agriculture, sought to supply the difference between what the family could buy and what they should have had to satisfy their diet needs.<sup>20</sup>

<sup>17</sup> *Report of the Federal Surplus Commodities Corporation for the Fiscal Year 1940*, p. 2.

<sup>18</sup> Information furnished by Distribution and Purchase Division, Surplus Marketing Administration.

<sup>19</sup> According to a report for October 1940, compiled by the Economic Analysis Section, Distribution and Purchase Division, Surplus Marketing Administration, 2,624,688 cases, representing 9,548,162 persons, received surplus commodities through direct distribution. Of this number, 815,868 cases, representing 2,859,098 persons, were reported by State welfare agencies as general-relief recipients, while 681,043 cases, representing 3,017,527 persons, were reported as border-line cases. Agency practices in some sections of the United States indicated that persons eligible for general relief, but not receiving this form of public aid were the largest single group in the border-line group. This would suggest, therefore, that persons eligible for general relief, whether or not they were receiving relief, were the largest single group of beneficiaries of the direct distribution of surplus commodities.

<sup>20</sup> *Report of the Federal Surplus Commodities Corporation for the Fiscal Year 1939*, Washington, 1939, p. 6.

*The food stamp plan.*—The direct distribution of surplus commodities was inaugurated in 1933. The stamp plan was adopted in 1939 to stimulate consumption of agricultural surpluses. Under this arrangement the Federal agency did not purchase or distribute any commodities; rather, the surpluses were moved through the regular commercial channels of trade. The stamp plan was inaugurated in May 1939 in Rochester, New York, and by the end of June 1940 it had been expanded to include 83 areas in the United States.<sup>21</sup>

Representatives of the Surplus Marketing Administration, usually in cooperation with the State public-welfare agency, established stamp-issuing offices in each stamp-plan area. Local public-welfare agencies operated these offices and certified families who were eligible to participate.

Under the stamp plan, in which participation was voluntary for both local governments and needy persons within the designated areas, recipients of and applicants for public aid might purchase orange stamps at the rate of a minimum of \$1 and a maximum of \$1.50 per person per week. With each purchase of orange stamps, the participant received free blue stamps equal in value to one-half of the value of the orange stamps bought. Both types of stamps might be used for food in any grocery store in the area in which the plan was in operation. The blue surplus stamps, however, could be used only for those food products declared by the Secretary of Agriculture to be surplus. The numbers and kinds of available surplus commodities varied from time to time according to market conditions and seasonal changes. In some areas, however, notably in the South, low relief grants made it necessary to issue blue stamps without the accompanying purchase of orange stamps.<sup>22</sup> In other areas, adjustments in the ratio of orange and blue stamps were made in order to meet more nearly the food needs of the family in relation to the remainder of the family budget.<sup>23</sup>

In general, the same groups were eligible for participation in the stamp plan as for the program of direct distribution. A "borderline" group, however, was not used, but rather a group which was reported

<sup>21</sup> A substantial increase in the program was indicated by the fact that by March 1, 1941, the plan was in operation in 296 areas. An area might be a city, a county, a group of counties, or a State. As of March 1, 1941, State-wide programs were in operation in Arizona, Nevada, New Mexico, Oregon, Utah, and Washington.

<sup>22</sup> See chapter VIII, for a discussion of such practices.

<sup>23</sup> Where general-relief recipients received assistance in voucher form the agencies must agree to issue food vouchers equivalent in value to not less than \$1 per week per person. Blue stamps were then issued according to the plan indicated above.

as receiving "commodities only."<sup>24</sup> During October 1940, approximately 33 percent of the 738,277 cases participating in the stamp plan represented general-relief recipients and formed the largest single group of participants during that month.<sup>25</sup>

*Financial provisions.*—The operations of the Surplus Marketing Administration were financed principally from funds appropriated under section 32 of Public, No. 320, 74th Congress, approved August 24, 1935, which made available to the Secretary of Agriculture during each fiscal year an amount equal to 30 percent of the gross receipts from duties collected under the customs laws during the preceding calendar year. Congress also appropriated \$113 million in June 1939 "to enable the Secretary of Agriculture to further carry out the provisions of section 32."<sup>26</sup>

In addition to the purchase of foodstuffs which were distributed directly to needy persons, the Surplus Marketing Administration provided for transportation of foodstuffs to general receiving points within the States. The responsibility rested with the State welfare agencies to take charge of the surplus commodities, once they had reached a central distributing point within the State, to arrange for their transportation to local warehouses and storage places, and to provide personnel and facilities for handling them. The costs of such activities were met by the State agencies, except that a large proportion of the personnel engaged in handling the commodities were WPA project workers. The costs incident to certification of needy persons as eligible to receive surplus commodities were also met by the State and local welfare agencies.

Under the stamp plan, the chief cost to the Federal government was the value of the blue stamps which were redeemed.<sup>27</sup> Federal costs of administering the

<sup>24</sup> An exception to the general standards of eligibility existed in Pottawattomie County, Okla., where, on an experimental basis, nonrelief families with annual incomes of about \$1,000 or less were allowed to participate in the stamp plan if they so desired.

<sup>25</sup> The next largest group, 218,629 cases, were WPA workers, with the remaining cases distributed as follows: recipients of old-age assistance, 145,862; recipients of "commodities only," 64,296; recipients of aid to dependent children, 46,484; others, (including FSA, NYA, etc.) 15,392; recipients of aid to the blind, 5,219. (Data compiled by the Economic Analysis Section, Distribution and Purchase Division, Surplus Marketing Administration.)

<sup>26</sup> Public, No. 159, 76th Cong., approved June 30, 1939.

<sup>27</sup> "The difference between the commodity costs to the Federal Government under the Food Stamp Plan and under the Direct Purchase and Distribution Program will be equal roughly to the difference between the retail price and the wholesale landed cost in carload lots. In other words, the commodity costs of the stamp plan will exceed those of the purchase program by approximately the gross margin of the retailer plus that of the wholesaler. This will vary for individual commodities, depending on the point at which purchase is made by the SMA. Where purchases are made direct from growers or at country points, the difference in favor of the direct purchase program may be even greater than indicated above." (*Economic Analysis of the Food Stamp Plan*, p. 55).

plan were limited by law to 3 percent of the total cost of the program.

Local agencies in areas where the stamp plan was in operation were required to provide a revolving fund, used for purchasing from the Surplus Marketing Administration orange stamps, which in turn were sold to eligible clients. The size of the revolving fund varied, depending upon the number of persons participating in the plan. Costs of certification services, as in the case of direct distribution, were borne by the welfare agency, which also provided facilities and personnel for a stamp issuing office. As in the case of direct distribution, WPA project employees were used extensively.<sup>28</sup>

### Community Services

An over-all picture of public-aid programs would be quite out of perspective if not clearly set against a background of community-service programs. These services in 1940 were of many types and ranged from the provision of medical attention to destitute persons to such cultural activities as publicly provided education, library service, and recreational facilities. Obviously no attempt can be made to present a comprehensive survey of all these extensive community resources in a report limited to public aid *per se*. Since problems of ill health, bad housing, and personal maladjustment contribute so directly to public need, only the community services concerned with the solution of these problems will be considered here. For the most part discussion will be limited to the permanent programs which supplemented community resources, although the contributions of certain emergency programs will be mentioned.

### Health and Medical Services

The health of the people has long been recognized as a proper responsibility of government, as the histories of the Public Health Service of the United States and of State and local health agencies bear witness. But in 1930-40, when diet, clothing, housing, and financial ability to purchase medical treatment were sharply affected by lowered incomes, this responsibility became particularly heavy. It was acknowledged by government in the great expansion of health services for the needy and of general public-health and preventive services for the Nation as a whole.

Medical care given to recipients of public aid in 1940 as a part of specific programs has been described in this chapter in connection with each program. There remain to be treated here programs which,

although they may in practice have served chiefly low-income groups, were designed to serve the whole population or certain sections of it, regardless of need.

In addition to the medical services provided for certain classes of special government personnel, like the Army, Navy, and Coast Guard, and the special medical care and hospital services available to veterans, the medical care of one group of citizens—American seamen—has been a responsibility of the Federal Government almost since its inception. This medical and hospital service has been provided by the Public Health Service of the United States to all eligible American seamen, regardless of need. For the most part, because of the nature and uncertainties of their employment, this group would be a definite public-aid burden on local communities, as far as their medical care is concerned, if Federal provision were not made for it. During the fiscal year 1940, 164,421 seamen were treated at the 26 marine hospitals and 126 other relief stations of the Public Health Service through 1,031,980 days of hospitalization and 538,029 office treatments.<sup>29</sup>

Certain other groups of persons, such as lepers, inmates of Federal prisons, and some insane persons, drug addicts, and sufferers from venereal diseases, received direct medical and surgical care through the Public Health Service. But the contribution of the Service which affected, directly or indirectly, the health of all the people was made through its cooperative programs with State and local health authorities.

*Cooperative programs of the Public Health Service.*—The cooperative public-health programs carried on by the Public Health Service and State and local health authorities were in 1940 the basis of the preventive health and sanitation services of every community. The conservation of the health of the Nation, through quarantine and inspection activities, the control of communicable diseases, and engineering applied to environmental sanitation, was a primary responsibility of community government, regardless of its public-aid load. Public Health Service research into the diseases of man and their prevention and treatment, the results of which were made available to all the people by these cooperative services, had a direct effect on that part of the economically insecure population whose insecurity is caused primarily by illness. Other basic activities—from the inspection and control of the marketing of biologic products to the loan of radium to hospitals for the treatment of cancer—had an alleviating, though indirect, effect on the public-aid load. These cooperative services had been created, extended, or strengthened by the funds made available

<sup>28</sup> The chief sources of information on the distribution of surplus commodities are the publications of the Federal Surplus Commodities Corporation and the Surplus Marketing Administration cited above.

<sup>29</sup> *Annual Report of the Surgeon General of the Public Health Service of the United States, Fiscal Year Ended June 30, 1940*, Washington, 1941, pp. 121, 130.

through the Social Security Act and the Venereal Disease Control Act.

Title VI of the Social Security Act as amended in 1939 authorized appropriations for grants-in-aid to expand health programs being carried on in the States or to add such new projects as the State health officers deemed advisable. In 1940 the total grants-in-aid were \$9,500,000.<sup>30</sup> These funds were allotted by the Surgeon General of the Public Health Service to the States on the basis of population, special health problems, and financial need.

In 1940 special emphasis was given to establishing or strengthening State programs for industrial hygiene, dental hygiene, and the control of pneumonia, tuberculosis, cancer, and malaria. Analysis of all grants shows that about 15 percent was allocated to State health agencies for general administration and training of personnel. The remaining 85 percent was divided about equally between State-wide health services and local health services supervised or administered by State agencies. Chief uses of funds allocated to State-wide health services were the control of preventable diseases, sanitary engineering, and the expansion of laboratory facilities for research and for tests requested by doctors and health officers in the local communities.

Some funds allotted under the Social Security Act were used by the States in their programs for the control of venereal diseases. However, the most significant source of assistance for these programs was the appropriations to States authorized by the Venereal Disease Control Act of 1938 for assisting State-wide and community efforts to prevent, treat, and control venereal diseases. In making allotments the financial ability of the State was taken into consideration, as well as the incidence of venereal diseases in the State. A total of \$4,379,250 was so allotted in the fiscal year 1940.

State and local agencies developed their venereal-disease programs through the extensive use of voluntary blood testing to locate infected persons and through treatment. Drugs used were always free to persons unable to pay for them and, in many places, to all persons. Extensive public education through press, radio, and movies was necessary to bring about public recognition of responsibility in locating cases and continuing the long-sustained treatment which is necessary to cure these diseases. In this work materials prepared by the Public Health Service were widely used, and advice in planning local campaigns for voluntary blood testing was given on request. Further,

the results of research and experimentation carried on in Federal laboratories and hospitals and in cooperation with private institutions were transmitted to State and local agencies.

In many other fields of medical and health services as well as the treatment of venereal diseases, the Public Health Service felt the obligation of "bridging the gap between scientific knowledge and its practical application." Hence the findings of its extensive research were made available to persons professionally concerned with health, through special reporting, periodicals, and other publications. A careful study of public-health methods resulted in the preparation of cinematic and radio materials on many subjects for use in educating the public. The district offices of the Service acted in an advisory and consultive capacity for health agencies and officials in the States and local communities.

The conduct of State and local health activities was characterized by the widest variation in the nature of the administrative agency, the scope of its work, and the amount of funds available.

It was apparent in 1940 that the responsibility of government for the health of the population was being recognized more fully than ever before. More counties were receiving full-time health services than at any time in the past. In 1940 about half the counties of the Nation (1,577) had some form of full-time health service. Of these, 655 counties were served by single-county units, 356 were under local district health units, and 566 were included in State supervisory health districts. After the Social Security Act went into effect, the number of single-county units increased by one-third and the number of counties served by local district health units tripled.

The Surgeon General reported that in the fiscal year 1940 the total amount of money available from all sources in those health jurisdictions which reported their budgets to him in connection with allotment of funds under the Social Security Act was \$83,790,782, an increase of nearly two-thirds over the previous year.

Health services available in the community were chiefly preventive in nature, with the exception of the treatment of venereal diseases discussed in the preceding section, the care of crippled children to be considered shortly, and a few State programs for the treatment and control of diseases like cancer and pneumonia which were available to all persons. The free remedial treatment of other individuals was usually restricted to low-income groups. However, the benefit of this free treatment frequently extended to all the population; e. g., if needy persons were immunized against diphtheria, the whole community benefited by the decreased incidence of the disease.

<sup>30</sup> Data in this section from *Annual Report of the Surgeon General of the Public Health Service of the United States, 1940*, especially pp. 6, 25-7, 132-4, 150.

In addition to the cooperative programs discussed above, in many States and localities there were hospitals and clinics supported wholly or in part from tax revenues. No overall data on the numbers, services, and expenditures for these agencies are available. It is known, however, that tax-supported hospitals and clinics existed in most large cities and that there was a lack of such facilities in many rural areas.

*Cooperative programs of the Children's Bureau.*—Title V of the Social Security Act authorized appropriations for two health-service programs, one for mothers and children and the other for crippled children, which were administered by the Children's Bureau, United States Department of Labor.<sup>31</sup> All the States and Territories and the District of Columbia were participating in both programs in 1940.<sup>32</sup>

The maternal-and-child-health program was directed, under the terms of the act, toward the extension and improvement of services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress. Among the activities carried on by State and local health agencies under plans approved by the Chief of the Children's Bureau were prenatal clinics, home nursing at time of childbirth, child-health conferences, school-health examinations, dental programs, public-health nursing service, nutrition service, and post-graduate education of physicians, nurses, and other health workers.

In the fiscal year 1940, local prenatal clinics were regularly operated in all but 6 States, their number totaling over 1,500.<sup>33</sup> Child-health conference centers were conducted at least once a month in all but 2 States,<sup>34</sup> and corrective dental service was provided in all but 17. Over 5,000 public-health nurses were rendering service in about 63 percent of the counties of the United States under this plan.<sup>35</sup> Utilization of local practicing physicians in maternal-and-child-health programs, in which more than 3,000 physicians paid from maternal-and-child-health funds were engaged, brought to mothers and children a type of care not otherwise available.

It will be noted that most of the services given under the maternal-and-child-health programs were educational or preventive in nature. However, the special

demonstrations which must be included in every State plan provided in a few areas in 25 States medical care for mothers and children who could not obtain such service without financial aid. Home-delivery nursing, complete maternity care, care of premature infants, clinical case consultation, dental treatment, and medical care of children were among the services afforded by demonstration projects in 1940.

Under the crippled children's program, Federal grants-in-aid were available to State programs of medical, surgical, and aftercare services for children in all States, but the scope of service and eligibility varied among the States. All the programs included provisions for locating crippled children and for diagnostic, hospital, and aftercare services. Many provided for convalescent care in convalescent or foster homes. Clinical service for both diagnosis and treatment, visits by public-health nurses, and physical therapy were widely available. Referrals were made to vocational rehabilitation programs.

Only persons under 21 years of age were eligible for aid under this program, and in a few States services were limited to a lower age group. Only children whose condition was such as to give reasonable assurance of rehabilitation were included. Where legal residence was required, reciprocal arrangements were frequently made between State agencies to provide care for the child whose family had moved across the State line until the new residence was established. In no State were services restricted to children in relief families, acceptance for care being based in part on the financial inability of the family to bear the whole cost of the treatment and care required. In general, diagnosis of the crippling condition was made first, and financial eligibility determined before treatment was given.

*Vocational rehabilitation.*—In addition to serving crippled children, the Federal Government sought to meet the problem of physically handicapped persons through rehabilitation services that would make it possible for them to obtain permanent gainful employment. Authorization of Federal aid for such services was extended in the Social Security Act, Title V, which expanded the original vocational-rehabilitation act passed in 1920. Under the Social Security Act, funds were allotted to States on a matching basis as grants-in-aid for their programs of vocational rehabilitation. Allotment was made to States by the Vocational Rehabilitation Division of the Office of Education, Federal Security Agency, and all State plans for use of funds must meet with its approval.

All persons vocationally handicapped through physical disability were eligible for the services of the

<sup>31</sup> Unless otherwise indicated, all information in this section supplied by the Children's Bureau, U. S. Department of Labor.

<sup>32</sup> For another program administered by the Children's Bureau (child welfare services) see below.

<sup>33</sup> To these clinics 374,471 prenatal visits were made in 1940. Annual Report of the Secretary of Labor, Fiscal Year Ended June 30, 1941, Washington, 1942, p. 115, table 7.

<sup>34</sup> Over 1 million visits were made to these child-health conferences in 1940. (Ibid.)

<sup>35</sup> 5,012,748 maternity, infant, preschool, or school nursing visits were reported under the maternal-and-child-health programs in 1940. (Ibid.)

vocational-rehabilitation program, regardless of sex, race, or economic status. In 1940 all the States, the District of Columbia, Hawaii, and Puerto Rico were offering the following services to handicapped persons: Vocational training, instructional supplies and equipment, artificial appliances, maintenance during training, physical and mental examinations, transportation, and placement in employment. Federal funds could be used only for administration, training, supplies and equipment, tuition, and subsistence during the training period. In 1940, under the vocational-rehabilitation program, 11,890 persons were placed in permanent employment; and 47,174 were receiving service.<sup>36</sup>

This program had a direct relation to public-aid problems because of many of those rehabilitated would otherwise have become public charges when their physical disability took them out of the labor market. The average cost of rehabilitating an individual was between \$450 and \$550.<sup>37</sup> Since increased earning capacity during the first year after rehabilitation often exceeded the cost of the service, and the average work-life expectancy of a rehabilitated person was 25 years, the financial expenditure was exceedingly small in proportion to the results achieved.

*Incidental contributions of work programs.*—Over and above the permanent programs just discussed, in which the Federal Government cooperated with the States to make health services available to communities and to certain groups, government provided other health services incidental to certain public-aid programs. Some of these services were limited to persons receiving public aid on certain programs. Others, which were available to all needy persons or to the whole community, were byproducts of public-aid plans.

In helping to improve general community health, Federal work programs made significant contributions to national welfare. The construction of over 2½ million sanitary privies throughout the country doubtless did much to prevent such diseases as dysentery and typhoid, and drainage projects helped to control malaria.<sup>38</sup> In the fiscal year 1940, WPA community-sanitation projects were in operation in over one-third of the counties of the United States.<sup>39</sup> Work programs also included construction, enlargement, or improvement of many hospitals.<sup>40</sup>

<sup>36</sup> Data in this paragraph secured from Vocational Rehabilitation Division, Office of Education, Federal Security Agency.

<sup>37</sup> Data and interpretation from *Social Work Yearbook, 1941*, New York, Russell Sage Foundation, 1941, p. 589.

<sup>38</sup> *Annual Report of the Surgeon General, 1940*, p. 48.

<sup>39</sup> *Ibid.*, p. 47.

<sup>40</sup> By June 1940, the WPA had built 132 new hospitals, improved about 1,500 and added to 66. (*Report on Progress of the WPA Programs, June 30, 1940*, p. 75.)

Certain WPA service projects contributed directly to the health of the community.<sup>41</sup> Through school-lunch projects, in operation in all but 2 States, more than 384,000,000 lunches were served through December 1939. The diet of needy persons benefited from food canned and preserved by WPA workers, and clothing distributed from WPA sewing rooms doubtless helped to conserve health.<sup>42</sup> During 1939, WPA housekeeping aides assisted in the homes of sick mothers in 57,116 families.

Professional projects of the WPA utilized professional workers who furnished medical and health services to persons unable to pay for medical care. During a 2-week period in January 1940, WPA doctors, nurses, and dentists examined and treated 243,000 persons, and WPA technicians made 82,500 tests (Schick, Dick, Wasserman, etc.) and administered 17,000 immunizations against measles, diphtheria, smallpox, and similar diseases.<sup>43</sup> By and large these services supplemented those provided by local health agencies, but in some instances they were offered in areas where health services were not otherwise available.

#### Child-Welfare Services

Financial assistance and special services provided for children by the Federal Government have been discussed at a number of points in the present chapter, both in the section on measures for children and in connection with other programs such as those for maternal and child health and crippled children. Some of these programs were legally limited to children of needy families in 1940.

The child-welfare services provided for by Title V, part 3 of the Social Security Act were available to all children in need of service, regardless of the economic status of their families. Under this section of the act, funds might be allotted to help State welfare departments develop resources of communities, especially in rural areas, for aiding homeless, dependent, and neglected children, and children in danger of becoming delinquent. In 1940 all the States and Territories and the District of Columbia were cooperating with the Children's Bureau in programs of child-welfare services.

Federal funds available covered only a small part of the work for children being carried on by State wel-

<sup>41</sup> Information in this paragraph furnished by the Work Projects Administration.

<sup>42</sup> During four and one-half years of WPA operation, 42,000,000 quarts of foodstuffs were canned and 1,819,000 pounds were dried. These foods were distributed to public institutions and to needy persons designated by State and local welfare agencies.

Through December 1939, 222,700,000 pieces of clothing were provided for needy persons from WPA sewing projects.

<sup>43</sup> *Report on Progress of the WPA Program, June 30, 1940*, p. 76, table 36.

fare departments, and local child-welfare services carried on with the assistance of Federal funds were chiefly on a demonstration basis. Except in New England, local services were usually developed on the basis of the county unit. As of June 30, 1940, Federal funds provided part of the cost of child-welfare services in 512 counties of the United States and in 10 areas composed of a combination of 69 towns.<sup>44</sup>

Child-welfare-service programs were closely related to aid to dependent children, usually administered by the same welfare agencies. They were designed to provide, not cash payments, but guidance, consultation, and referral service. Children who were neglected, mistreated, delinquent, or in danger of becoming delinquent, unmarried mothers and their babies, and children placed for adoption were served by this program. Guidance was offered in regard to personality or behavior problems. In cooperation with other agencies, service was rendered to physically handicapped and to mentally defective and psychotic children. Foster care was arranged for children who must be cared for outside their own homes, though no Federal funds were available for board of children.

In addition to service to individual children, child-welfare-service workers sought to stimulate and assist in the development of "community resources which will assure to every child the care his needs require \* \* \* [and] cooperative effort to remedy community conditions detrimental to the welfare of children and to promote conditions favorable to their health and well-being."<sup>45</sup>

As may be inferred from services listed, child-welfare service was based largely upon case work for children in their own homes. But the necessity for referring to and coordinating with other programs, together with the growing realization that development of community resources is basic to the solution of many children's problems, made it possible for this program to be of special service in stimulating local leadership and building up community resources.<sup>46</sup>

### Public Housing

Although the high incidence of disease, crime, and delinquency in areas where housing is substandard have long been known, communities have been much

slower to recognize their responsibility for decent housing than their obligations to provide education and health services. However, in 1940 the Federal Government was operating programs to assist communities in providing adequate housing for low-income groups. Housing activities of the Farm Security Administration were indicated in the final section of Chapter III. Through the United States Housing Authority, communities might borrow up to 90 percent of the cost of a dwelling construction project and might in addition obtain annual grants-in-aid to help keep rents within reach of the families for whom the dwellings were designed.<sup>47</sup>

By June 1940, 84,927 dwelling units had been built or were being constructed with the assistance of these funds in 116 communities in 27 States, the District of Columbia, Hawaii, and Puerto Rico.<sup>48</sup> At the end of this month, 11,963 families were living in new homes built under this program.<sup>49</sup>

Most of these families were in cities. However, in the fall of 1939 the USHA contracted to make loans on rural projects in Georgia, Illinois, Indiana, Mississippi, and South Carolina. In 1940 local housing authorities were constructing 1,300 dwellings designed for families of small-farm owners, tenant farmers, sharecroppers, and rural wage workers.<sup>50</sup>

Only families in the lowest income group might be rehoused in homes built with USHA funds. Federal policy set maximum incomes for persons housed by all community authorities which obtained Federal funds,<sup>51</sup> but the local authority was free to set its own standards below this level. Actually in the selection of tenants local authorities set income limits substantially lower than those specified by the Federal Housing Act.<sup>52</sup> Local housing authorities varied in their treatment of applicants for public housing who were receiving public aid. While some authorities considered all applicants alike, many set a percentage of relief families who might be admitted and others frankly gave preferential treatment to self-supporting families.<sup>53</sup>

<sup>44</sup> The housing agencies of the Federal Government other than the FSA and the USHA were concerned with mortgage loans to property owners. They are not treated in this report, since they are of small concern to low-income groups.

<sup>45</sup> Federal Works Agency, *First Annual Report*, 1940, Washington, 1940, pp. 358-73.

<sup>46</sup> *Ibid.*, p. 170.

<sup>47</sup> *Annual Report of the United States Housing Authority for the Fiscal Year 1939*, Washington, 1940, p. 27.

<sup>48</sup> No family might be admitted if its net income was more than five times the rent plus the cost of utilities unless the family had three or more minor dependents, in which case the income might be as high as six times the rent plus utilities. (*Ibid.*, pp. 1-3.)

<sup>49</sup> *Ibid.*, p. 3.

<sup>50</sup> U. S. Housing Authority, *Housing and Welfare: Report of Survey*, May 1940, Washington, 1940, p. 8.

<sup>44</sup> U. S. Department of Labor, Children's Bureau, *Summary of Developments in Child Welfare Services under the Social Security Act*, Washington, 1940, p. 6.

<sup>45</sup> White House Conference on Children in a Democracy, *Preliminary Statements Submitted to the White House Conference on Children in a Democracy*, Washington, 1940, p. 218.

<sup>46</sup> For examples of specific programs see U. S. Department of Labor, Children's Bureau, *Summary of Developments in Child Welfare Services*, pp. 15-18.